



AGENDA

CITY COUNCIL MEETING
Tuesday, March 15, 2016 – 7:00 p.m.
City Council Chambers

Meeting Location
El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Greg Lyman – Mayor

Mayor Pro Tem Janet Abelson
Councilmember Jan Bridges

Councilmember Mark Friedman
Councilmember Gabriel Quinto

ROLL CALL

7:00 p.m. CONVENE CITY COUNCIL MEETING

1. PLEDGE OF ALLEGIANCE TO THE FLAG OR OBSERVATION OF MOMENT OF SILENCE – Mayor Lyman.

2. COUNCIL / STAFF COMMUNICATIONS (*Reports of Closed Session, commission appointments and informational reports on matters of general interest which are announced by the City Council & City Staff.*)

3. ORAL COMMUNICATIONS FROM THE PUBLIC

All persons wishing to speak should sign up with the City Clerk. Remarks are typically limited to 3 minutes per person. The Mayor may reduce the time limit per speaker depending upon the number of speakers. Kindly state your name and city of residence for the record. Comments regarding non-agenda, presentation and consent calendar items will be heard first. Comments related to items appearing on the Public Hearing or Policy Matter portions of the Agenda are taken up at the time the City Council deliberates each action item. Individuals wishing to comment on any closed session scheduled after the regular meeting may do so during this public comment period or after formal announcement of the closed session.

4. PRESENTATIONS – None

5. ADOPTION OF THE CONSENT CALENDAR – Item Nos. 5A through 5E

CITY COUNCIL ITEMS

A. Approval of Minutes

Approve the March 1, 2016 Regular City Council meeting minutes.

B. Proclaim March as Prescription Drug Abuse Awareness Month

At the request of Councilmember Abelson, approve a proclamation declaring March 2016 as Prescription Drug Abuse Awareness Month in the City of El Cerrito and encouraging the community to pledge, "Spread the Word...One Pill Can Kill."

C. Stop Signs at Various Locations

Adopt two separate resolutions authorizing the Public Works Director/City Engineer to install stop signs on: 1) Lawrence Street at Gladys Avenue; and 2) Gayle Court at Donal Avenue. *Exempt from CEQA.*

D. Opposition to Shipment of Coal through the Marine Terminal under Development at the Former Oakland Army Base

At the request of Councilmember Abelson, adopt a resolution opposing the shipment of coal through the Oakland Bulk and Oversized Terminal under development at the former Oakland Army Base, and resolving to transmit copies of the resolution to Governor Jerry Brown, Mayor and City Council of the City of Oakland, Senator Loni Hancock, Assemblymember Tony Thurmond, Alameda County Transportation Commission, Bay Area Air Quality Management District and the California Transportation Commission.

CITY COUNCIL ACTING AS HOUSING SUCCESSOR TO FORMER REDEVELOPMENT AGENCY

E. Contra Costa County to Act as Bond Issuer for Bonds to be Used to Fund the Hana Gardens Apartments

Staff recommends that the City Council acting as Housing Successor to the former Redevelopment Agency adopt a resolution acknowledging that the County of Contra Costa will assist in the financing of Hana Gardens Apartments to be located at 10860 and 10848 San Pablo Avenue.

6. PUBLIC HEARINGS - None

7. POLICY MATTERS

CITY COUNCIL ITEMS

A. Mid-Year Budget Update

Receive an update on city revenues and expenditures for the first 6 months of the fiscal year through December 31, 2015 and adopt a resolution authorizing amendments to the FY 2015-16 budget and approving new spending limits.

B. 2016 Economic Development Action Plan Update

Adopt a resolution approving the 2016 Economic Development Action Plan as an update to the 2006 Economic Development Action Plan.

CITY COUNCIL ACTING AS REDEVELOPMENT SUCCESSOR AGENCY

C. Approval to Refinance Successor Agency Tax Allocation Bonds

Adopt a Successor Agency resolution approving: 1) Issuance of refunding bonds, execution and delivery of an indenture and escrow instructions and authorizing actions related thereto; 2) Approving contracts with NHA Advisors (\$65,000 for a public offering or \$50,000 for a private placement) and Fraser and Associates (\$26,000) for related work to be paid out of bond proceeds; and 3) Requesting Oversight Board approval of the issuance of refunding bonds and certain determinations relating thereto.

8. COUNCIL ASSIGNMENTS/LIAISON REPORTS

Mayor and City Council communications regarding local and regional liaison assignments and committee reports.

9. ADJOURN REGULAR CITY COUNCIL MEETING

The next regular City Council meeting is Tuesday, April 5, 2016 at 7:00 p.m. in the City Council Chambers, 10890 San Pablo Avenue, El Cerrito.

The City of El Cerrito serves, leads and supports our diverse community by providing exemplary and innovative services, public places and infrastructure, ensuring public safety and creating an economically and environmentally sustainable future.

- Council Meetings can be heard live on FM Radio, KECG – 88.1 and 97.7 FM and viewed live on Cable TV - KCRT-Channel 28 and AT&T Uverse Channel 99. The meetings are rebroadcast on Channel 28 the following Thursday and Monday at 12 noon, except on holidays. Live and On-Demand Webcast of the Council Meetings can be accessed from the City's website <http://www.el-cerrito.org/ind-ex.aspx?NID=114>. Copies of the agenda bills and other written documentation relating to items of business referred to on the agenda are on file and available for public inspection in the Office of the City Clerk, at the El Cerrito Library and posted on the City's website at www.el-cerrito.org prior to the meeting.
- In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (510) 215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).
- ***The Deadline for agenda items and communications*** is eight days prior to the next meeting by 12 noon, City Clerk's Office, 10890 San Pablo Avenue, El Cerrito, CA. Tel: 215-4305 Fax: 215-4379, email cmorse@ci.el-cerrito.ca.us
- IF YOU CHALLENGE A DECISION OF THE CITY COUNCIL IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED AT THE COUNCIL MEETING. ACTIONS CHALLENGING CITY COUNCIL DECISIONS SHALL BE SUBJECT TO THE TIME LIMITATIONS CONTAINED IN CODE OF CIVIL PROCEDURE SECTION 1094.6.
- The City Council believes that late night meetings deter public participation, can affect the Council's decision-making ability, and can be a burden to staff. City Council Meetings shall be adjourned by 10:30 p.m., unless extended to a specific time determined by a majority of the Council.

EL CERRITO CITY COUNCIL

MINUTES

CITY COUNCIL MEETING
Tuesday, March 1, 2016 – 7:00 p.m.
City Council Chambers

Meeting Location
El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Greg Lyman – Mayor

Mayor Pro Tem Janet Abelson
Councilmember Jan Bridges

Councilmember Mark Friedman
Councilmember Gabriel Quinto

ROLL CALL

Present: Councilmembers Bridges, Friedman and Mayor Lyman

Absent: Mayor Pro Tem Abelson and Councilmember Quinto.

7:00 p.m.

CONVENE CITY COUNCIL MEETING

Mayor Lyman convened the regular City Council meeting at 7:00 p.m.

1. PLEDGE OF ALLEGIANCE TO THE FLAG OR OBSERVATION OF MOMENT OF SILENCE was led by Councilmember Jan Bridges.

2. COUNCIL / STAFF COMMUNICATIONS

Mayor Lyman stated that he was disturbed to learn that a family in the El Cerrito community were victims of a race-based hate crime last week. This unfortunate incident is not in character with the El Cerrito community. It provides an opportunity to highlight the El Cerrito community's commitment to diversity and inclusiveness. Mayor Lyman urged the community to combat prejudice by speaking up when any type of hate crime occurs and take the time to meet one's neighbors. El Cerrito is a great place to live because of the diversity of the community. The El Cerrito Police Department is actively investigating this unfortunate incident and has requested assistance from the community. Mayor Lyman has asked Chief Moir and Captain Keith to attend a Human Relations Commission (HRC) meeting on March 2 to provide information to the community regarding the investigation and its ongoing response. The HRC will work with the City and community to develop ways to demonstrate community solidarity against intolerance. Community members are invited to attend the March 2 HRC meeting and are always encouraged to participate in the Neighborhood Watch Program and to look out for each other.

Captain Keith reported that an incident occurred on February 24, 2016 at approximately 3:24 a.m. on the 1500 Arlington block. The suspect used store bought fireplace logs in an effort

to ignite the homeowner's vehicle. The fire was quickly extinguished before any damage could occur. The suspect left behind a note that contained a race-based slur. Evidence is being processed in partnership with the Contra Costa County crime lab. The police are talking to interested persons in the case and are asking any residents that have surveillance systems to look at footage, particularly from 1:00 - 4:00 a.m. on February 24 and contact the Police Department regarding anything of interest. The Police are also awaiting the results of evidence examination and are providing extra patrol to the affected neighborhood. The El Cerrito Police Department will place a high priority on cases of this type and while the Department disapproves of all crime, hate crimes are particularly reprehensible. Captain Keith encouraged anyone who has knowledge of the incident to come forward and talk to the Police Department about the facts of the case.

Scott Hanin, City Manager, announced that Captain Keith will become the City's Interim Police Chief on March 7, 2016, wished Chief Moir well as Tempe, Arizona's new Police Chief and thanked her for everything she has brought to the Police Department over the years.

Sylvia Moir, Police Chief, thanked Mr. Hanin for giving her an opportunity to join a team of talented, compassionate people that want to make a difference in the community. Chief Moir said she has been in awe of the level of service provided by the men and women of the Police Department and also appreciates how the City Council challenges and supports staff. Paul Keith is an incredible public servant who has the character and qualities to lead. The leadership transition will be seamless. The City and the police department are in good hands. Chief Moir stated that she is grateful and has appreciated the opportunity to serve in El Cerrito and has been excited to come to work every day.

Captain Keith thanked Chief Moir for all the time she spent teaching, coaching and mentoring staff and stated that Chief Moir went above and beyond as Chief and cared for each individual. She left the department in better shape than she found it, set the police department on the right path and focused on ideas and innovation at every level. Captain Keith said the department is sad to see Chief Moir go but is also happy to see her take on new challenges.

Mayor Lyman commended Chief Moir for putting her heart and soul into her work and stated that she did a wonderful job for the City, will leave the City a better place and thanked her for her service.

Councilmember Friedman stated that he learned a lot from Chief Moir and noted her compassion and heartfelt policing. It was an honor to have Chief Moir serve the City. Councilmember Friedman also wished Captain Keith the very best.

Councilmember Bridges thanked Chief Moir for everything she has done for the City.

Mayor Lyman announced that a new business, West County Right at Home In Home Care, will celebrate its grand opening on March 5 from 4:00 - 7:00 p.m. It is located at 930 San Pablo Avenue, Suite B, Pinole and will be serving all of West County including El Cerrito.

3. ORAL COMMUNICATIONS FROM THE PUBLIC

Tom Panas, El Cerrito, urged the City Council to adopt the seed saving resolution (Consent Calendar Item No. 5D). Additionally, Mr. Panas reported that the El Cerrito Community Garden Network is working with the Contra Costa Library to promote backyard vegetable growing and knowledge sharing and invited all to participate in the Fogbelt Tomato Summit on March 19 from 2:00 – 3:30 p.m.

Jeff Lichtman, El Cerrito, spoke in support of the Emma Dawley family who were the

unfortunate victims of an apparent hate crime. Mr. Lichtman said he wants the Dawley family to know that they have the support of the entire community and stated that a crime like this is a crime against everybody and that he never wants to see it happen again.

Nicholas Arzio, El Cerrito, spoke against Hate Crime. He stated that he is a member of the El Cerrito branch of the National Association for the Advancement of Colored People (NAACP) and the Crime Prevention Committee and invited everyone to attend the next meeting of the NAACP on March 19 at the St. Peter's CME Church. The Crime Prevention Committee (CPC) will be meeting on March 9 at City Hall. One of the duties of the CPC is to promote Neighborhood Watch which is an effective tool for crime deterrence and assistance in criminal investigation. Mr. Arzio said he hopes the Police will continue their efforts to apprehend the perpetrators of this crime and that city residents will do everything they can to support the police in their efforts.

Al Miller, El Cerrito, invited all to a California Senate District 9 candidate forum hosted by the El Cerrito branch of the NAACP on April 2 from 10:00 a.m. to Noon at St. Peter's CME Church. Mr. Miller also stated that he supports the comments of Messrs. Lichtman and Arzio and encouraged all to attend the HRC meeting.

Howdy Goudey, El Cerrito, echoed everyone's support for the family affected by the hate crime. Speaking on behalf of Robin Mitchell, Community Garden Network, Mr. Goudey urged the City Council to support Consent Calendar Item No. 5(D), the Seed Diversity Resolution. El Cerrito's two seed libraries are well utilized. The proposed resolution is an important statement of the importance of seed libraries. Mr. Goudey also reported a construction permit violation in which two lots were recently excavated without a permit directly up a hill on a steep slope above Madera Open Space. Mr. Goudey said he appreciates that the City was very prompt in stopping the work when it came to the City's attention and trusts that the project's site conditions and the project itself will be thoroughly evaluated for compliance before any more work resumes.

4. PRESENTATIONS

Environmental Quality Committee Workplan – *Presentation by Howdy Goudey, Chair, Environmental Quality Committee.*

Receive a presentation on the Environmental Quality Committee's accomplishments, goals and workplan.

Presenter: Howdy Goudey, El Cerrito,

Action: Received presentation.

5. ADOPTION OF THE CONSENT CALENDAR – Item Nos. 5A through 5G

Moved, seconded (Bridges/Friedman; Ayes – Councilmember Bridges, Friedman and Mayor Lyman; Noes – None; Abstain – None; Absent – Mayor Pro Tem Abelson and Councilmember Quinto) and carried to approve Consent Calendar Item Nos. 5A through 5G in one motion as indicated below.

A. Approval of Minutes

Approve the February 16, 2016 Regular City Council meeting minutes.

Action: Approved minutes.

B. Women's History Day and Month Proclamation

Approve a proclamation proclaiming March 2016 as Women's History Month and March 8, 2016 as International Women's Day in the City of El Cerrito, and encouraging all residents to reflect on, honor, and celebrate the history, courage, commitment, accomplishments, and contributions of women, not only in El Cerrito but throughout America.

Action: Approved proclamation.

C. Administrative Analyst for the Recreation Department

Adopt a resolution authorizing the addition of an Administrative Analyst II position to the Recreation Department.

Action: Adopted Resolution No. 2016-10.

D. Support Seed Saving in El Cerrito and Changes in State Seed Law

At the request of Mayor Lyman adopt a resolution: 1) Supporting and encouraging the ongoing 10,000 year legacy of seed sharing between community members without legal barriers of labeling fees and germination testing and encouraging the efforts of seed libraries to facilitate sharing of locally grown and saved seed; 2) Supporting the work of seed libraries in seed saving, educating community members about the value of seed sharing, developing best practices to enhance seed saving skills, and encouraging voluntary and accurate seed labeling; and 3) Support Assembly Bill 1810 (Levine), "The Seed Exchange Democracy Act," which supports the sharing of seeds between individuals and through seed libraries by removing the application of any labeling, testing, and permitting requirements to interpersonal or seed library seed sharing.

Action: Adopted Resolution No. 2016-11.

E. Resolution Opposing Islamophobia

At the request of Councilmembers Friedman and Quinto, adopt a resolution joining with the City of Richmond in stating the City Council's support for its Muslim neighbors and respect for the world religions which make up the City of El Cerrito and calling on all municipalities of the United States to show support for their Muslim neighbors and state opposition to Islamophobia.

Action: Adopted Resolution No. 2016-12.

F. Tree Committee Appointment

Approve a Tree Committee recommendation to appoint Mary Torrusio to the Tree Committee, effective March 1, 2016.

Action: Approved recommendation.

G. Quarterly Cash and Investment Report

Receive and file the City's Quarterly Investment Report for the period ending December 31, 2015.

Action: Received and filed the City's Quarterly Investment Report for the period ending December 31, 2015.

6. PUBLIC HEARINGS - None

7. POLICY MATTERS

A. Discussion and Possible Direction on a New El Cerrito Library Location

Staff requests that the Council take the following actions: 1) Receive a presentation on the status of a potential new library for the City of El Cerrito; 2) Adopt a resolution approving a staff and consultant recommendation selecting the "Lower Portola Playfield – Option 1B" as the preferred option and location for a new, modern and safe El Cerrito Library, and formally requesting that the West Contra Costa Unified School District (WCCUSD) enter into a fifty year lease at no cost or a nominal cost to the City for the "Lower Portola Playfield," and ensuring adequate room for a Fairmont Elementary School temporary campus until completion of a new or renovated school at the current location as soon as possible; and 3) Direct the Mayor and City Manager to work with the School District to facilitate such a lease, and to direct staff to work with the WCCUSD to develop a plan for the ultimate disposition of the current Senior Center and Library sites adjacent to Fairmont Elementary

School upon successful passage of a ballot measure to fund the new library.

Presenters: Scott Hanin, City Manager, John Baker, Project Executive at Swinerton Management and Consulting, and Dawn Merkes, Principal, and Ben Arinaga, Architect, Group 4 Architecture, Research and Planning.

Speakers: Tom Panas, El Cerrito, thanked staff and the consultants for the work they have done and noted that all of the alternatives had been examined carefully. Mr. Panas stated that there are elements he likes in each option however his clear choice is the project team's recommendation, Option 1B.

Al Miller, El Cerrito, supported the comments made by Mr. Panas and urged the City Council to approve Option 1B and authorize the City Manager to negotiate with the WCCUSD. Mr. Miller stated that El Cerrito voters have long supported the WCCUSD over the years. Mr. Miller asked the City Council and staff to make a special effort to understand the concerns of the Fairmont School community.

Melanie Proctor, El Cerrito, stated that the City lacks a central community space. Ms. Proctor also stated that she is Fairmont School parent and expressed concerns about her children being next to a construction site. This would be detrimental to their health and education and would prevent full use of the site. The current proposal does not take into consideration the amount of space required for the school and appears to cut off access to Cerrito Vista Park. Ms. Proctor urged the Council to take this into consideration and acknowledge that there are many Fairmont parents who could not be present this evening because they received late notice and are at a School District meeting. The community is working hard to get the School District to prioritize Fairmont School.

Kathryn Levenson, El Cerrito, stated that in talking to library staff, she was told that the library staff have not had much input into what is needed at the library. Ms. Levenson said she is concerned about the seismic stability of the Community Center and Portola site and is also concerned about parking and traffic patterns. Cutting off Pomona is frightening.

Peter Meyer, El Cerrito, thanked staff for the presentation and thoughtful analysis and noted that it is important to have library services integrated into the community. Mr. Meyer expressed his support for Option 1B and stated that he looks forward to an excellent library project.

Rochelle Pardue-Okimoto, El Cerrito, expressed support for Option 1B and authorizing negotiations to proceed with the WCCUSD. Ms. Pardue-Okimoto said her family uses the library frequently. The current library is often crowded and lacks space. A safe, new library adjacent to the Community Center will bring forward a focal point for the community.

Paul Fadelli, El Cerrito, expressed his support for Option 1B. Mr. Fadelli said he is excited about change in El Cerrito. The campus model for a new library near the Community Center is a good model and hopefully, the sensitivity toward the Fairmont School Community will continue to grow. Mr. Fadelli said he is very excited about the community space. It will be a place for our town to come together and meet and for El Cerrito to grow and nurture relationships. The café concept will hopefully bring revenue to El Cerrito along with room rentals. As a member of the Arts and Culture Commission, Mr. Fadelli said he hopes the library will be a great place to display additional public art.

Howdy Goudey, El Cerrito, stated that he appreciates the efforts of city staff and consultants in analyzing the various options. Although Option 1B presents a practical option Mr. Goudey said it didn't meet his expectations for the potential of that space. The City is highly built out and the underutilization of space needs to be reconsidered. Mr. Goudey asked that the City also look at staging with other compatible uses. He likes the central municipal campus idea but is concerned about how it will be integrated with other uses and the transit connectivity at that site. Parking lots need to be a thing of the past. It is the worst use of space a city could have and shouldn't dominate the site.

Denise Sangster, El Cerrito, offered the following five comments: 1) Given the amount of

money that will be spent, consider a design competition to get a state of the art building that will look nice in the hills and be a centerpiece of the City; 2) Ms. Sangster would like to understand what kind of independent research has been leveraged to justify the strategy and spending. The largest book distributor, Ingram Book, is putting out a very different view of libraries with libraries being smaller in the future given the movement toward distribution of content on digital devices; 3) Will the facilities be easily configurable if a smaller building for the library is needed in the future?; 4) Is the state of the public safety building a greater need than the library given seismic concerns and can the City afford both?; and 5) Ms. Sangster prefers the third option on San Pablo Avenue with mixed use including housing as it may act as an economic catalyst.

Amalia Cunningham, El Cerrito, stated that she is disappointed with the lack of interaction with the Fairmont School Community and noted that some parents were unable to attend because they are at the WCCUSD facilities meeting. The Fairmont School community is really upset. Fairmont School is in a delicate situation and is a great concern among the school community. Ms. Cunningham stated that now is not the time to discuss the library with the WCCUSD and asked that staff wait and let the district facilities prioritization process play out. It doesn't matter if the community considers a new library at a presidential election. If the new library is a really good project on a really good site the community will support it.

Gary Pokorny, El Cerrito, stated that the staff and consultants did an excellent job of working through the site selection process and winnowing it down to an excellent site for the library and community facilities. Mr. Pokorny said he agrees with everyone who spoke this evening, including the Fairmont School parents and expressed support for Option 1B. Mr. Pokorny also said that he was hopeful that staff will thoroughly engage with the Fairmont School community in ways that will offer opportunities for cooperation and turning it into a win-win process. Mr. Pokorny said he was disappointed to hear that there may not have been much discussion with library staff but that there is opportunity for conversation that will result in an even better design and timetable. Mr. Pokorny stated that he was pleased to hear that the library is going forward and encouraged the Council to act on it.

April Parekh, Richmond Annex, stated that she reviewed the staff report on-line and it is not clear whether there will be an overlap between the school and the library at the Stockton site but she believes there can't be both. Ms. Parekh said the timing is not right but she really wants to see the library re-built.

Mayor Lyman summarized a letter from Former El Cerrito Mayor William Jones III expressing his support for the library.

Actions: Moved, seconded (Friedman/Bridges; Ayes – Councilmember Bridges, Friedman and Mayor Lyman; Noes – None; Abstain – None; Absent – Mayor Pro Tem Abelson and Councilmember Quinto) and carried to adopt Resolution No. 2016–13.

B. Authorize Agreements Related to Public Information Effort for a Potential New Library Facility

Adopt a resolution authorizing the City Manager to enter into standard professional service agreements with the Lew Edwards Group for the proposed public information strategy and associated materials and mailings and Godbe Research for a targeted library survey in a total amount not to exceed \$96,000 for technical assistance associated with a potential ballot measure to fund construction of a safe, modern library facility; and approve a budget amendment to appropriate these funds from the unrestricted General Fund balance.

Presenter: Suzanne Iarla, Assistant to the City Manager.

Action: Moved, seconded (Bridges/Friedman; Ayes – Councilmember Bridges, Friedman and Mayor Lyman; Noes – None; Abstain – None; Absent – Mayor Pro Tem Abelson and Councilmember Quinto) and carried to adopt Resolution No. 2016–14.

8. COUNCIL ASSIGNMENTS/LIAISON REPORTS

Mayor and City Council communications regarding local and regional liaison assignments and committee reports.

Mayor Lyman reported that he and Councilmember Bridges attended the Elks Club Law Enforcement Night/Officer of the Year Recognition event on February 17 in which El Cerrito Detective Aaron Leone was honored. On February 25, El Cerrito hosted the West County Mayors and Supervisors Conference. The West County Mayors received a presentation on minimum wage which was fairly well received.

9. ADJOURNED REGULAR CITY COUNCIL MEETING at 10:12 p.m.

SUPPLEMENTAL REPORTS AND COMMUNICATIONS

Item No. 7(A) Discussion and Possible Direction on a New El Cerrito Library Location

Item No.7(B) Authorize Agreements Related to Public Information Effort for a Potential New Library Facility

1. Letter in support of the proposal for a new library location and public information related to a possible ballot measure – *Submitted by William C. Jones, III, Former El Cerrito Mayor.*
2. Written comments in support of Option 1B and authorizing the Mayor and city staff to enter into negotiations with the School District regarding the use of the Korematsu site and the surrender of the library and senior center cites to the school district – *Submitted by Tom Panas, El Cerrito.*
3. Written comments urging the City Council to approve Option 1B and negotiate any necessary agreements in support of any property exchanges or leases need to support Option 1B.

Other:

4. West County Fog Belt Tomato Summit flyer – *Submitted by Tom Panas on behalf of the El Cerrito Community Garden group.*

***EL CERRITO CITY COUNCIL PROCLAMATION
Designating March 2016 as Prescription Drug Abuse Awareness Month***

WHEREAS, In 2014, 47,055 drug overdose deaths occurred, more than any previous year on record and opioids, including prescription painkillers and heroin, were involved in 28,647 deaths, or 61% of all drug overdose deaths and REAS, Overdose deaths involving opioid pain relievers now exceeds overdose deaths from heroin and cocaine combined; and

WHEREAS, In 2014, there were approximately one and a half times more drug overdose deaths in the United States than deaths from motor vehicle accidents among people 25-64 years of age and drug misuse and abuse caused about 2.5 million emergency department visits in 2011 and more than 1.4 of these were related to prescription drugs and in 2014, about 15 million people ages 12 or older used prescription drugs non-medically and nonmedical use of prescription painkillers costs health insurers up to \$72.5 billion annually in direct health-care costs; and

WHEREAS, A new California statute makes naloxone, a life-saving overdose rescue medication, available from pharmacists without a prescription for community members to have on hand to reverse opioid overdoses in people at risk and Medication Assisted Treatment with buprenorphine, methadone and naltrexone is available to assist people in recovering from their opioid substance use disorder and while health care systems and practitioners are adopting guidelines for more cautious prescribing and handling of prescription pain medication, more effort is needed to address the epidemic of opioid abuse, heroin addiction and drug overdose in our communities; and

WHEREAS, Since September 2010, a total of 5,525,021 pounds of expired and unwanted medication has been removed from circulation and possible diversion by the Drug Enforcement Administration (DEA) during its National Prescription Drug Take Back Days in cooperation with its state, local, tribal law-enforcement and community partners. The Contra Costa County Board of Supervisors supports April 30, 2016 as the next "National Prescription Drug Take Back Day" as declared by the DEA and encourages residents to locate their local collection site and safely dispose of their unwanted, unused prescription drugs on that day and the City of El Cerrito maintains a local collection site at the Recycling and Environmental Resource Center at 7005 Schmidt Lane, for residents to safely dispose of their unwanted, unused prescription drugs throughout the year, including on National Prescription Drug Take Back Day; and

WHEREAS, Multiple coalitions are working together throughout Contra Costa County to reduce prescription drug abuse and misuse. The Alcohol, Marijuana, Prescription, Drug Coalition (A.M.P.D.) engages local citizens, law enforcement, education representatives, civic and county leaders, county agencies and community based organizations to raise awareness about potential prescription drug abuse/misuse dangers and to promote safe medication storage and disposal and whereas families, schools, businesses, faith-based organizations, law enforcement, medical professionals, county and local civic leaders and governments, health care practitioners, pharmacists and the general public will demonstrate their commitment to the prevention of prescription drug abuse and misuse by participating in activities intended to highlight and support local prevention efforts during the month of March.

NOW THEREFORE, the City Council of the City of El Cerrito does hereby proclaim March 2016 as Prescription Drug Abuse Awareness Month in the City of El Cerrito and encourages all community members to pledge, "Spread the Word...One Pill Can Kill."

Dated: March 15, 2016

Gregory B. Lyman, Mayor



AGENDA BILL

Agenda Item No. 5(C)

Date: March 15, 2016
To: El Cerrito City Council
From: Melissa Tigbao, Engineering Manager / Senior Engineer
Yvetteh Ortiz, Public Works Director / City Engineer
Subject: STOP Signs at various locations

ACTION REQUESTED

Adopt two separate resolutions authorizing the Public Works Director/City Engineer to install stop signs on:

1. Lawrence Street at Gladys Avenue
2. Gayle Court at Donal Avenue

DISCUSSION

The West Contra Costa Unified School District is scheduled to open Korematsu Middle School at its new location at 7125 Donal Avenue on March 28, 2016. The City of El Cerrito, Public Works Department, has been working with the School District to improve the safety and circulation on the streets and intersections surrounding the school. Public Works staff along with traffic engineering consultants evaluated the existing conditions, including signs, striping and pavement markings at both intersections. The intersections are T-intersections and do not have traffic control signs on any of their legs. The California Manual on Uniform Traffic Control Devices (MUTCD) indicates that STOP signs should be used if engineering judgment indicates that one or more of several conditions exist:

- Intersection of a less important road with a main road where application of the normal right-of-way rule would not be expected to provide reasonable compliance with the law;
- Street entering a through highway or street;
- Unsignalized intersection in a signalized area; and/or
- High speeds, restricted view, or crash records indicate a need for control by the STOP sign.

In the past, the City has not typically used stop signs at T-intersections in residential areas. This is because at T-intersections without stop or yield signs, the right-of-way rules are covered under the California Vehicle Code (Section 21800), which requires that drivers on the terminating leg of the intersection yield to vehicles on the continuing

street. Based on the existing roadway configuration, surrounding traffic control devices, and additional traffic anticipated with the opening of the middle school, Public Works staff is proposing installation of a STOP sign and associated pavement markings on Lawrence Street at Gladys Avenue and on Gayle Court at Donal Avenue to improve traffic safety and operations. The proposed stop signs comply with the guidelines provided by the MUTCD as further discussed below.

Lawrence Street at Gladys Avenue

Both Lawrence Street and Gladys Avenue are local residential streets. Lawrence Street, the terminating street, intersects Gladys Avenue at the corner of Cameron School. Gladys Avenue is approximately 40 feet wide, with parking allowed on both sides, and approaches Lawrence Avenue from the west at an upgrade. Due to the close proximity of Cameron School and the new Korematsu Middle School, the clear assignment of right-of-way is critical.

Gayle Court at Donal Avenue

Both Gayle Court and Donal Avenue are local residential streets. Donal Avenue between Norvell and Lawrence Streets is the frontage of the new Korematsu Middle School. The north side of Donal Avenue is the designated bus and passenger loading/unloading zones for the school. Donal Avenue will be part of a new route for AC Transit. With the additional transit and pedestrian and vehicular volume, it is appropriate to assign the vehicular right-of-way to Donal Avenue, thus installing a stop sign on Gayle Court.

Given these conditions, the Public Works Department recommends the installation of a stop sign on Lawrence Street at Gladys Avenue and a stop sign on Gayle Court at Donal Avenue.

STRATEGIC PLAN CONSIDERATIONS

Approval of the various stop sign installations around the Korematsu Middle School is consistent with the following El Cerrito Strategic Plan Goals:

- Goal E – *Ensure the public’s health and safety* by providing a clear right-of-way designation for vehicular traffic circulating the school area.

ENVIRONMENTAL CONSIDERATIONS

The project is categorically exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15301 (Existing Facilities) because the project is a minor alteration of existing public facility involving negligible or no expansion of use beyond that presently existing. More specifically, the installation of curb markings and signs will be done on existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities, which is exempt from CEQA.

FINANCIAL CONSIDERATIONS

The cost for the installation of signs, pavement markings, and curb markings are estimated to be under \$2,000 and are included in the Public Works Capital Improvements Project budget for traffic safety and management.

LEGAL CONSIDERATIONS

El Cerrito Municipal Code Section 11.36.010 requires that the installation of stop signs be approved by a resolution of the City Council.

Reviewed by:



Scott Hanin
City Manager

Attachments:

1. Lawrence at Gladys Stop Sign Resolution
2. Gayle at Donal Stop Sign Resolution

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AUTHORIZING
THE INSTALLATION OF A STOP SIGN ON LAWRENCE STREET AT GLADYS AVENUE

WHEREAS, the Public Works Department has been working with the West Contra Costa Unified School District to improve the safety and circulation on the streets and intersections surrounding the Korematsu Middle School in preparation for the opening at its new 7125 Donal Avenue location on March 28, 2016; and

WHEREAS, Public Works staff along with traffic engineering consultants evaluated the existing conditions, including signs, striping and pavement markings at the intersection of Lawrence Street at Gladys Avenue; and

WHEREAS, the T-intersection currently has no STOP-control signs; and

WHEREAS, based on the existing roadway configuration, surrounding traffic control devices, and additional traffic anticipated with the opening of the middle school at the subject intersection, Public Works staff determined that a STOP sign on the terminating leg of the intersection is an appropriate traffic control device to improve traffic safety and operations; and

WHEREAS, it is the judgment of the City Engineer that this intersection meets the guidelines of the California Manual on Uniform Traffic Control Devices (MUTCD) for installation of a STOP sign; and

WHEREAS, Section 11.36.010 of the El Cerrito Municipal Code requires that the City Council designate entrances to intersections where stop signs are installed.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito that it hereby authorizes the Public Works Director / City Engineer to install a stop sign on Lawrence Street at Gladys Avenue.

BE IT FURTHER RESOLVED, this project is categorically exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15301 (Existing Facilities) because it is considered a minor alteration of existing public facility involving negligible or no expansion of use beyond that presently existing. More specifically, the installation of pavement striping and signs will be done on existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities, which is exempt from CEQA.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon passage and adoption.

I CERTIFY that at a regular meeting on March 15, 2016 the City Council of the City of El Cerrito passed this Resolution by the following vote:

Agenda Item No. 5(C)
Attachment 1

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on March XX, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AUTHORIZING
THE INSTALLATION OF A STOP SIGN ON GAYLE COURT AT DONAL AVENUE

WHEREAS, the Public Works Department has been working with the West Contra Costa Unified School District to improve the safety and circulation on the streets and intersections surrounding the Korematsu Middle School in preparation for the opening at its new 7125 Donal Avenue location on March 28, 2016; and

WHEREAS Public Works staff along with traffic engineering consultants evaluated the existing conditions, including signs, striping and pavement markings at the intersection of Gayle Court at Donal Avenue; and

WHEREAS, the T-intersection currently has no STOP-control signs; and

WHEREAS, based on the existing roadway configuration, surrounding traffic control devices, and additional traffic anticipated with the opening of the middle school, Public Works staff determined that a STOP sign on the terminating leg of the intersection is an appropriate traffic control device to improve traffic safety and operations; and

WHEREAS, it is the judgment of the City Engineer that this intersection meets the guidelines of the California Manual on Uniform Traffic Control Devices (MUTCD) for installation of a STOP sign; and

WHEREAS, Section 11.36.010 of the El Cerrito Municipal Code requires that the City Council designate entrances to intersections where stop signs are installed.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito that it hereby authorizes the Public Works Director / City Engineer to install a stop sign on Gayle Court at Donal Avenue.

BE IT FURTHER RESOLVED this project is categorically exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15301 (Existing Facilities) because it is considered a minor alteration of existing public facility involving negligible or no expansion of use beyond that presently existing. More specifically, the installation of pavement striping and signs will be done on existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities, which is exempt from CEQA.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon passage and adoption.

I CERTIFY that at a regular meeting on March 15, 2016 the City Council of the City of El Cerrito passed this Resolution by the following vote:

Agenda Item No. 5(C)
Attachment 2

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on March XX, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO OPPOSING
SHIPMENT OF COAL THROUGH THE MARINE TERMINAL UNDER DEVELOPMENT
AT THE FORMER OAKLAND ARMY BASE

WHEREAS, coal-producing counties in Utah and the developers of the large marine terminal under development at the former Oakland Army Base have proposed to ship large volumes of coal - estimated at up to 5 million tons per year - through the terminal, which is called the Oakland Bulk and Oversized Terminal and also the Oakland Break Bulk Terminal; and

WHEREAS, the coal would be transported to the terminal along one or both of the two Class I rail lines serving the Port, including one that runs through West Contra Costa County; and

WHEREAS, any coal trains traveling through West Contra Costa County to the terminal would increase the risk of health-damaging coal dust and diesel emissions as well as collisions and train derailments in West Contra Costa County, and coal trains on any rail line to the Oakland terminal would pose the same dangers to other populated areas along the routes, especially neighborhoods of West Oakland, Richmond and neighboring communities, which are already burdened by pollution and other adverse impacts from Port of Oakland operations; and

WHEREAS, coal burning is the largest source of greenhouse gas (GHG) emissions among all the fossil fuels; and

WHEREAS, substantial increases in GHG emissions are responsible for a significant increase in global warming; and

WHEREAS, among the threats facing humankind, global warming may pose the greatest danger of long-term catastrophe, including: starvation caused by shortage of food; sea-level rise leading to flooding of major cities, coastal regions and island nations; massive flight of refugees; extinction of many species; and drastic shifts in weather, including increased floods, more droughts and devastating storms; and

WHEREAS, coal burning stands in direct conflict with the City of El Cerrito's Climate Action Plan, with the State of California's climate action goals and policies, and with President Obama's policy to curb reliance on coal; and

WHEREAS, coal burning is a chief source of air pollution, including hydrocarbons and mercury and other toxic heavy metals, creating 50 to 400 more pollutants than natural gas, and contributes to many deaths and long-term damage to health; and

WHEREAS, the primary destination of the coal that would be shipped from the Oakland marine terminal would likely be Asia, chiefly China; and

Agenda Item No. 5(D)

WHEREAS, a large toll of deaths and disease linked to air pollution in China has been documented in scientific studies, including a widely cited study by the Berkeley Earth research group, published in PLoS ONE in August 2015, which estimated that air pollution (particulate matter) contributes to an estimated 1.6 million deaths in China annually; and

WHEREAS, the site of the new marine terminal is owned by the City of Oakland, whose City Council went on record in 2014 opposing the transport of coal and other hazardous fossil fuels through Oakland; and

WHEREAS, the plan to ship coal from the terminal was not disclosed in 2012 when the City of Oakland granted approvals for the marine terminal and when the California Transportation Commission allocated \$242 million of state Proposition 1B Trade Corridor Improvement Funds (TCIF) for the marine terminal and associated infrastructure at the former Oakland Army Base; and

WHEREAS, the chief representative for the developers, Phil Tagami, CEO of CCIG (California Capital & Investment Group), had said coal would not be shipped at the terminal, stating in the project's December 2013 newsletter, "CCIG is publicly on record as having no interest or involvement in the pursuit of coal-related operations at the former Oakland Army Base," according to a July 6, 2015, KQED report; and

WHEREAS, a lawsuit filed Oct. 2, 2015, in Alameda County Superior Court by the Sierra Club, Communities for a Better Environment, San Francisco Baykeeper and the Asian Pacific Environmental Network says the many damaging impacts of shipping coal were not addressed in the project's Environmental Impact Report and asks the court to order the City of Oakland to block pending approvals of the terminal, conduct an environmental review in compliance with the California Environmental Quality Act (CEQA) and not grant any further approvals until CEQA requirements are met; and

WHEREAS, the Sierra Club, Earthjustice, West Oakland Environmental Indicators Project, San Francisco Baykeeper and Communities for a Better Environment have requested in a Sept. 24, 2015, letter to the California Transportation Commission that the Commission block disbursement of state Proposition 1B Trade Corridor Improvement Funds (TCIF) allocations that would support the export of coal or other fossil fuels at the marine terminal; and

WHEREAS, the coal terminal directly conflicts with the requirements and main goals of Proposition 1B Trade Corridor Improvement Funds (TCIF), including "reducing emissions of diesel particulate and other pollutant emissions" and supporting "continuous improvement in infrastructure and environmental mitigation"; and

WHEREAS, the proposed Oakland coal station is opposed by a wide range of local political leaders, environmental organizations and community groups, as well as by the key union that handles port cargo, the International Longshore and Warehouse Union's Northern California District Council and Locals 10 and 34.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of El Cerrito opposes the shipment of coal through the Oakland Bulk and Oversized Terminal under

Agenda Item No. 5(D)

development at the former Oakland Army Base, and resolves to transmit copies of this resolution to the following:

- Gov. Jerry Brown
- Oakland City Council
- Oakland Mayor Libby Schaaf
- State Senator Loni Hancock
- Assemblymember Tony Thurmond
- Alameda County Transportation Commission
- Bay Area Air Quality Management District
- California Transportation Commission

I CERTIFY that at a regular meeting on March 15, 2016, the El Cerrito City Council passed this resolution by the following vote:

AYES: COUNCILMEMBERS
NOES: COUNCILMEMBERS
ABSTAIN: COUNCILMEMBERS
ABSENT: COUNCILMEMBERS

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on March ____, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor



AGENDA BILL

Agenda Item No. 5(E)

Date: March 15, 2016
To: El Cerrito City Council
From: Melanie Mintz, Community Development Director
Subject: Contra Costa County to Act as Bond Issuer for Bonds to be used to Fund Hana Gardens Apartments

ACTION REQUESTED

Staff recommends that the City Council acting as Housing Successor to the former Redevelopment Agency adopt a resolution acknowledging that the County of Contra Costa will assist in the financing of Hana Gardens Apartments to be located at 10860 and 10848 San Pablo Avenue.

DISCUSSION

The City of El Cerrito entered into a Disposition and Development Agreement (“DDA”) with Eden Housing for the Tradeway property requiring that Eden develop the property with 63 units of senior housing affordable to low and very low income households. Under the terms of the DDA, Eden Housing was to provide a financing plan for the development of the affordable housing. The DDA contemplated that Eden would use low income housing tax credits to finance the development. Eden has applied for an allocation of 9% low income housing tax credits but has not been successful in securing an allocation due to the competitive nature of the allocations.

Eden is now proposing to use non-competitive 4% low income housing tax credits combined with tax exempt revenue bonds to provide the needed financing for the development. In Eden’s prior financing plan the 4% tax credits were not feasible because of insufficient other sources of funds to fill the gap in investor equity between a 9% tax credit and a 4% tax credit. However, because of increased funding commitments from the City and the County of Contra Costa, an increase in contract rents for Project based housing choice vouchers and a redesign of the project that reduced costs, the 4% tax credit/bond financing is now feasible.

The County of Contra Costa has agreed to act as the issuer of the tax exempt revenue bonds. The County of Contra Costa has requested that the City Council adopt a resolution acknowledging that the County will be the issuer of the bonds and affirming the City’s support for the proposed financing plan.

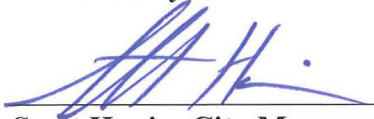
The attached proposed financing plan provides Eden with a path forward for the construction of the project. Based on Eden’s current schedule, assuming the 4% tax

credit/bond financing, construction on the project would commence in November of this year. Because of the elimination of redevelopment agencies in the State of California, one of the largest sources of public subsidy to affordable housing has been lost. This has resulted in a sharp increase in competition for other funding sources including 9% low income housing tax credits. Eden has sought all available sources of funding and has been successful in securing commitments from the County of Contra Costa, the Housing Authority of the County of Contra Costa and the State Affordable Housing Sustainable Communities program as shown on the attached financing plan. However, without tax credits the project continues to have a funding gap. The 4% tax credits, coupled with the bond financing, will enable the project to proceed and ensure that the existing funding commitments secured by Eden remain available to the project.

FINANCIAL CONSIDERATIONS

The use of 4% tax credits and bond financing will not have a financial impact on the City's commitment to the project. In accordance with the DDA, the City has agreed to convey the land for the project to Eden at no cost. In addition, prior to the dissolution of the Redevelopment Agency, the Redevelopment Agency provided \$100,000 in predevelopment funds for the Project. Recently the City agreed to provide an additional \$200,000 in Low and Moderate Income Housing Assets Funds (Resolution No. 2016-04) received by the City as the housing successor to the former Redevelopment Agency. These funding commitments will remain unchanged.

Reviewed by:



Scott Hanin, City Manager

Attachments:

1. Resolution
2. Eden/Hana Gardens Proposed Financing Plan

RESOLUTION NO. 2016-XX

A RESOLUTION OF THE CITY COUNCIL ACTING AS HOUSING SUCCESSOR TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF EL CERRITO ACKNOWLEDGING THAT THE COUNTY OF CONTRA COSTA WILL ASSIST IN THE FINANCING OF THE HANA GARDENS APARTMENTS TO BE LOCATED AT 10860 AND 10848 SAN PABLO AVENUE

WHEREAS, Eden Housing has requested that the County of Contra Costa (the “County”) consider the issuance by the County of tax-exempt revenue bonds (the “Bonds”) under the provisions of Chapter 7 of Part 5 of Division 31 of the Health and Safety Code (the “Act”) to finance costs of the acquisition and construction by El Cerrito Senior, L.P., a California limited partnership of a mixed use 63 unit multifamily rental housing facility with ground floor commercial space currently identified as Hana Gardens Apartments (the “Project”), to be located at 10860 and 10848 San Pablo Avenue in El Cerrito (the “City”); and

WHEREAS, the County has requested that the City acknowledge that the County will be issuing the Bonds to assist in the financing of the Project, and the County seeks confirmation that the City supports the proposed financing; and

WHEREAS, the City Council now desires to acknowledge the County’s role in issuing the Bonds and to confirm that the City supports the financing of the acquisition and construction of the Project with the proceeds of the Bonds.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of El Cerrito hereby acknowledges the County’s efforts in facilitating the financing of the Project through the issuance of the Bonds pursuant to the Act, and the City Council hereby expresses its support for the financing. Notwithstanding the foregoing, the City shall have no liability or responsibility whatsoever for the issuance, administration or repayment of the Bonds, and the adoption of this Resolution shall not obligate the City or any department thereof to take any action in connection with any planning approval, permit or other action necessary for the acquisition, construction or operation of the Project.

I CERTIFY that at the regular meeting on March____, 2016, the City Council of the City of El Cerrito passed this resolution by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

IN WITNESS of this action, I have hereunto set my hand and affixed the official Seal of said City, this ____ day of _____, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor



Financing Summary				
Total Number of Units		63		
Density Ratio (Units per Acre)		68.48	0.92	
Residential Area		37,526	s.f.	
Public Areas (Community Room & Circulation)		17,511	s.f.	
Childcare Center		-	s.f.	
Commercial/Retail Space		3,062	s.f.	
Podium-Parking Garage		-	s.f.	
Total Area		58,099	s.f.	
Residential/Commercial Proration		Residential	Commercial	
Percent Allocation by Construction Hard Costs		92.78%	7.22%	
Percent Allocation by Sq. Ft. of building area		92.31%	7.69%	
		Net Rent		
Affordability Mix		0BR	1BR	2BR
Extremely Low Income Units @ 30% AMI		23	\$487	\$480 \$566
Very Low Income Units @ 35% AMI		-	\$569	\$567 \$671
Very Low Income Units @ 40% AMI		-	\$650	\$654 \$775
Very Low Income Units @ 45% AMI		8	\$731	\$741 \$880
Very Low Income Units @ 50% AMI		31	\$813	\$829 \$985
Manager's Unit (2 BR)		1	\$0	\$0 \$0
Total		63		
Unit Mix				
Studio/1BA		0		
1BR/1BA		62		
2BR/1BA		1		
Total		63		
Number of Project-Based vouchers		62		
DEVELOPMENT BUDGET		Total	Per Unit	
Total Land & Improvements		\$ 3,453,211	\$	54,813
Total Design & Consulting		\$ 1,366,861	\$	21,696
Total Construction		\$ 18,327,971	\$	290,920
Total Indirect Costs		\$ 6,096,612	\$	96,772
Total Finance & Carry Costs		\$ 1,476,603	\$	23,438
Total TCAC/Syndication		\$ 37,659	\$	598
TOTAL DEVELOPMENT COSTS		\$ 30,758,917	\$	488,237
PERMANENT SOURCES OF FINANCING				
City of El Cerrito RDA Land		\$ 3,240,000	\$	51,429
City of El Cerrito RDA/Successor Financing		\$ 300,000	\$	4,762
County of Contra Costa HOME/CDBG		\$ 2,100,000	\$	33,333
HCD MHP Loan		\$ -	\$	-
AHSC		\$ 5,271,696	\$	83,678
Infill Infrastructure Grant		\$ 1,399,547	\$	22,215
FHLB - AHP		\$ 620,000	\$	9,841
LIH Tax Credit-LP Capital Contribution		\$ 11,163,770	\$	177,203
LIH Tax Credit-GP Capital Contribution		\$ 960,904	\$	15,252
Permanent Financing		\$ 1,933,000	\$	30,683
Permanent Financing - Section 8 Mortgage		\$ 2,870,000	\$	45,556
Deferred Developer Fee		\$ 900,000	\$	14,286
Predevelopment Needs		\$ -	\$	-
Gap / (Surplus)			\$	-
TOTAL SOURCES OF FUNDS		\$ 30,758,917	\$	488,237
Tax Credit Equity Yield (Federal/State)		\$ 1.14	\$	0.73
Tax Credit Tie-Breaker Score				



AGENDA BILL

Agenda Item No. 7(A)

Date: March 15, 2016
 To: El Cerrito City Council
 From: Lisa Malek-Zadeh, Finance Director/City Treasurer
 Subject: Mid-Year Budget Update

ACTION REQUESTED

Receive an update on city revenues and expenditures for the first six months of the fiscal year through December 31, 2015 and adopt a resolution authorizing amendments to the FY 2015-16 budget and approving new spending limits.

BACKGROUND/ANALYSIS

Fiscal Year 2015-16 Budget

On November 17, 2015, staff provided City Council with an update on the city's budget through September 31, 2015. Since that time, additional revenues have been collected, including City property taxes, and there have been an additional three months of expenses. The report will discuss significant variances from the adopted budget, recommend mid-year adjustments and provide projected year-end assumptions.

General Fund Overview

A summary of the General Fund is presented in Table 1. The table includes the budget adopted by Council in June for the current fiscal year, 2015-16, recommended amendments discussed in more detail later in this report and projected year-end results based on actuals through December 31, 2015 and other information that affects year-end assumptions. The variance from budget column presents any differences between the adopted budget and year-end expectations.

Table 1. Fiscal Year 2015-16 General Fund Summary

General Fund Summary	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Beginning Restricted Fund Balance	\$598,957	\$1,059,976	\$0	\$0		\$0	
Beginning Unassigned Fund Balance	\$2,608,745	\$1,281,566	\$1,270,466	\$1,541,773		\$1,461,753	
Total Revenues	\$29,366,108	\$29,053,045	\$29,766,576	\$31,180,146		\$32,880,298	\$1,700,152
Personnel	\$22,699,729	\$22,256,364	\$22,633,987	\$23,833,946	\$10,000	\$23,145,969	\$687,977
Non-Personnel	\$7,614,482	\$7,867,721	\$6,936,624	\$7,006,299	\$1,300,799	\$8,307,098	(\$1,300,799)
Total Expenses	\$30,314,212	\$30,124,086	\$29,570,612	\$30,840,245	\$1,310,799	\$31,453,068	(\$612,823)
Annual Balance/Shortfall	(\$948,104)	(\$1,071,040)	\$195,965	\$339,901		\$1,427,230	\$1,087,329
Unassigned Ending Fund Balance/Deficit	\$2,259,598	\$1,270,502	\$1,466,431	\$1,881,674		\$2,888,983	\$1,007,309
Ending Unassigned Reserve Percent	7.45%	4.22%	4.96%	6.10%		9.19%	3.08%

When the budget was adopted, the ending fund balance was projected to be about 6%. Because of significant changes in revenues, about \$1.7 million, the ending fund balance is now estimated to be closer to 9%. This represents a 3% increase over the adopted budget and a 4% increase over last fiscal year. This also brings the City much closer to achieving the 15% General Fund reserve goal.

General Fund Revenues

Table 2 provides an overview of the major revenue categories that support the General Fund. Included in the table are the projected year-end revenues for FY 2015-16 and the significant variances from those included in the adopted budget. Based on actual revenues received through December as well as other changes that affect revenue assumptions, staff projects General Fund revenues will total \$33.8 million by year-end. This is about \$1.7 million more than what was included in the adopted budget. The significant changes for each revenue category are discussed in more detail below.

Table 2. Fiscal Year 2015-16 General Fund Revenues

General Fund Revenues	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Property Taxes	\$5,564,453	\$6,190,958	\$6,938,037	\$7,010,142	\$0	\$7,992,117	\$981,975
Sales Taxes	\$5,109,397	\$5,361,233	\$5,055,703	\$6,151,700	\$0	\$6,151,700	\$0
Franchise Taxes	\$1,065,858	\$1,228,307	\$1,376,771	\$1,434,970	\$0	\$1,434,970	\$0
Business License Taxes	\$742,229	\$855,923	\$800,882	\$811,715	\$0	\$743,794	(\$67,921)
Utility Users Taxes	\$3,066,580	\$3,137,017	\$3,106,232	\$3,308,000	\$0	\$3,137,294	(\$170,706)
Other Taxes (TOT, Construction, Other)	\$103,651	\$130,556	\$115,955	\$141,000	\$0	\$141,000	\$0
Total Taxes	\$15,652,169	\$16,903,994	\$17,393,579	\$18,857,527	\$0	\$19,600,875	\$743,348
Licenses and Permits	\$516,703	\$539,567	\$493,243	\$623,000	\$0	\$623,000	\$0
Fines & Forfeitures	\$277,222	\$375,554	\$269,602	\$301,500	\$0	\$301,500	\$0
Use of Money & Property	\$321,279	\$289,389	\$350,219	\$389,840	\$0	\$389,840	\$0
Intergovernmental Revenues	\$5,027,113	\$5,036,793	\$5,781,514	\$5,143,498	\$0	\$6,090,301	\$946,803
Charges for services	\$4,938,694	\$4,956,927	\$4,458,264	\$4,795,320	\$0	\$4,695,320	(\$100,000)
Other Revenues	\$285,400	\$146,442	\$119,299	\$179,267	\$0	\$289,267	\$110,000
Financing Sources	\$2,347,528	\$804,379	\$900,857	\$890,194	\$0	\$890,194	\$0
Total Other Revenues	\$13,713,939	\$12,149,052	\$12,372,998	\$12,322,619	\$0	\$13,279,422	\$956,803
Total Revenues	\$29,366,108	\$29,053,045	\$29,766,576	\$31,180,146	\$0	\$32,880,298	\$1,700,152

Tax Revenues + \$743,000

Changes in Property Taxes total approximately \$982,000. This increase is the result of a \$330,000 change in secured property taxes that were discussed in the September update as well as \$638,000 in residual property tax distribution (RPTTF) funds. The City budgeted \$165,000 in RPTTF for the year; however, \$384,000 has already been received with another \$269,000 anticipated in June. Also included in the \$638,000 estimate is a \$150,000 one-time payment. This is the City's expected share of a \$675,000 payment made this fiscal year toward a \$1.9 million installment plan to be paid over the next two and a half fiscal years. The additional

Agenda Item No. 7(A)

RPTTF funds are being used to offset the \$675,000 payment that was not included in the adopted budget, but was approved by Council as a separate action in December.

Business licenses expire on June 30 of each year and must be renewed by July 1. By September of each year, approximately 85-90% of the total business licenses revenue is received. Based on collections over the last two fiscal years and the amount collected in the current fiscal year, staff anticipates the City will collect approximately \$68,000 less than budgeted. The Finance department sends out renewal notices each June and while businesses are responsible for renewing their license whether they receive the notice or not, they tend to rely on the notice as a reminder. Staff has received feedback that some businesses did not receive their renewal notices this year. Finance staff is currently reviewing the process to determine why some notices were not received as there has been no change in the process from prior years. Staff is also contacting all businesses that have not renewed this year to determine if they are no longer in business or if they have not renewed for some other reason.

At the September update, staff reported that at the end of last fiscal year 2014-15, the Utility Users Tax (UUT), was about \$84,000 less than expected. To date, the UUT appears on track with the adopted FY 2015-16 budget; however, staff has used this trend in the past and by year-end, the actuals did not meet projections. Based on this, staff feels it more likely that the year-end actuals will be about \$171,000 less than budgeted. This new projection assumes a 1% increase over last year's actuals, which is a more realistic estimate.

Intergovernmental Revenues +\$947,000

Intergovernmental revenues include reimbursements for services provided to other agencies such as school resources officer, fire services or other reimbursements from governmental agencies. Revenues in this category are expected to be approximately \$947,000 more than what was included in the adopted budget. These include an additional \$175,000 for In Lieu fees based on the growth in assessed value (AV), \$244,000 for reimbursement from the Office of Emergency Services (OES) for Fire Department expenses for mutual aid responses throughout the state and a one-time revenue of \$527,000 from RecycleMore for the City's share of the JPA's reserve funds.

Charges for Services -\$100,000

Revenue in this category is predominately for recreation related programs such as childcare, sports and camps programs. While steady in prior years, the enrollment in some of the childcare programs has declined and staff is projecting a reduction in related revenues of approximately \$100,000.

Other Revenues +\$110,000

Also discussed during the September update, the City received \$110,000 in one-time fees for the start of a long awaited development project. These fees was used to purchase equipment in the Police and Fire departments.

General Fund Expenditures

In June 2015, the City adopted General Fund expenditures totaling \$30.8 million. Amendments recommended for approval in this report increase the budget by \$1.3 million. These adjustments are the result of unspent prior year funds carried into the current year as well as new appropriations that Council has approved through previous actions. The additional revenues projected in FY 2015-16, support these. This information is included in Table 3.

Table 3. Fiscal Year 2015-16 General Fund Expenditures

General Fund Expenditures	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Personnel							
Personnel	\$22,699,729	\$22,256,364	\$22,633,987	\$23,833,946	\$10,000	\$23,145,969	\$687,977
Non-Personnel							
Professional & Technical Services	\$3,355,468	\$3,632,300	\$3,894,293	\$3,961,557	\$522,937	\$4,504,494	(\$542,937)
Purchased Property/Other Services	\$1,302,171	\$1,216,889	\$1,068,856	\$1,137,497	\$0	\$1,137,497	\$0
Supplies	\$655,306	\$569,378	\$603,825	\$627,150	\$0	\$627,150	\$0
Property & Capital	\$232,343	\$191,431	\$275,983	\$340,300	\$76,000	\$396,300	(\$56,000)
Financing Costs	\$2,046,881	\$2,257,724	\$1,093,668	\$939,795	\$701,862	\$1,641,657	(\$701,862)
Total Non-Personnel	\$7,592,168	\$7,867,722	\$6,936,625	\$7,006,299	\$1,300,799	\$8,307,098	(\$1,300,799)
Total Expenditures	\$30,314,212	\$30,124,086	\$29,570,612	\$30,840,245		\$31,453,068	(\$612,823)

Personnel

The City adopted a personnel budget of approximately \$23.8 million that included salary savings of close to \$1.2 million. Through December, expenses for personnel costs should be about 50% spent. Due to unexpected vacancies or positions that have not been filled as quickly as budgeted, salaries in several departments are underspent. Even with increases in overtime to offset the vacancies and part-time expenses, the cost for personnel are expected to be closer to \$23.1 million at the end of the fiscal year, a savings of about \$600,000.

Non-Personnel

Non-personnel expenditures continue to track with original estimates with the exception of the items that include recommended amendments. These include a carry over of unspent funds from last year as well as new appropriations identified this year. These include an increase in professional services for the library project and minimum wage implementation, a correction to the budget for the legal services that were excluded from the adopted budget in error and funding to pay for two legal settlements that were finalized in the last few months. Funding for equipment purchases in the Police and Fire departments were added to the Property and Capital category and a payment of \$675,000 to repay the Successor Agency for a disallowed transfer to the Municipal Services Corporation was added to financing costs. A transfer of \$26,000 to the Vehicle/Equipment maintenance was also included in financing costs to clear the historical deficit.

Special Revenue Funds

Special revenue funds, which support about \$10 million of the City's total adopted \$42 million budget, as of December, are tracking with the adopted budget. Table 4 summarizes the projected revenue and expenditures for the City's major special funds for FY 2015-16. The table also includes the projected year-end balances inclusive of the proposed amendments.

Table 4. Fiscal Year 2015-16 Special Revenue Funds

Fund Name	2014-15 Ending Balance*	2015-16 Projected Revenue	2015-16 Projected Expenditures	Total Proposed Amendments	2015-16 Projected Ending Balance
Gas Tax Fund	\$135,360	\$515,613	\$603,484	\$1,000	\$46,489
Nat'l Pollut Dis Elim Sys	\$32,972	\$315,000	\$293,091	\$7,500	\$47,381
Land & Light Assess Distr	\$9,213	\$781,000	\$759,095	\$28,314	\$2,804
Measure J-Return to Source	\$76,539	\$414,173	\$432,255	\$43,044	\$15,413
Measure J Storm Drain	\$139,732	\$726,500	\$760,993	\$1,045	\$104,194
Measure A Parcel Tax	\$389,292	\$439,400	\$528,752	\$0	\$299,940
Asset Seizure	\$155,677	\$2,000	\$25,000	\$0	\$132,677
Vehicle Abatement Fund	\$195,306	\$21,000	\$36,000	\$0	\$180,306
Park In Lieu	\$12,002	\$0	\$0	\$12,000	\$2
Street Improvemt & Maint	\$220,296	\$2,133,800	\$1,330,423	\$843,340	\$180,333
Public Art Fund	\$52,149	\$6,050	\$15,000	\$0	\$43,199
Measure J-Paratransit Fund	\$32,383	\$146,052	\$112,678	\$0	\$65,757
Grants	\$209,715	\$307,500	\$314,500	\$0	\$202,715
C.O.P.S. Grant Fund	\$140,000	\$100,000	\$30,000	\$0	\$210,000
City Housing Trust Fund	\$0	\$0	\$0	\$0	\$0
City LMI Housing Fund	\$1,361,080	\$250,000	\$105,421	\$0	\$1,505,659
Capital Improvement Fund	(\$1,505,651)	\$2,568,313	\$1,828,639	\$276,082	(\$1,042,059)
Integrated Waste Mgmt	\$247,155	\$2,345,523	\$2,387,233	\$131,000	\$74,445
Vehicle/Equip Replacement	(\$26,862)	\$155,394	\$128,532	\$0	\$0
Total	\$1,876,358	\$11,227,318	\$9,691,096	\$1,343,325	\$2,069,255

*Ending balance as reflected by the Comprehensive Annual Financial Report (CAFR) as of June 30, 2015.

Similar to the General Fund, personnel expenditures in the special revenue funds are tracking lower than the adopted budget and are projected to be under spent by year-end. With the exception of the Capital Improvement Fund, the City's special revenue funds will end the fiscal year with surplus fund balances due in part to savings in personnel costs. As discussed in previous updates, a portion of the deficit in the Capital Improvement Fund is a reimbursement from the former Redevelopment Agency that is currently being disputed by the Department of Finance. The remaining deficit is the difference in the timing of expenses and the receipt of reimbursement for these costs.

Appropriations Limits

Each year as part of the budget process, the City Council adopts a resolution that establishes spending limits by fund for the fiscal year. On June 23, 2015, the City Council adopted Resolution 2015-49 authorizing \$42,349,631 in total appropriations for fiscal year 2015-16. Changes to the spending limits occur throughout the year to account for unintended opportunities, unforeseen changes or if the City's financial position changes and additional spending authority is required to meet the needs of the City. These adjustments are typically the result of previously unanticipated events such as the acceptance of new grants, a reauthorization of prior year's unspent funds, accounting changes related to the City's financial reporting, receipt of new revenue and/or a response to emergencies or mutual aid.

For FY 2015-16, staff is proposing amendments, which require a change in spending authority totaling \$2,654,124 across all funds. These changes are summarized in Table 5.

Table 5. Fiscal Year 2015-16 Changes to Appropriations Authority

Fund Name	2015-16 Adopted Appropriations	Encumbered Carryover	Adjustments	Total Proposed Amendments	2015-16 Amended Appropriations
General Fund	\$30,840,245	\$8,448	\$1,302,351	\$1,310,799	\$32,151,045
Gas Tax Fund	\$603,484	\$1,000		\$1,000	\$604,484
Nat'l Pollut Dis Elim Sys	\$293,091	\$7,500		\$7,500	\$300,591
Land & Light Assess Distr	\$759,095	\$13,314	\$15,000	\$28,314	\$787,409
Measure J-Return to Source	\$432,255	\$43,044		\$43,044	\$475,299
Measure J Storm Drain	\$760,993	\$1,045		\$1,045	\$762,038
Measure A Parcel Tax	\$528,752			\$0	\$528,752
Asset Seizure	\$25,000			\$0	\$25,000
Vehicle Abatement Fund	\$36,000			\$0	\$36,000
Park In Lieu	\$0		\$12,000	\$12,000	\$12,000
Street Improvement & Maint	\$1,330,423	\$590,090	\$253,250	\$843,340	\$2,173,763
Public Art Fund	\$15,000			\$0	\$15,000
Measure J-Paratransit Fund	\$112,678			\$0	\$112,678
Grants	\$314,500			\$0	\$314,500
C.O.P.S. Grant Fund	\$30,000			\$0	\$30,000
City Housing Trust Fund	\$0			\$0	\$0
City LMI Housing Fund	\$105,421			\$0	\$105,421
Capital Improvement Fund	\$1,828,639	\$31,082	\$245,000	\$276,082	\$2,104,721
Integrated Waste Mgmt	\$2,387,233		\$131,000	\$131,000	\$2,518,233
Vehicle/Equip Replacement	\$128,532			\$0	\$128,532
Pension Trust Sect 401-A	\$113,976			\$0	\$113,976
Finance Authority Debt Sv	\$367,840			\$0	\$367,840
City Hall Bond D/S	\$598,246			\$0	\$598,246
Street Imp Bond D/S	\$738,228			\$0	\$738,228
Total	\$42,349,631	\$695,523	\$1,958,601	\$2,654,124	\$45,003,755

Agenda Item No. 7(A)

Of the \$2.6 million in amendments, encumbered carryover totals \$695,523 across all funds. Encumbered carryover encompasses unspent funds from last fiscal year that need to be carried forward to complete work in the current fiscal year.

Adjustments totaling \$1,958,601 are new appropriations that either Council has approved through separate Council actions or as part of this report and discussed in more detail below.

1. General Fund \$1,302,521 for the following: legal settlements, professional services and staffing for implementation of the Minimum Wage Ordinance, technical assistance associated with a potential ballot measure to fund construction of a new safe and modern library facility, correction to the City Attorney's budget, transfer to the Vehicle/Equipment Replacement Fund to clear negative fund balance, repayment to the Successor Agency, equipment purchase in the Police and Fire Departments and landscape and vehicle maintenance service related to various capital projects.
2. Land & Light Assessment District Fund \$15,000 for Landscape Maintenance Services, one-time expenses for field maintenance treatments.
3. Park in Lieu Fund \$12,000 for Castro Park Field renovations.
4. Street Improvement & Maintenance Fund \$253,250 to address 2015 Slurry Seal and Curb Ramp Program Agenda Bill, 2014 Pavement Rehab Manila Trees Agenda Bill, correct discrepancy between CIP Table & New World and 2014 Pavement Rehab.
5. Capital Improvement Fund \$245,000 for Castro Park Field renovations and Huber Park improvements.
6. Integrated Waste Management Fund \$131,000 for RecycleMore dues, River Watch Settlement and Vehicle/Equipment Maintenance services and supplies.

FISCAL YEAR 2016-17 & FY 2017-18 BIENNIAL BUDGET NEXT STEPS

In June, the City Council will once again consider adoption of a two-year budget for fiscal years 2016-17 and 2017-18. In the next few months, staff will present the initial budget projections and discuss priorities and goals with City Council to guide development of the next biennial budget.

Reviewed by:



Scott Hanin, City Manager

Attachments:

1. Resolution
2. Presentation

RESOLUTION NO. 2016-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AMENDING THE SPENDING AUTHORITY BY FUND FOR THE CITY OF EL CERRITO FOR FISCAL YEAR 2015 - 16

WHEREAS, on June 23, 2015 the City Council of the City of El Cerrito adopted the Fiscal Year 2015-16 Budget with spending limits across funds Resolution 2015-49; and

WHEREAS, changes to the spending limits throughout the year are necessary to account for unexpected opportunities, unforeseen changes or if the City's financial position changes and additional spending authority is required to meet the needs of the City; and

WHEREAS, staff presented this update to the City Council of the City of El Cerrito for its consideration, and the City Council has reviewed and analyzed it; and

WHEREAS, proposed changes to spending authority from tax proceeds are within the City's Fiscal Year 2015-16 Gann Appropriations Limit, as defined by California State Constitution Article XIII B.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito that it hereby amends the spending authority by fund for Fiscal Year 2015 -16 as follows:

General Fund	\$32,151,045
Gas Tax Fund	\$604,484
Nat'l Pollut Dis Elim Sys	\$300,591
Land & Light Assess Distr	\$787,409
Measure J-Return to Source	\$475,299
Measure J Storm Drain	\$762,038
Measure A Parcel Tax	\$528,752
Asset Seizure	\$25,000
Vehicle Abatement Fund	\$36,000
Park In Lieu	\$12,000
Street Improvemt & Maint	\$2,173,763
Public Art Fund	\$15,000
Measure J-Paratransit Fund	\$112,678
Grants	\$314,500
C.O.P.S. Grant Fund	\$30,000
City LMI Housing Fund	\$105,421
Capital Improvement Fund	\$2,104,721
Integrated Waste Mgmt	\$2,518,233
Vehicle/Equip Replacement	\$128,532
Pension Trust Sect 401-A	\$113,976
Finance Authority Debt Sv	\$367,840
City Hall Bond D/S	\$598,246
Street Imp Bond D/S	\$738,228
Total	\$45,003,755

Agenda Item No. 7(A)
Attachment 1

I CERTIFY that at a regular meeting on March 15, 2016, the City Council passed this resolution by the following vote:

AYES: COUNCILMEMBERS: NOES:
COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS: ABSENT:
COUNCILMEMBERS:

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on March XX, 2016.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor

CITY OF EL CERRITO

Fiscal Year 2015-16 Mid-Year Budget Update

March 15, 2016



AGENDA

- **Discuss FY 2015-16 budget trends and projections**
- **Review Proposed Budget Amendments**
- **Talk about FY 2017- 18 & FY 2018-19**
- **Biennial Budget Next Steps**

FY 2015-16 BUDGET

GENERAL FUND REVENUES

General Fund Revenues	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Property Taxes	\$5,564,453	\$6,190,958	\$6,938,037	\$7,010,142	\$0	\$7,992,117	\$981,975
Sales Taxes	\$5,109,397	\$5,361,233	\$5,055,703	\$6,151,700	\$0	\$6,151,700	\$0
Franchise Taxes	\$1,065,858	\$1,228,307	\$1,376,771	\$1,434,970	\$0	\$1,434,970	\$0
Business License Taxes	\$742,229	\$855,923	\$800,882	\$811,715	\$0	\$743,794	(\$67,921)
Utility Users Taxes	\$3,066,580	\$3,137,017	\$3,106,232	\$3,308,000	\$0	\$3,137,294	(\$170,706)
Other Taxes (TOT, Construction, Other)	\$103,651	\$130,556	\$115,955	\$141,000	\$0	\$141,000	\$0
Total Taxes	\$15,652,169	\$16,903,994	\$17,393,579	\$18,857,527	\$0	\$19,600,875	\$743,348
Licenses and Permits	\$516,703	\$539,567	\$493,243	\$623,000	\$0	\$623,000	\$0
Fines & Forfeitures	\$277,222	\$375,554	\$269,602	\$301,500	\$0	\$301,500	\$0
Use of Money & Property	\$321,279	\$289,389	\$350,219	\$389,840	\$0	\$389,840	\$0
Intergovernmental Revenues	\$5,027,113	\$5,036,793	\$5,781,514	\$5,143,498	\$0	\$6,090,301	\$946,803
Charges for services	\$4,938,694	\$4,956,927	\$4,458,264	\$4,795,320	\$0	\$4,695,320	(\$100,000)
Other Revenues	\$285,400	\$146,442	\$119,299	\$179,267	\$0	\$289,267	\$110,000
Financing Sources	\$2,347,528	\$804,379	\$900,857	\$890,194	\$0	\$890,194	\$0
Total Other Revenues	\$13,713,939	\$12,149,052	\$12,372,998	\$12,322,619	\$0	\$13,279,422	\$956,803
Total Revenues	\$29,366,108	\$29,053,045	\$29,766,576	\$31,180,146	\$0	\$32,880,298	\$1,700,152

- Revenues projected to be \$1.7 million higher than budgeted

FY 2015-16 BUDGET

GENERAL FUND EXPENDITURES

General Fund Expenditures	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Personnel							
Personnel	\$22,699,729	\$22,256,364	\$22,633,987	\$23,833,946	\$10,000	\$23,145,969	\$687,977
Non-Personnel							
Professional & Technical Services	\$3,355,468	\$3,632,300	\$3,894,293	\$3,961,557	\$522,937	\$4,504,494	(\$542,937)
Purchased Property/Other Services	\$1,302,171	\$1,216,889	\$1,068,856	\$1,137,497	\$0	\$1,137,497	\$0
Supplies	\$655,306	\$569,378	\$603,825	\$627,150	\$0	\$627,150	\$0
Property & Capital	\$232,343	\$191,431	\$275,983	\$340,300	\$76,000	\$396,300	(\$56,000)
Financing Costs	\$2,046,881	\$2,257,724	\$1,093,668	\$939,795	\$701,862	\$1,641,657	(\$701,862)
Total Non-Personnel	\$7,592,168	\$7,867,722	\$6,936,625	\$7,006,299	\$1,300,799	\$8,307,098	(\$1,300,799)
Total Expenditures	\$30,314,212	\$30,124,086	\$29,570,612	\$30,840,245		\$31,453,068	(\$612,823)

- **Personnel savings projected of \$687K**
- **Non-Personnel on track with budget**

FY 2015-16 BUDGET

GENERAL FUND UPDATE –YEAR-END PROJECTIONS

General Fund Summary	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Adopted	2015-16 Amendments	2015-16 Projected Year End Mid-Year	Variance Mid-Year From Budget
Beginning Restricted Fund Balance	\$598,957	\$1,059,976	\$0	\$0		\$0	
Beginning Unassigned Fund Balance	\$2,608,745	\$1,281,566	\$1,270,466	\$1,541,773		\$1,461,753	
Total Revenues	\$29,366,108	\$29,053,045	\$29,766,576	\$31,180,146		\$32,880,298	\$1,700,152
Personnel	\$22,699,729	\$22,256,364	\$22,633,987	\$23,833,946	\$10,000	\$23,145,969	\$687,977
Non-Personnel	\$7,614,482	\$7,867,721	\$6,936,624	\$7,006,299	\$1,300,799	\$8,307,098	(\$1,300,799)
Total Expenses	\$30,314,212	\$30,124,086	\$29,570,612	\$30,840,245	\$1,310,799	\$31,453,068	(\$612,823)
Annual Balance/Shortfall	(\$948,104)	(\$1,071,040)	\$195,965	\$339,901		\$1,427,230	\$1,087,329
Unassigned Ending Fund Balance/Deficit	\$2,259,598	\$1,270,502	\$1,466,431	\$1,881,674		\$2,888,983	\$1,007,309
Ending Unassigned Reserve Percent	7.45%	4.22%	4.96%	6.10%		9.19%	3.08%

- **Ending Fund balance projected to be 9%, an increase of 3% over adopted budget**

FY 2015-16 BUDGET

SPECIAL REVENUE FUNDS

Fund Name	2014-15 Ending Balance*	2015-16 Projected Revenue	2015-16 Projected Expenditures	Total Proposed Amendments	2015-16 Projected Ending Balance
Gas Tax Fund	\$135,360	\$515,613	\$603,484	\$1,000	\$46,489
Nat'l Pollut Dis Elim Sys	\$32,972	\$315,000	\$293,091	\$7,500	\$47,381
Land & Light Assess Distr	\$9,213	\$781,000	\$759,095	\$28,314	\$2,804
Measure J-Return to Source	\$76,539	\$414,173	\$432,255	\$43,044	\$15,413
Measure J Storm Drain	\$139,732	\$726,500	\$760,993	\$1,045	\$104,194
Measure A Parcel Tax	\$389,292	\$439,400	\$528,752	\$0	\$299,940
Asset Seizure	\$155,677	\$2,000	\$25,000	\$0	\$132,677
Vehicle Abatement Fund	\$195,306	\$21,000	\$36,000	\$0	\$180,306
Park In Lieu	\$12,002	\$0	\$0	\$12,000	\$2
Street Improvemt & Maint	\$220,296	\$2,133,800	\$1,330,423	\$843,340	\$180,333
Public Art Fund	\$52,149	\$6,050	\$15,000	\$0	\$43,199
Measure J-Paratransit Fund	\$32,383	\$146,052	\$112,678	\$0	\$65,757
Grants	\$209,715	\$307,500	\$314,500	\$0	\$202,715
C.O.P.S. Grant Fund	\$140,000	\$100,000	\$30,000	\$0	\$210,000
City Housing Trust Fund	\$0	\$0	\$0	\$0	\$0
City LMI Housing Fund	\$1,361,080	\$250,000	\$105,421	\$0	\$1,505,659
Capital Improvement Fund	(\$1,505,651)	\$2,568,313	\$1,828,639	\$276,082	(\$1,042,059)
Integrated Waste Mgmt	\$247,155	\$2,345,523	\$2,387,233	\$131,000	\$74,445
Vehicle/Equip Replacement	(\$26,862)	\$155,394	\$128,532	\$0	\$0
Total	\$1,876,358	\$11,227,318	\$9,691,096	\$1,343,325	\$2,069,255

*Ending balance as reflected by the Comprehensive Annual Financial Report (CAFR) as of June 30, 2015.

FY 2015-16 BUDGET

SPECIAL FUNDS BUDGET SUMMARY

- **Personnel expenditures tracking lower than the adopted budgeted**
- **Revenue on track with budget**
- **Special funds will end year with surplus**

FY 2015-16 BUDGET

PROPOSED BUDGET AMENDMENTS

Fund Name	2015-16 Adopted Appropriations	Encumbered Carryover	Adjustments	Total Proposed Amendments	2015-16 Amended Appropriations
General Fund	\$30,840,245	\$8,448	\$1,302,351	\$1,310,799	\$32,151,045
Gas Tax Fund	\$603,484	\$1,000		\$1,000	\$604,484
Nat'l Pollut Dis Elim Sys	\$293,091	\$7,500		\$7,500	\$300,591
Land & Light Assess Distr	\$759,095	\$13,314	\$15,000	\$28,314	\$787,409
Measure J-Return to Source	\$432,255	\$43,044		\$43,044	\$475,299
Measure J Storm Drain	\$760,993	\$1,045		\$1,045	\$762,038
Park In Lieu	\$0		\$12,000	\$12,000	\$12,000
Street Improvemt & Maint	\$1,330,423	\$590,090	\$253,250	\$843,340	\$2,173,763
Capital Improvement Fund	\$1,828,639	\$31,082	\$245,000	\$276,082	\$2,104,721
Integrated Waste Mgmt	\$2,387,233		\$131,000	\$131,000	\$2,518,233
Total	\$39,235,458	\$695,523	\$1,958,601	\$2,654,124	\$41,889,582

****Total Adopted only represents totals for fund in chart, not total appropriations for all funds.**

- **Encumbered carryover- prior year commitments**
- **Adjustments- use of available revenues for new commitments**

FY 2017- 18 & FY 2018-19 BIENNIAL BUDGET CALENDAR

March 15

Mid-Year Budget Update

April –May

**Proposed Master Fee Schedule
Assessments**

May- June

**FY 2017-18 and FY 2018 -19 Budget
Discussions**

June

**Adopt FY 2017-18 and FY 2018 -19
Budget
FY 2017-18 Appropriation Authority**

MID-YEAR BUDGET UPDATE

Questions?





AGENDA BILL

Agenda Item No. 7(B)

Date: March 15, 2016
To: El Cerrito City Council
From: Melanie Mintz, Community Development Director
Katherine Ahlquist, Community Development Analyst
Subject: 2016 Economic Development Action Plan Update

ACTION REQUESTED

Adopt a resolution approving the 2016 Economic Development Action Plan as an update to the 2006 Economic Development Action Plan.

BACKGROUND

The current Economic Development Action Plan was last discussed by the City Council in 2006. Over the last decade, a number of changes have occurred making it appropriate to take a fresh look at the plan and update its contents. The loss of redevelopment is the most significant change to the City's financial capacity to undertake economic development activities, yet the loss of these revenues make economic development all the more important to ensure the financial viability of the community.

In March 2015, the City Council held a study session to review the El Cerrito Strategic Plan. One of the policies adopted during the review was to update the 2006 Economic Development Action Plan and build on strengths, including diversity, arts, culture, and environmental sustainability. In 2015, the City entered into a contract with Patrick O'Keeffe, Special Advisor at Management Partners, to provide economic development consulting services and to assist with updating the 2006 Economic Development Action Plan.

The City's Economic Development Committee (EDC) reviewed an outline for the proposed 2016 Economic Development Action Plan on January 27, 2016 and a draft 2016 Economic Development Action Plan (2016 Plan) on February 24, 2016. Comments and recommendations from the EDC's review have been incorporated into the attached proposed 2016 Plan. A key item of interest to the EDC is ongoing streamlining and assessment of the permitting process and continuous improvement and assessment in the customer service arena.

The updated 2016 Plan contains a summary of the 2006 Plan including: subsequent accomplishments, policies and capital improvements that were implemented, adopted, and constructed pursuant to that plan; new information about the real estate and business market; unfinished 2006 action items yet to be implemented; continued challenges and constraints to achieving economic development; and a set goals, strategies and

implementation action items for the next five years. Both the 2006 and draft 2016 Economic Development Action Plan are available for review on the City's website: www.el-cerrito.org/econdev.

ANALYSIS

The purpose of the 2016 Plan is to build upon and consolidate information from previous documents and provide focus for current and upcoming economic development efforts, including building upon unfinished but relevant recommendations of the 2006 Plan; furthering implementation of the San Pablo Avenue Specific Plan, Urban Greening Plan and Arts and Culture Master Plan; incorporating analysis from the Contra Costa County Transportation Authority (CCTA) Priority Development Area Implementation Plan of market conditions (underway); and identify opportunities and constraints to economic development and recommending new El Cerrito specific economic development tools and tasks.

The Plan's goals, strategies and implementation steps were derived from the 2006 Plan. This policy framework is intended to provide concrete steps the City can take to:

1. Help existing, expanding and new businesses to thrive;
2. Continue its placemaking efforts to attract and support new businesses and support a vibrant commercial environment; and
3. Attract new development to achieve the goals of the General Plan, Strategic Plan, Climate Action Plan, San Pablo Avenue Specific Plan and this Economic Development Action Plan.

Each goal statement (see below) contributes to the overall vision, and in turn is supported by more specific strategies. Each strategy in turn, is supported by specific implementation or action items that become the work program for the staff, and the basis for the City Council to allocate funds in the operating and capital budgets. These action steps can be evaluated on an annual basis to measure progress for implementation of the goals and vision. The Plan's five goal areas are as listed below. Four of the goals are carried forward from 2006 and one is new to the 2016 Plan.

Goal 1: 2020 Vision (from 2006 Plan)

Create a consistent 2020 vision with a transition to an urban lifestyle environment attracting high-quality development in key commercial areas, and attracting new businesses for existing buildings, with a strong sense of community in dense commercial nodes.

Goal 2: Strong Sense of Place (from 2006 Plan)

Create a physical environment with a strong sense of place with high-quality, dynamic urban lifestyle development, supported by the market.

Goal 3: Development Ready (from 2006 Plan)

Ensure that development sites are ready for development that achieves the vision for higher quality sustainable urban development.

Goal 4: Financial Sustainability (new in 2016 Plan)

Achieve long-term financial sustainability by attracting and maximizing opportunities for new and expanding businesses and new development; and exploring opportunities for public/private partnerships.

Goal 5: Communicate Opportunities (from 2006 Plan)

Communicate with residents, local businesses, key brokers and developers to create awareness of the market and development opportunities.

STRATEGIC PLAN CONSIDERATIONS

The update of the Plan is guided by the City's vision and mission statement as set forth in the Strategic Plan:

Vision:

The City of El Cerrito is a safe, connected, transit-oriented and environmentally focused destination with welcoming neighborhoods, thriving businesses and vibrant public spaces, and diverse cultural, educational and recreation opportunities for people of all ages.

Mission:

The City of El Cerrito serves, leads and supports our diverse and transit-rich community by providing exemplary and innovative services, public places and infrastructure, ensuring public safety, and creating an economically and environmentally sustainable future.

The City's Strategic Plan is of particular importance to this Plan as it expresses an overall statement of the City Council's priorities for all City operations. The updated Strategic Plan calls for a new Economic Development Action Plan to update the 2006 Economic Development Plan and build on El Cerrito's strengths, including its diversity, arts, culture, and environmental sustainability.

The policies and implementation action items in this Plan are designed to address the City's need for economic sustainability to support the City's vision. The Plan directly implements several of the goals and strategies, and is consistent with the overall Strategic Plan. The primary goals and strategies furthered by the Plan include:

Goal A: Deliver exemplary government services

Strategies:

- Develop and strengthen relationships with public and private partners, residents, businesses, schools, and community groups (p. 11)

Goal B: Achieve long-term financial sustainability

Strategies:

- Maximize opportunities for existing and expanding businesses. (p. 12)

Goal C: Deepen a sense of place and community identity

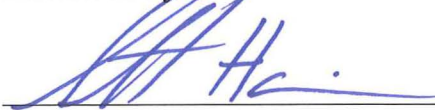
Strategies:

- Develop a vision for underdeveloped and underutilized properties through advanced planning efforts that encourage investment and/or new development. (p. 12)
- Develop an Economic Development Action Plan to build on our strengths, including our diversity, arts, culture, and environmental sustainability. (p. 12)
- Encourage dense business nodes to minimize or eliminate automobile traffic. (p. 12)

FINANCIAL CONSIDERATIONS

There are no direct costs associated with the action requested tonight. Costs associated with ongoing Plan implementation, maintenance and monitoring will be paid for by a combination of existing operational budget and as requested in upcoming budgets for specific programs.

Reviewed by:

A handwritten signature in blue ink, appearing to read 'S. Hanin', is written over a horizontal line.

Scott Hanin, City Manager

Attachments:

1. Resolution
2. Draft 2016 Economic Development Action Plan

RESOLUTION NO. 2016-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CERRITO ADOPTING THE 2016 ECONOMIC DEVELOPMENT ACTION PLAN AS AN UPDATE TO THE 2006 ECONOMIC DEVELOPMENT ACTION PLAN

WHEREAS, the City Council of the City of El Cerrito (the “City”) approved the 2006 Economic Development Action Plan; and

WHEREAS over the last decade a number of changes occurred, including the loss of the Redevelopment Agency, making it appropriate to take a fresh look at the 2006 Economic Development Action Plan and update its contents; and

WHEREAS, economic development is important to the City to ensure the financial viability and quality of life of the City; and

WHEREAS, in March 2015, the City Council held a study session to update its Strategic Plan and carried forward the strategy to update the Economic Development Action Plan and added to *build upon our strengths, including our diversity, arts, culture, and environmental sustainability* within Goal C: Deepen a sense of place and community identity; and

WHEREAS, the proposed 2016 Economic Development Action Plan consolidates information from previous documents and provides focus for current and upcoming economic development efforts. It also builds on unfinished recommendations from the 2006 Plan and furthers implementation of subsequent planning efforts, including the San Pablo Avenue Specific and Complete Streets Plan, Urban Greening Plan and Arts and Culture Master Plan; and

WHEREAS, the outline and draft of the proposed 2016 Economic Development Action Plan were presented to the Economic Development Committee at its January 27, 2016 and February 24, 2016 meetings; and

WHEREAS, the proposed 2016 Economic Development Action Plan supports the City’s Strategic Plan.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of El Cerrito that it hereby adopts the 2016 Economic Development Action Plan, attached as Exhibit A hereto.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon passage and adoption.

I CERTIFY that at a regular meeting on March 15, 2016 the City Council of the City of El Cerrito passed this Resolution by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:

Agenda Item No. 7(B)
Attachment 1

IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on March XX, 2015.

Cheryl Morse, City Clerk

APPROVED:

Gregory B. Lyman, Mayor



Economic Development Action Plan 2016

March 8, 2016 (DRAFT)



Update of the 2006
Economic Development
Action Plan

Goals and Strategies for
Economic Development



Prepared for the City of El Cerrito by Management Partners



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Executive Summary and Background

Executive Summary

This report is an update of the City of El Cerrito's first Economic Development Action Plan prepared in 2006. It contains a summary of the 2006 plan; subsequent accomplishments, policies and capital improvements that were implemented adopted, and constructed pursuant to that plan; new information about the real estate and business market; unfinished 2006 action items yet to be implemented; continued challenges and constraints to achieving economic development; and a set of goals, strategies and implementation action items for the next five years.

The update of the plan is guided by the City's vision and mission statement as set forth in the 2015 Strategic Plan:

Vision:

The City of El Cerrito is a safe, connected, transit-oriented and environmentally focused destination with welcoming neighborhoods, thriving businesses and vibrant public spaces, and diverse cultural, educational and recreation opportunities for people of all ages.

Mission:

The City of El Cerrito serves, leads and supports our diverse and transit- rich community by providing exemplary and innovative services, public places and infrastructure, ensuring public safety, and creating an economically and environmentally sustainable future.

The policies and implementation action items in this plan are designed to address the City's need for economic sustainability to support the City's vision.

Background

The report builds on and consolidates information from previous documents and provides focus for current and future economic development efforts, including: adding to the unfinished but relevant recommendations of the 2006 plan; furthering implementation of the San Pablo Avenue Specific Plan; incorporating analysis from the Contra Costa County Transportation Authority (CCTA) Priority Development Area Implementation Plan of market conditions (underway); identifying opportunities and constraints to economic development; and recommending new El Cerrito specific economic development tools and tasks.

*Creating A New
Action Plan For
Economic
Development*



Summary of 2006 Economic Development Action Plan

The 2006 plan contained information on market findings, challenges and constraints, action opportunities, and a set of action steps based on six major policy areas:

1. Sustain leadership and support for the implementation of the action plan
2. Improve the physical urban environment
3. Create product readiness
4. Create initial marketing efforts
5. Encourage new development and businesses in the San Pablo Avenue area
6. Pursue communications and promotions

Each of these policy areas had stated goals, which carry forth to this 2016 Plan Update. Action steps in the 2006 plan that have been completed or partially completed over the past decade are listed as accomplishments in this report.

Summary of Subsequent Planning Efforts

A number of plans and policy efforts have been completed in the past ten years that have a relationship to City's economic development activities. These include the following policy documents:

- Ohlone Greenway Master Plan (2009)
- Strategic Plan (2013; 2015-2020)
- Climate Action Plan (2013)
- Arts & Culture Master Plan (2013)
- San Pablo Avenue Specific Plan and Complete Streets Plan (2014)
- Urban Greening Plan (2015)
- Priority Development Area Implementation Studies (underway 2016)
- Active Transportation Plan (2016)

This update of the Economic Development Action Plan takes into account economic development related policies and action items set forth in the above plans. A complete list of the economic development policies and strategies contained within the above-referenced plans is contained in Appendix A.

The City's Strategic Plan is of particular importance to this document as it expresses an overall statement of the City Council's priorities for all City operations. The 2015 Strategic Plan provides a framework for linking identified priorities to the budget process, capital improvement program, important

**Building on
Prior Policies**

**Assisted by
Related Plans and
Policies**



policy considerations, economic development initiatives, and the organization's desire for continuous improvement. The updated Strategic Plan calls for a new Economic Development Action Plan to update the 2006 Economic Development Plan and build on El Cerrito's strengths, including its diversity, arts, culture, and environmental sustainability.

Summary of Capital Improvements Completed

The 2006 plan contained a number of action items for infrastructure improvements to attract and serve as a catalyst for new private investment. Improvements completed in the past ten years included the following:

- San Pablo Avenue medians improvements and tree planting (Bay Friendly landscaping)*
- New bicycle racks, street furnishings, and dual bin trash-recycling containers*
- Refurbished light standards including replacement with LED bulbs*
- Improved and additional crosswalks, in-pavement flashing crosswalks and countdown crossing signals*
- Sidewalk rain gardens and interpretive signage*
- Installation of way finding, service organization, and interpretive signage; historic pavers and banners*
- Installation of public art*
- A new City Hall*
- Ohlone Greenway improvements, including new trail, play areas and the Ohlone Greenway Natural area
- Baxter Creek Gateway Park
- Cerrito Theater*
- Ohlone Greenway Access, Safety and Placemaking project (at both BART stations, currently in design)
- Del Norte BART Station Gateway improvements (currently in design; by BART)

Projects marked with an asterisk are improvements that have taken place along San Pablo Avenue, although not exclusively.

Updated Market Information

Two grant-funded funded Priority Development Area implementation studies are in progress and will contain market information to assist policy makers, businesses and developers in understanding the economic context for El Cerrito. These studies are the result of the City designating the San Pablo Avenue corridor as a Planned Development Area (PDA).

**Supported by
Completed Public
Improvements**



The PDA study funded by the Metropolitan Transportation Commission (MTC) will not be underway until after this plan is adopted, but will provide information to assist with the plan implementation in the future. Another PDA study is funded by the Contra Costa Transportation Authority (CCTA), and has contributed the following market analysis (by Opticos and Strategic Economics):

Residential Market Information

- The San Pablo Avenue Specific Plan, adopted by the El Cerrito City Council in 2014, articulates a vision for a walk-able, transit-friendly corridor with a mix of residential, commercial and public uses. The Specific Plan includes a form-based code that emphasizes higher density, mixed-use and multi-family development.
- Although El Cerrito's housing market is typically characterized by single-family homes, the market for multi-family housing is strong and growing. Although rents in El Cerrito remain lower than those in Berkeley or Emeryville, the average rent for apartments in buildings with 50 or more units has risen 71% since 2010, a faster rate than other market area cities.
- Brokers report that while the market for single family homes in El Cerrito is being driven by young families, the multi-family market is more likely to be young singles or couples who work in San Francisco or Oakland and value proximity to BART for their commute. The presence of BART in El Cerrito is therefore an important factor in the area's strengthening multi-family housing market.
- With over 500 new units in the pipeline, new development planned on or near the San Pablo Avenue area is diverse in size, scope, and affordability. Nearly half of all new units currently approved or under construction in the area are dedicated affordable, and one-third is mixed use. While the affordable projects are further along in the planning process, much of the more recently proposed development is market rate. Planned product types and densities vary from small-scale infill townhomes to high-density apartments and condominiums.
- Multi-family rents are approaching a point where higher density new development is likely to be feasible in the short term. Although

With a
Foundation of New
Market Information

the lack of recent development indicates that multi-family projects have generally not been feasible in the San Pablo Avenue corridor during the last 15 years, market rents in El Cerrito are beginning to approach the \$3.50 to \$3.75 per square foot threshold needed to support this type of construction.

- Although vertically mixed-use development on San Pablo Avenue is possible, it may require higher residential rents than a single-use residential project because the higher revenues are needed to subsidize the ground floor retail space. As a result, mixed-use projects are more likely only in locations where higher residential rents and/or sales prices can subsidize the cost of the retail space.
- Three to four story apartments with at least one parking space per unit are most likely to be feasible in the short term, and may prove the market for even higher density products in the next phase of development. Although five- to six-story rental apartments with podium parking and/or parking lifts were also considered possible in the short-to mid-term, this building type would require higher rents to achieve feasibility due to the more expensive type of construction.
- Although parcels over one acre are most desirable for larger developers, the number of planned and proposed projects on smaller parcels indicates that developers can and do undertake small-lot development. Smaller development firms represent an important opportunity for new development in the area.

Retail Market Information

- Large, big box retailers in the Uptown and Downtown subareas are important generators of sales tax revenue for the City of El Cerrito. San Pablo Avenue is the retail center of El Cerrito, accounting for 83% of taxable retail sales in the City.
- The San Pablo Avenue corridor and the Midtown subarea in particular, also contain a number of smaller, older, strip-style retail businesses. The majority (66%) of the smaller retail buildings were constructed before 1970. While some of these buildings have historic character, others are perceived as functionally obsolete and are therefore unable to achieve competitive rents or to be updated.
- Although El Cerrito's retail market is not as strong as some



surrounding cities, rising rents indicate the market is returning to health. Brokers report that retail spaces in newer buildings, in centers with strong anchor stores, and in high-visibility locations are able to achieve rents above \$2.00 per square foot; significantly higher than the corridor average of \$1.58 per square foot in the third quarter of 2015.

- Although vacancy rates have risen since 2006, brokers report that much of the vacant square footage is concentrated in a few large buildings (such as the old Safeway and Guitar Center locations) and that vacancy rates along the rest of the corridor are much lower.

Survey of Economic Development Programs in Other Cities

The City conducted a survey of other Bay Area cities of similar size or with active economic development programs, to determine if there are innovative new programs or versions of traditional programs that have application to El Cerrito. The survey of eleven cities included questions on the use of the following tools:

- Property improvement districts
- Façade improvement programs
- Tenant improvement programs
- Business incubator programs
- Infrastructure assistance for new development
- Job training and specialized education programs
- Promotional and marketing programs
- Market assessment and survey programs

Programs and tools used most often by other cities include: property or business improvement districts; façade grants (some funded by the city, others funded by business improvement districts); downtown cultural and entertainment events; sales tax rebates for key businesses; and participation in the state I-Hub business assistance program (used by larger cities with industrial land uses).

Some of these activities, such as downtown events, are beginning to be implemented by El Cerrito. Other activities such as reinstating a façade or tenant improvement program and initiating business improvement districts are included in the recommended strategies and implementation tasks set forth below.

**Including
Learning from others**



Review of 2006 Economic Development Action Plan

Accomplishments and Implementation of the 2006 Plan

1. Sustained leadership and vision for implementation of the action plan.

Accomplishments includes completion of the San Pablo Avenue Streetscape project, construction of City Hall, adoption of San Pablo Avenue Specific Plan (and its Environmental Impact Report), the Form Based Code, and the Complete Streets Plan, including the buffered bike lane on San Pablo Avenue.

2. **Improved the physical commercial environment.** Accomplishments include the implementation of numerous San Pablo Avenue streetscape and multimodal improvements (set forth in the completed capital improvements section above), Ohlone Greenway improvements and adoption of the Form Based Code and San Pablo Avenue Complete Streets Plan, Urban Greening Plan and Ohlone Greenway Master Plan.

3. **“Product Ready” activities.** Accomplishments include completing the San Pablo Avenue Specific Plan, an updated Zoning Ordinance and General Plan, and completion of a programmatic Environmental Impact Report; and identifying nodes of development opportunity and establishing sub areas of San Pablo Avenue.

4. Completed three different types of initial marketing

Marketing

- Shop Local program “Shop El Cerrito,” website marketing campaign to promote the benefits of local shopping (not currently active)
- Taste of El Cerrito took place in 2006, 2007 and 2010 to bring local restaurants to one location
- Home Improvement Expo 2009-2010, featured local home improvement businesses from each sector of the industry
- First El Cerrito Restaurant Week in 2015 with 18 participating restaurants
- Community Mixers hosted by the El Cerrito Economic Development Committee and Chamber of Commerce for the business community, residents and visitors

Targeted Advertising

- West Contra Costa Marketplace (occasionally)
- Participating in the Chinook Book (2008-present)

Celebrating Past Accomplishments



Business Development and Support

- Entrepreneur Training Program sponsored by the El Cerrito Economic Development program for four years (2010 to 2014), for qualifying El Cerrito businesses (11 week program)
- Economic Development webpage
- Promoted the Contra Costa Small Business Development Center business planning workshops
- Small business video surveillance loan program (2007 and 2008)

5. Partially Restored Economic Development Staff Capacity. Recently created and filled a new replacement position of Community Development Analyst to support economic development activities. Previously, the Redevelopment Agency supported an Economic Development program manager, Redevelopment Manager and Housing program manager.

Unfinished Business from 2006 Plan

The following is a summary of the action items in the 2006 plan not yet completed. Some are carried forward in the goals, strategies and implementation items section below.

1. Make a staffing commitment for consistent EDAP implementation
2. Complete San Pablo Avenue gateway projects, and district signage
3. Provide signage and way finding for Fairmount Avenue
4. Prepare specific development concept plans for key sites and areas of opportunity at BART stations, San Pablo Avenue and Fairmount Avenue infill sites
5. Negotiate agreements with BART for development of the Del Norte and El Cerrito Plaza BART station sites
6. Consider façade and tenant improvement grants for buildings at prime nodes, especially Fairmount Avenue
7. Investigate the feasibility and benefits of creating a Neighborhood Business District on San Pablo Avenue
8. Create an updated inventory of potentially developable sites and buildings including information on zoning, ownership, rents/sale price,

**Recognizing
Unfinished Business**



sizes of parcels, buildings and parking, site maps/photos, contact info; to be included on city website and converted to promotional hard copy packets

9. Retain a retail broker or consultant to evaluate development sites and existing buildings for retail opportunities
10. Provide ongoing communication with residents and businesses on San Pablo Avenue concerning new business activities. Communication to include web info, post cards, and/or a quarterly newsletter
11. Conduct periodic surveys of shoppers, business owners, and property owners

Challenges and Constraints

The 2006 plan set forth a number of challenges and constraints to implementing economic development policies and programs. Some of these constraints have been addressed (e.g., zoning development limits) and were removed from the list; some challenges continue to be relevant (e.g., unmotivated property owners) and are carried forward or identified in the new list, and some are new challenges identified in the CCTA study, as follow.

1. Inconsistent vision, commitment, and resource allocation;
2. Inconsistent response to development opportunities;
3. Market competition, uncertainty, and timing;
4. Insufficient budget resources, including loss of redevelopment funding;
5. Outdated buildings with low rents and tenant improvement budgets or “readiness” (i.e., for new restaurants);
6. Small parcels for new development;
7. Unmotivated or reluctant land owners; and
8. Perception of community resistance to new development.

**And
Continued
Challenges and
Constraints**



Goals, Strategies and Implementation

The following section outlines the goals, strategies and implementation steps. Four of the 2016 goals have been adopted from the 2006 Plan and one goal (Financial Sustainability) has been added. The policy framework is intended to provide concrete steps the City can take to **help existing, expanding and new businesses** to thrive; to continue its **placemaking** efforts to attract and support new businesses and support a vibrant commercial sector; and to **attract new development** to achieve the goals of the Strategic Plan, Climate Action Plan, San Pablo Avenue Specific Plan and this Economic Development Action Plan. Each goal statement contributes to the overall vision, and in turn is supported by more specific strategies. Each strategy in turn, is supported by specific measureable implementation or action items that become the work program for the staff, and the basis for the City Council to allocate funds in the operating and capital budgets. These action steps can be evaluated on an annual basis to measure progress for implementation of the goals and vision.

Goal 1: 2020 Vision



Create a consistent 2020 vision with a transition to an urban lifestyle environment attracting high-quality development in key commercial areas, and attracting new businesses for existing buildings, with a strong sense of community in dense commercial nodes

(from 2006 Plan)



Strategies and Implementation Tasks

A. Maximize opportunities for new and expanding businesses

- 1) Implement a permit fee study
- 2) Consider fee reductions for key businesses, areas or improvements
- 3) Survey existing businesses to understand how best to support their needs for growth and expansion
- 4) Create a Small Business Assistance Program to provide sources of technical information on running a business; provide façade grants and tenant improvement loans; and establish a permit ombudsman to help navigate City permitting as well as compliance with other permit requirements (e.g. Contra Costa Health Department and Stege Sanitary District)

B. Maximize transit-oriented development (TOD) including higher density residential in-fill development close to existing infrastructure (BART, AC Transit, the Ohlone Greenway) to improve air and water quality and protect natural resources, through increased walkability and reduced auto use

- 1) Support reduced parking in new development by creating parking programs, expanding bike- and car-share programs and providing data on current parking ratios
- 2) Encourage staff and Planning Commission approval of dense multi-family residential uses between commercial nodes
- 3) Market the San Pablo Avenue Specific Plan to developers and new businesses

C. Stimulate investment in vacant or underutilized sites at key focus areas

- 1) Maintain constant contact with property owners of vacant or underutilized properties to convey information about business inquiries and opportunities, and assess changing needs and attitudes of landowners
- 2) Develop brochures to interpret the San Pablo Avenue Specific Plan's



and EDAP's key features and provide to vacant site landowners and potential developers and businesses

- 3) Provide vacant site landowners with periodic newsletters and social media information on El Cerrito's business climate
- 4) Develop an electronic brochure of vacant buildings and underutilized sites for distribution to new businesses and developers
- 5) Conduct periodic meetings and communications with brokers and property owners to exchange information on site vacancies, tenants in need of space and general market conditions
- 6) Explore emerging platforms (such as OppSites) for attracting new investment

D. Build on recent and planned private and public investments, and leverage to catalyze new investments

- 1) Provide ongoing information to residents, landowners, brokers and businesses about planned and completed public improvement projects in the San Pablo Avenue area
- 2) Provide ongoing information to residents, landowners, brokers and businesses about planned and completed private development projects and planned new businesses

E. Implement a façade and tenant improvement program at prime commercial nodes

- 1) Annually appropriate funds to the program and establish a revolving program fund as part of the Small Business Assistance Program
- 2) Adopt program guidelines for façade grants and tenant improvement loans, and consider establishing geographic or other eligibility criteria
- 3) Consider including accessibility and sewer improvements as eligible expenses
- 4) Contract with an architect to design exterior improvements to ensure high quality

F. Participate in and promote state, regional and local business and entrepreneur assistance programs

- 1) Provide information on state and regional assistance programs to existing and prospective businesses such as the Contra Costa Small



Business Development Center, Renaissance Entrepreneurship Center's (www.rencenter.org) entrepreneur training courses, and UC Berkeley Extension's business training program.

- 2) Consider partnering with other agencies and the Chamber to provide the City's Entrepreneur Training Program on a biannual basis
- 3) Identify loan programs for new small businesses to pay for Americans with Disability Act accessibility requirements.
- 4) Promote the City's partnership with the property assessed clean energy (PACE) program and Marin Clean Energy to provide financial assistance or incentives for business energy consumption reduction

G. Determine goals for inclusion of affordable/workforce housing, and resources available to create affordability in mixed-income projects

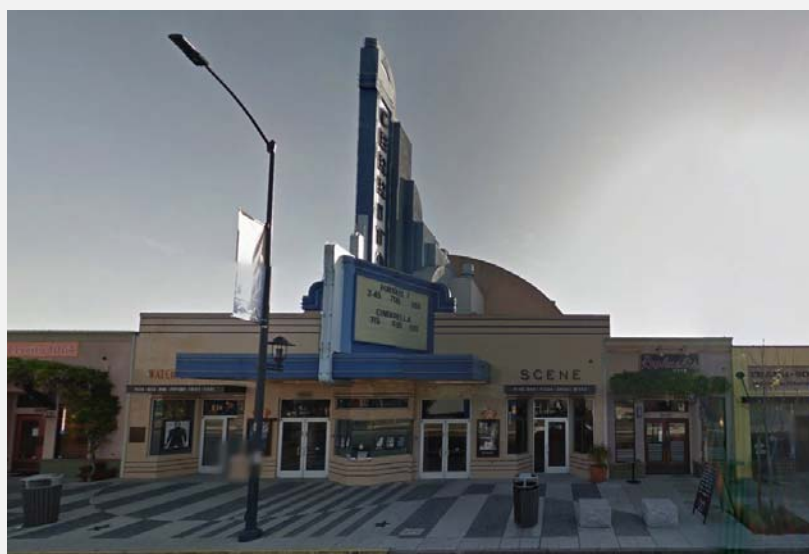
- 1) Develop an affordable housing strategy
- 2) Create a budget to provide financial assistance for affordable housing based on potential sources of funding including state Cap and Trade funds, tax credits and density bonuses
- 3) Determine the number of affordable units possible given potential funding sources and levels of affordability pursuant to the Housing Element, and assign affordable housing targets to appropriate development sites

H. Conduct periodic City Council reviews of the status of the strategies and implementation tasks of the Economic Development Action Plan

- 1) Submit a status report of all prior year activities and an annual implementation plan for activities in the upcoming year prior to the adoption of the City budget or mid-cycle budget update (see Attachment B for a sample report format)
- 2) Include in each staff report for a City Council action, an identification of the corresponding EDAP action policy being implemented (where appropriate)
- 3) Share the status report and annual implementation plan with the Economic Development Committee for integration with their annual work plan
- 4) Monitor effectiveness of EDAP recommended programs
- 5) Establish a five-year cycle for the update of the Economic Development Action Plan



Goal 2: Strong Sense of Place



Create a physical environment with a strong sense of place with high-quality, dynamic urban lifestyle development, supported by the market

(from 2006 Plan)

Strategies and Implementation Tasks

A. Promote arts and culture, and community celebrations to encourage economic development and create a strong identity for El Cerrito

Creating a Sense of Place

- 1) Develop a commercial district arts and celebrations program with the Economic Development Committee and Arts and Culture Commission
- 2) Budget funds for the program on an annual basis from the General Fund and/or Public Art Fund (pursuant to the Arts & Culture Master Plan)
- 3) Foster public/private structure for promoting El Cerrito as a destination (for arts, entertainment, environmental activities)
- 4) Work with the Economic Development Committee and Arts and Culture Commission to survey El Cerrito residents to identify art resources and promote arts



- 5) Promote display of the arts and celebration of local culture in local businesses and in the public right of way (including utility boxes)
- 6) Involve the business community in the upcoming Centennial planning and celebrations
- 7) Integrate EDAP goals in the Centennial planning efforts to promote commercial areas

B. Build the El Cerrito economic base to create more jobs, encourage greater vitality and more pedestrian-friendly economic activity

- 1) Develop a database with the number of current jobs by job type from state data
- 2) Update the database annually with new jobs created by business expansion or new businesses
- 3) Measure pedestrian-friendly economic activity as a category of job growth
- 4) Work with the Economic Development Committee to encourage and provide opportunities for networking within business sectors
- 5) Explore the feasibility of establishing a co-share office working space for small professional businesses

C. Encourage developers to exceed California code requirements for green buildings and energy and water efficiency.

- 1) Provide information to planning and building permit applicants on the operating costs and tenant attraction benefits of certifying their buildings at LEED design levels
- 2) Consider fee reductions or expedited permit processing for applicants achieving high levels of certification (e.g., LEED or other equivalent and recognized programs)

D. Optimize placemaking in all developments

- 1) Develop a list of place making design elements from the San Pablo Avenue Specific Plan and urban design literature on the website and as a handout for all planning and building permit applicants
- 2) Use the list as evaluation criteria for design review



E. Support economic activity through temporary and permanent open spaces and landscaping that create a sense of place and attract residents and visitors

- 1) Pursue development of public and private open spaces per the San Pablo Avenue Specific Plan, Urban Greening and Ohlone Greenway Master Plan
- 2) Contract with a planning and architectural firm for preliminary designs and cost estimates for high priority areas
- 3) Include funding in the Capital Improvement Program for one or more projects
- 4) Work with adjacent businesses and neighbors to implement Urban Greening plan concept for lower Fairmont Avenue
- 5) Develop an open space payment-in-lieu program pursuant to the San Pablo Avenue Specific Plan, to allow more flexibility in developing constrained parcels and develop a funding source for public open space improvements

F. Develop a program to provide opportunities for commerce and pop-up uses within the public right-of-way (sidewalks and streets), and in vacant store fronts, particularly along commercial corridors, to continue to build pedestrian activity

- 1) Work with the Economic Development Committee to identify goals of a pop-up and mobile business program
- 2) Identify locations and guidelines appropriate for mobile businesses
- 3) Incorporate infrastructure elements like electrical outlets, water sources, etc., into plazas, when feasible and appropriate
- 4) Work with the Economic Development Committee to identify businesses and property owners that would be in support of hosting pop-up uses on or near their property
- 5) Work with the Economic Development Committee to identify vacant buildings that could support pop-up businesses and contact property owners for permission



to solicit businesses

- 6) Work with the Economic Development Committee and Farmer's Market to expand its profile and offerings within the City

G. Create and strengthen active commercial corridors that allow community members to gather, stroll, and interact while meeting their daily needs close to home

- 1) Identify key commercial corridors and nodes for community interaction including areas set forth in the San Pablo Avenue Specific Plan, upper and lower Fairmount and upper Stockton Avenue
- 2) Create and concentrate community activities, in partnership with others, in community interaction areas
- 3) Hold periodic meetings with business district property owners to identify needs and opportunities
- 4) Partner with the Economic Development Committee, businesses and Chamber of Commerce to develop a creative Shop Local Program and other activities

H. Install entry signage, way finding, and pedestrian lighting for Fairmount Avenue and key commercial nodes

- 1) Include enhanced pedestrian lighting and signage in commercial districts in the Capital Improvement Program
- 2) Identify possible funding sources for lighting and signage
- 3) Determine locations for installations and contract with designer to create signage and lighting program
- 4) Coordinate with Arts and Culture Commission for installation of public art funded by the Public Art Fund as part of the entry way identification



Goal 3: Development Ready



Ensure that development sites are ready for development that achieves the vision for higher quality sustainable urban development

(from 2006 Plan)



*Supporting Quality
Development with
City and Site
Readiness*

Strategies and Implementation Tasks

A. Adopt agreements with the Bay Area Rapid Transit District (BART) for cooperative development of the BART sites

- 1) Participate in the BART transit-oriented development (TOD) policy development (currently underway)
- 2) Identify steps to initiate and coordinate development and release of an RFQ/RFP for a mixed-use development at the Plaza BART station parking lot
- 3) Work closely with BART to understand development opportunities and constraints and to identify next steps for development of the Del Norte station parking area on San Pablo Avenue during the upcoming Metropolitan Transportation Commission Priority Development Area study to be completed in FY 2016-17.

B. Create an inventory of potentially developable sites and buildings

- 1) Hire an architect to develop site-specific drawings of key development sites to illustrate translation of vision for specific sites. Use drawings for communications with property owners and developers. Focus on one or two sites each year that are likely to develop in the near future, or could have a transformative effect on the surrounding area.
- 2) Prioritize catalyst sites for on-going promotion to potential businesses/developers, and continued contact with property owners to motivate sale or redevelopment of underutilized property. Use site-specific drawings for promotion and contact with property owners to inform them about the new development friendly policies set forth in the San Pablo Avenue Specific Plan.
- 3) Promote development sites with information on zoning, ownership, rents/sale price, sizes of parcels, buildings and parking, site maps/photos, and contact information to be included on City website, converted to promotional hard copy packets and disseminated via social media and other methods.



C. Create a program with Stege Sanitary District for more streamlined provision of new service

- 1) Initiate a project with Stege Sanitary District to develop a master plan for Stege sewer improvements, and jointly seek grants and reasonable development fees to reimburse the cost of the plan
- 2) Create a fund to assist key businesses (such as restaurants), or geographic business areas, with the cost of assessing sewer lateral condition, or other Stege imposed permit conditions (include as part of the Small Business Assistance Program)

D. Proceed with the disposition and development of former redevelopment assets

- 1) Issue a request for proposals for the disposition and development of the Eastshore and Mayfair parcels
- 2) Negotiate purchase and sale agreements based on the development objectives of the San Pablo Avenue Specific Plan and Long Range Property Management Plan

E. Streamline permit process

- 1) Develop a survey for all planning and building permit applicants to provide feedback on service quality and efficiency. Share results annually with Economic Development Committee and City Council.
- 2) Create a web toolkit and hard copy guide to starting a business in El Cerrito as part of the Small Business Assistance Program
- 3) Train staff on customer service techniques to improve permit processing service delivery reputation



Goal 4: Financial Sustainability



Achieve long-term financial sustainability by attracting and maximizing opportunities for new and expanding businesses and new development; and exploring opportunities for public/private partnerships

(New)

Strategies and Implementation Tasks

A. Explore opportunities for public/private partnerships

- 1) Issue request for proposals for the Eastshore and Mayfair redevelopment parcel assemblages, for the sale of publicly acquired parcels to the private sector for development, pursuant to public development goals in the San Pablo Avenue Specific Plan
- 2) Retain a retail broker or consultant to evaluate key development sites for retail opportunities, review mixed-use development plans for appropriate retail design and help identify potential tenants in mixed-use projects

B. Determine feasibility of improvement districts

- 1) Prepare a report on the feasibility of creating a Neighborhood Business District, or Business Improvement District, and/or Economic Development Corporation for San Pablo Avenue and key commercial nodes to support the Small Business Assistance Program and capital improvements
- 2) Work with the Economic Development Committee to survey



commercial businesses and property owners to determine support for a business district

- 3) Investigate and prepare a report on the feasibility of establishing an enhanced infrastructure facilities district (EIFD)

C. Create staffing capacity to implement ongoing business assistance programs

- 1) Develop a list of programs that are desirable to pursue and estimate the administration hours required. Prioritize list based on available City budget.
- 2) Determine if permanent staffing or consulting services are the most efficient and sustainable means of providing consistent program services over a five-year implementation period
- 3) Explore feasibility of alternate economic development structures, such as establishment of a local economic development corporation

D. Explore social and community capital methods of supporting economic development activities

- 1) Work with the Economic Development Committee to survey residents and businesses about their willingness to support economic development activities through volunteer efforts, crowd funding and networking
- 2) Identify and implement methods to locate and leverage local talent and resources

E. Investigate the feasibility of allocating a portion of property taxes created by new development to economic development activities to replace redevelopment tax increment funds

- 1) Create a table with all known development sites that estimates the total value of potential new development and the amount of new property taxes that could accrue to the City



Goal 5: Communicate Opportunities



Communicate with residents, local businesses, key brokers, developers to create awareness of the market and development opportunities

(from 2006 Plan)

Strategies and Implementation Tasks

Creating Understanding Through Communication

A. Communicate regularly with businesses and potential developers to understand barriers and opportunities and develop proactive responses

- 1) Work with the Economic Development Committee to conduct periodic surveys, focus groups and in-person meetings with businesses and property owners
- 2) Develop a program with the Economic Development Committee and Chamber of Commerce for business outreach including welcome letters/visits, newsletters, Facebook/Twitter information dissemination, business recognition events and mixers, coordinated advertising of El Cerrito businesses, and meetings of groups of businesses by geographic sub-areas
- 3) Disseminate electronic and hard copy brochures for key development sites, including use of social media sites



B. Communicate regularly with residents concerning proposed new businesses and development, closed businesses, changing market conditions, and City economic development activities

- 1) Establish or continue resident communications including periodic newsletters, post cards, Facebook/Twitter information pushes, news articles and shopper surveys. Utilize the content and distribution recommendations in the 2006 Economic Development Action Plan.
- 2) Update the website as the major source of business, developer and resident information on business and development opportunities
- 3) Explore application of other social media platforms for resident and business communication such as OppSites

C. Continue programs to encourage resident and visitor experience in the commercial area

- 1) Partner with the Economic Development Committee and local civic organizations (such as the Historic Society, Trail Trekkers, Chamber of Commerce, Rotary Club, local businesses) to develop programs to promote El Cerrito as a destination through sponsoring movie nights, pop up events, "Friday night" events and promotional campaigns
- 2) Host joint session with Economic Development Committee, Arts and Culture Committee, and Human Relations Commission to determine events and strategies that promote and build on El Cerrito strengths, including diversity, arts, culture, and environmental sustainability

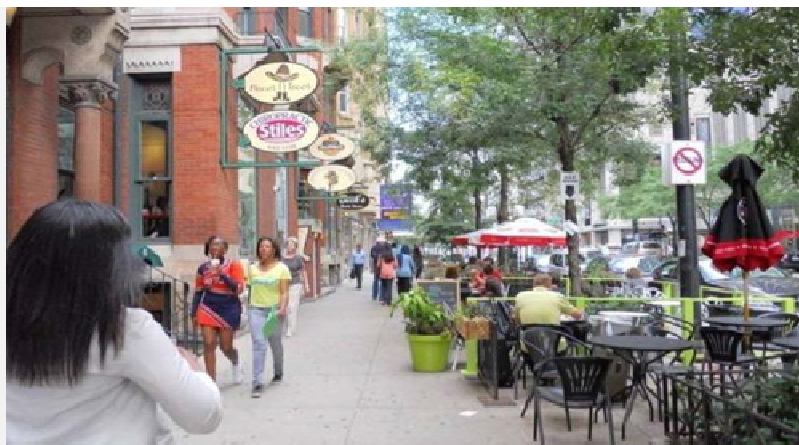


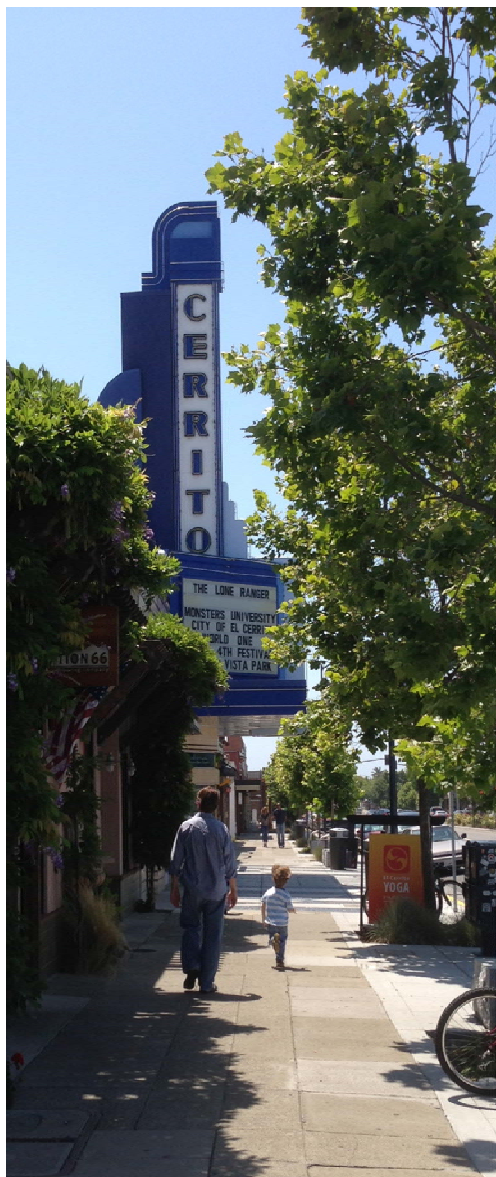
Conclusion

The 2016 Economic Development Action Plan provides a solid policy foundation for the economic activities in the next five years. Notwithstanding the Great Recession, the City made significant strides in implementing the 2006 plan even though the economic downturn started shortly after its adoption. Although the economy will always be cyclical, the 2016 action plan has the advantage of momentum created by the implementation of prior policies plus a more favorable economic climate.

This plan is purposefully broad in scope to capture the many exciting and fertile ideas expressed by the City Council, Economic Development Committee, businesses, residents, and staff. Its successful implementation however, will require focusing on a few implementation activities at a time. The limited staff resources cannot advance all of the policies at once, and emphasis should be placed on a few areas staff can support well. Establishing that focus will be essential to maximize the City's limited staff and financial resources for implementation of the plan.

El Cerrito is at a great milestone in its economic development journey as the market data informs us. Rents and land values are rising to the threshold of supporting new development, new businesses are being established, and the basic advantages El Cerrito has with its proximity to major job centers, and transportation linkages, all combine to make the policies and action steps in this updated plan feasible and compelling.





Project Team

Community Development Department

Economic Development Committee

Management Partners



Attachment A - Implementation Tasks

Timing - Cost - Effort

The following table sets forth the timing, staff or consultant contract implementation, estimated cost, current level of effort and result for each of the implementation tasks in the plan. This table will assist staff in developing annual work plans to focus their efforts, and provide information for the City Council to prioritize implementation by allocating funds in the budget process to priority tasks.

The “Cost” column sets forth ranges of estimated cost:

\$ - Under \$10,000 \$\$ - \$10,000 to \$25,000 \$\$\$ - Over \$25,000

The “Effort” column has three levels of ranking:

Strong = Tasks the City is implementing or has experience to implement

Some = Tasks the City is partially or sporadically implementing

New = New tasks requiring new staff resources and/or funding for implementation

The “Result” column sets forth the type of outcome that is expected for each task:

ND = New Development is the outcome or result of the task implementation

SB = Support of businesses is the result

PM = Placemaking is the result

POLICY	TASK	YEAR	WHO	COST	EFFORT	RESULT	COMMENTS
	GOAL 1: 2020 VISION						
#1 A. 1)	Implement a permit fee study	2016	Staff/ Contract	Staff Time/\$\$	New	ND & SB	
#1 A. 2)	Consider fee reductions for key businesses, areas or improvements	2016	Staff	Staff Time/\$\$	New	ND & SB	
#1 A. 3)	Survey existing businesses on needs to support growth and expansion	2017	Staff/ Contract	Staff Time	New	SB	
#1 A.	Create a Small Business Assistance Program	2017	Staff	Staff Time	New	SB	Technical information, façade grants, tenant improvement loans, permit ombudsman
# 1 B. 1)	Support reduced parking	On-going	Staff	Staff Time	Strong	ND & SB	Parking programs, expansion of bike- and car-share programs
#1 B. 2)	Encourage staff and Planning Commission approval of dense multi-family residential uses in between commercial nodes	On-going	Staff	Staff Time	Strong	ND & SB	
#1 B. 3)	Market the San Pablo Avenue Specific Plan to	On-	Staff	Staff	Some	ND & SB	



POLICY	TASK	YEAR	WHO	COST	EFFORT	RESULT	COMMENTS
	developers and new businesses	going		Time/\$\$			
#1 C. 1)	Maintain constant contact with property owners of vacant or underutilized properties	On-going	Staff	Staff Time	Some	ND & SB	Convey information about business inquiries and opportunities, and assess changing needs and attitudes of landowners
#1 C. 2)	Develop brochures to interpret the San Pablo Avenue Specific Plan's and EDAP's key features	2016	Staff/Contract	\$	Strong	ND & SB	Provide to vacant site landowners and potential developers and businesses
#1 C. 3)	Include vacant site landowners on periodic newsletters and social media outputs	On-going	Staff	Staff Time	Strong	ND & SB	Information on El Cerrito business climate
#1 C. 4)	Develop electronic brochure of vacant buildings and underutilized sites for distribution to new businesses and developers	2016	Staff/Contract	\$	Strong	ND & SB	
#1 C. 5)	Conduct periodic meetings and communications with brokers and property owners	On-going	Staff	Staff Time	Strong	ND & SB	Exchange information on site vacancies, potential tenants, general market conditions
#1 C. 6	Explore emerging platforms (such as OppSites) for attracting new investment	2016	Staff	Staff Time	Strong	ND & SB	
#1 D. 1)	Provide on-going information to residents on public improvements	On-going	Staff	Staff Time	Strong	ND & SB	Disseminate to brokers and developers as well
#1 D. 2)	Provide on-going information to residents on planned and approved private projects	On-going	Staff	Staff Time	Strong	ND & SB	Disseminate to brokers and developers as well
#1 E. 1)	Annually appropriate funds to the Façade/Tenant Improvement Program and establish a revolving program fund	2017	Staff	\$\$	Some	SB	As part of the Small Business Assistance Program
#1 E. 2)	Adopt program guidelines for façade grants and tenant improvement loans	2017	Staff	Staff Time	Some	SB	
#1 E. 3)	Consider including accessibility and sewer improvements as eligible expenses for TI Program	2017	Staff	Staff Time	New	SB	
#1 E. 4)	Contract with an architect to design exterior improvements to ensure high quality	2017	Staff/Contract	\$\$	New	SB	Retainer contract
#1 F. 1)	Provide information on state and regional entrepreneur assistance programs to businesses	On-going	Staff	Staff Time	Some	SB	Revive prior efforts
#1 F. 2)	Consider partnering with other agencies and Chamber to provide City's Entrepreneur Training Program biannually	2017	Staff	Staff Time/\$\$	Some	SB	Continue prior efforts
#1 F. 3)	Identify loan programs for new small businesses to pay for Americans with Disability Act accessibility	2017	Staff	Staff Time	New	SB	

POLICY	TASK	YEAR	WHO	COST	EFFORT	RESULT	COMMENTS
	requirements.						
#1 F. 4)	Promote City's partnership with property assessed clean energy (PACE) programs	On-Going	Staff	Staff Time	Some	SB	Including Marin Energy program
#1 G. 1)	Develop an Affordable Housing Strategy	2017	Staff/Contract	\$\$	Strong	ND	Includes items 2) & 3) below
#1 G. 2)	Create a resources budget for providing financial assistance for affordable housing	2017	Staff/Contract	See G.1	Strong	ND	Including Cap and Trade, tax credits, density bonuses
#1 G. 3)	Determine the number of affordable units possible	2017	Staff/Contract	See G.1	Strong	ND	Per resources & Housing Element
#1 H. 1)	Submit a status report of all prior year EDAP activities and submit annual implementation plan	2016	Staff	Staff Time	New	ND, SB, PM	
#1 H. 2)	Identification in staff reports the EDAP action policy being implemented	On-going	Staff	Staff Time	New	ND, SB, PM	
#1 H. 3)	Share status report and annual implementation plan with Economic Development Committee	On-going	Staff	Staff Time	New	ND, SB, PM	For inclusion of parts in ECD work program
#1 H. 4)	Monitor effectiveness of EDAP recommended programs	On-going	Staff	Staff Time	New	ND, SB, PM	Include results in annual report
#1 H. 5)	Establish five year cycle for Economic Development Action Plan update	2021	Staff	Staff Time	New	ND, SB, PM	
GOAL 2: STRONG SENSE OF PLACE							
#2 A. 1)	Develop a commercial district arts and celebrations program	2016	Staff/EDC	Staff Time	Some	PM	With the Arts and Culture Commission
#2 A. 2)	Budget funds for arts & celebrations program on annual basis	2016	Staff	Staff Time/\$\$	New	PM	From General Fund and/or Public Art Fund
#2 A. 3)	Foster public/private structure for promoting El Cerrito as a destination	2016	Staff/EDC	Staff Time	New	PM	For arts, entertainment, environmental activities
#2 A. 4)	Survey El Cerrito to identify art resources and promote arts	2017	Staff/EDC	Staff Time	New	PM	
#2 A. 5)	Promote display of arts, celebrate local culture in local businesses and public right of way	2016	Staff/EDC	Staff Time	Some	PM	Including art on utility boxes
#2 A. 6)	Involve the business community in the upcoming Centennial planning and celebrations	2016	Staff/EDC	Staff Time	New	PM	
#2 A. 7)	Integrate EDAP goals in Centennial planning efforts	2016	Staff/EDC	Staff Time	New	PM	To promote commercial areas
#2 B. 1)	Develop data base on number of current jobs by job type from state data	2017	Staff	Staff Time	New	ND & SB	

POLICY	TASK	YEAR	WHO	COST	EFFORT	RESULT	COMMENTS
#2 B. 2)	Update data base annually with new jobs created by business expansion or new businesses formed	2017	Staff	Staff Time	New	ND & SB	
#2 B. 3)	Measure pedestrian friendly economic activity as a category of job growth	2017	Staff	Staff Time	Some	ND & SB	With the assistance from Economic Development Committee
#2 B. 4)	Encourage and provide opportunities for networking within business sectors	On-going	Staff/EDC	Staff Time	Some	SB	
#2 B. 5)	Explore feasibility of establishing a co-share office working space for small professional businesses	2017	Staff/EDC	Staff Time	New	SB	In an existing vacant building
#2 C. 1)	Provide information to planning and building permit applicants on green design benefits	On-going	Staff	Staff Time	Some	ND & SB	LEED and other types of certification
#2 C. 2)	Consider fee reductions or expedited permit processing for green certification	On-going	Staff	Staff Time/\$\$	New	ND & SB	
#2 D. 1)	Develop handout list of San Pablo Avenue Specific Plan place making design elements for planning and building permit applicants	2017	Staff	Staff Time	New	PM, ND & SB	Include info from urban design literature
#2 D. 2)	Use list of placemaking design elements as evaluation criteria for design review	2017	Staff	Staff Time	Strong	PM, ND & SB	
#2 E. 1)	Pursue development of public and private open spaces per the San Pablo Avenue Specific Plan, Urban Greening and Ohlone Greenway Master Plan	2018	Staff	See Urban Greening Plan	Strong	PM	
#2 E. 2)	Contract with a planning and architectural firm for preliminary designs and cost estimates for high priority areas	2018	Staff/Contract	\$\$	New	PM	
#2 E. 3)	Include funding in the Capital Improvement Program for one or more projects	2018	Staff	\$\$\$	New	PM	Cost to be determined by estimates from action #2. E. 2) and Urban Greening Plan
#2 E. 4)	Implement Urban Greening plan concept for lower Fairmont Avenue	2018	Staff	\$\$\$	Some	PM	Coordinate with adjacent businesses and Neighbors
#2 E. 5)	Develop open space payment-in-lieu program	2016	Staff	Staff Time	Some	PM	For public open space
#2 F. 1)	Identify goals of a pop-up retail and mobile food program	2017	Staff/EDC	Staff Time	Some	PM & SB	
#2 F. 2)	Identify locations and guidelines appropriate for mobile businesses	2017	Staff/EDC	Staff Time	New	PM & SB	
#2 F. 3)	Incorporate infrastructure elements: electrical outlets, water sources into plazas,	On-going	Staff	Unknown	New	PM & SB	To support mobile businesses. Develop cost estimates.
#2 F. 4)	Identify businesses and property owners in support of hosting pop up uses on or near their property	2016	Staff/EDC	Staff Time	New	PM & SB	
#2 F. 5)	Identify vacant buildings for pop up businesses	2016	Staff/EDC	Staff Time	New	PM & SB	Contact property owners for permission to solicit businesses

POLICY	TASK	YEAR	WHO	COST	EFFORT	RESULT	COMMENTS
#2 F. 6)	Work with the Farmer's Market to expand its profile and offerings within the City	2017	Staff/EDC	Staff Time	New	PM	
#2 G. 1)	Identify key commercial corridors and nodes for community interaction	2016	Staff	Staff Time	Strong	PM	Including areas set forth in the San Pablo Avenue Specific Plan, upper/ lower Fairmount and upper Stockton Avenue
#2 G. 2)	Create and concentrate community activities in community interaction areas	2017	Staff/EDC	Staff Time	Some	PM	
#2 G. 3)	Hold periodic meetings with business "districts" to identify needs and opportunities	2016	Staff/EDC	Staff Time	New	SB	
#2 G. 4)	Partner with businesses and Chamber to develop creative Shop Local program and other activities	2017	Staff/EDC	Staff Time	Some	SB	
#2 H. 1)	Include enhanced, pedestrian lighting and signage in commercial districts in the Capital Improvement Program	2017	Staff	\$\$	New	PM & SB	Develop CIP Project
#2 H. 2)	Identify possible funding sources for lighting and signage: 1) design and 2) installation	2017	Staff	\$\$\$	New	PM & SB	As part of CIP project for design costs
#2 H. 3)	Determine locations for installations, contract with designer to create signage and lighting program	2017	Staff/Contract	\$\$	New	PM & SB	For design costs
#2 H. 4)	Coordinate installation of public art as part of the entry way identification program	2016	Staff	Staff Time	New	PM	With Arts and Culture Commission funded by the Public Art Fund
GOAL 3: DEVELOPMENT READY							
#3 A. 1)	Participate in the BART TOD policy development	2016	Staff	Staff Time	Some	ND	Currently underway
#3 A. 2)	Identify steps to initiate development of RFQ/RFP for mixed-use development at BART Plaza station parking lot	2016	Staff	Staff Time	Some	ND	Upon completion of TOD policy
#3 A. 3)	Work with BART to understand development opportunities for development of the Del Norte station parking	2016	Staff	Staff Time	Some	ND	During Metropolitan Transportation Commission Priority Development Area study
#3 B. 1)	Hire an architect to develop site-specific drawings of key development sites	2017	Staff/Contract	\$\$	Some	ND	Use drawings for communications with land owners and developers
#3 B. 2)	Prioritize catalyst sites for on-going promotion to potential businesses/developers, and continued contact with property owners	2016	Staff	Staff Time	Some	ND	To motivate sale or redevelopment of underutilized property.
#3 B. 3)	Promote development sites with information on zoning, ownership, rents/sale price, sizes of parcels, buildings and parking, site maps/photos, and contact info;	On-going	Staff	Staff Time	Some	ND	To be included on City website, converted to promotional hard copy packets and disseminated via social media and other methods
#3 C. 1)	Initiate a project with Stege Sanitary District to develop a master plan for Stege sewer	2016	Staff	\$\$\$	New	ND & SB	Jointly seek grants and development fees to reimburse the cost of the plan

POLICY	TASK	YEAR	WHO	COST	EFFORT	RESULT	COMMENTS
	improvements						
#3 C. 2)	Create a fund to assist key businesses with cost of assessing sewer lateral condition, or other Stege imposed permit conditions	2016	Staff	\$\$\$	New		Include as part of the Small Business Assistance Program
#3 D. 1)	Issue Request for Proposals for the disposition and development of the Eastshore and Mayfair parcels	2016	Staff	Staff Time	New	ND	Current contract
#3 D. 2)	Negotiate purchase and sale agreements for development of the Eastshore and Mayfair parcels	2016	Staff/Contract	Staff Time	New	ND	Based on the development objectives of San Pablo Avenue Specific Plan, Long Range Property Management Plan
#3 E. 1)	Develop survey for planning and building permit applicants for feedback on service quality and efficiency.	2016	Staff	Staff Time	New	ND & SB	Share with EDC and Council
#3 E. 2)	Create a web toolkit and hard copy guide to starting a business in El Cerrito	2016	Staff	Staff Time	New	SB	As part of the Small Business Assistance Program
#3 E. 3)	Train staff on customer service techniques to improve permit processing service delivery reputation	2016	Staff	Staff Time	Some	ND & SB	
GOAL 4: FINANCIAL SUSTAINABILITY							
#4 A. 1)	Issue Request for Proposals for the Eastshore and Mayfair redevelopment parcel assemblages	2016	Staff	Staff Time	New	ND	Per Specific Plan regulations
#4 A. 2)	Retain a retail broker or consultant to evaluate key development sites for retail opportunities	2017	Staff/Contract	\$\$	New	ND & SB	
#4 B. 1)	Prepare a report on the feasibility of creating a Neighborhood Business District	2017	Staff/Contract	\$\$	New	SB	
#4 B. 2)	Survey businesses and landowners to determine support for a business district	2017	Staff/Contract	Staff Time	New	SB	
#4 B. 3)	Investigate feasibility of establishing an enhanced infrastructure facilities district (EIFD)	2017	Staff	Staff Time	New	SB	
#4 C. 1)	Develop a list of relevant business assistance programs	2016	Staff	Staff Time	Some		Estimate hours and budget required
#4 C. 2)	Determine if staffing, a local development corporation, or consulting services are the most efficient means of implementing the plan	2016	Staff	Staff Time	New	PM, SB, ND	
#4 D. 1)	Survey residents/ businesses for supporting economic development activities with volunteer efforts, crowd funding and networking	2016	Staff/EDC	Staff Time	New	PM & SB	
#4 D. 2)	Identify and implement methods to locate and leverage local talent and resources	2016	Staff	Staff Time	New	PM & SB	
#4 E. 1)	Investigate feasibility of allocating a portion of property taxes created by new development to economic development activities	2017	Staff	Staff Time	New	PM & SB	Estimate total value of potential new development and new property taxes
Goal 5: COMMUNICATE							

POLICY	TASK	YEAR	WHO	COST	EFFORT	RESULT	COMMENTS
	OPPORTUNITIES						
#5 A. 1)	Develop a program with Chamber of Commerce for business outreach Conduct periodic surveys, focus groups and in-person meetings with businesses and property owners	On - going	Staff	Staff Time	Some	SB	Including welcome letters/visits, newsletters, Facebook/Twitter information dissemination
#5 A. 2)	Disseminate electronic and hard copy brochures for key development	2016	Staff	Staff Time	Some	ND & SB	Including welcome letters/visits, newsletters, Facebook/Twitter information dissemination
#5 A. 3	Disseminate electronic and hard copy brochures for key development sites, including use of social media sites	2016	Staff	Staff Time	Some	ND	
#5 B. 1)	Establish or continue periodic resident communications	On - going	Staff	Staff Time	Some	PM, SB & ND	Newsletters, post cards, Facebook/Twitter info pushes, news articles and shopper surveys
#5 B. 2)	Update website as the major source of business, developer and resident info	2017	Staff	Staff Time	Some	PM, SB & ND	On business and development opportunities
#5 B. 3)	Explore application of other social media platforms for resident and business communication	2017	Staff	Staff Time	Some	PM, SB & ND	Such as OppSites
#5 C. 1)	Partner with local civic organizations to promote El Cerrito as a destination through sponsoring movie nights, pop up events, "Friday night" events and promotional campaigns	2016	Staff/ EDC	Staff Time	Strong	PM	Including the Historic Society, Trail Trekkers, Chamber of Commerce, Rotary Club, local businesses
#5 C. 2)	Host joint session with Economic Development Committee, Arts and Culture Committee, and Human Relations Commission to determine events and strategies that promote and build upon our strengths, including our diversity, arts, culture, and environmental sustainability	2017	Staff	Staff Time	New	PM & SB	

Note: Some items will require City Council approval and budget appropriation.

Attachment B – Sample Annual Implementation Steps Status Report

2016 EDAP Summary

The 2006 Economic Development Action Plan (EDAP) was updated in 2016 to build upon and consolidate information from previous documents, and provide focus for current and future economic development efforts, including: building upon unfinished but relevant recommendations of the 2006 plan; furthering implementation of the San Pablo Avenue Specific Plan; incorporating analysis from the Contra Costa County Transportation Authority (CCTA) Priority Development Areas Implementation Plan of market conditions (underway); identifying opportunities and constraints to economic development; and recommending new El Cerrito specific economic development tools and tasks.

In accordance with Goal 1.H 1) of the 2016 EDAP (pg. 13), this Annual Status Report implements the following tasks:

- Submit a status report of all prior year activities and submit an annual implementation plan for activities in the upcoming year, prior to the adoption of the City budget or mid-cycle budget update
- Share the status report and annual implementation plan with the Economic Development Committee for integration with their annual work plan process
- Monitor effectiveness of recommended programs

Summary of 2016 Accomplishments

In 2016, a number of new accomplishments took place that supported the 2016 EDAP. From 2016 to 2017 the City witnessed *[add achievements here such as job growth, new businesses, new developments, civic events, etc. Also add challenges encountered]*

The following table highlights the City's progress towards implementing specific goals and strategies of the 2016 EDAP during 2016. [Sample Table]

Policy/Task	Timing	Responsible Party	Accomplishment	Status
#1 A.1) Implement a Permit Fee Study	2016	Staff		Not Started

2017 Priority Goals, Strategies and Implementation Plan: *[Insert table of proposed 2017 activities, which duplicates the table in Attachment A].*



Appendix 1: Related Policies from Other Adopted Plans

The following is a list of policies from other plans the City has adopted since 2006 that relate to economic development activities. They are included in an appendix so they are not duplicated in the 2016 Economic Development Action Plan, but are easily accessible in one place. The policies are from the 2013 Climate Action Plan, 2013 Arts and Culture Master Plan, 2014 San Pablo Avenue Specific Plan, 2015 Urban Greening Plan, and the 2015 Strategic Plan.

CLIMATE ACTION PLAN (2013)

LAND USE, TRANSPORTATION AND COMMUNITY DEVELOPMENT

Sustainable Community Goal 1: Encourage more compact, higher density infill development along transportation corridors to reduce vehicle miles traveled in El Cerrito and beyond. (p.23)

Objective SC-1.1: Update the El Cerrito General Plan and other applicable plans and ordinances to allow greater residential and commercial density along major transportation corridors and establish Transit Oriented Development (TOD) near both BART stations. (pp. 24-25)

- Strategy: Utilize the results of the San Pablo Avenue Specific Plan and TOD studies to inform the General Plan Update.
- Strategy: Continue to participate in the development of the Bay Area SCS's Plan Bay Area process.
- Strategy: Position El Cerrito to be competitive for SCS Plan Bay Area Grants by developing a Complete Streets Plan and implementing the City's 2007-2014 Housing Element to facilitate the development of housing to meet regional housing needs.
- Strategy: Continue to pursue developments of TOD in both the Del Norte Station area and El Cerrito Plaza areas.
- Strategy: Partner with all regional transportation agencies serving west Contra Costa County to develop a congestion relief plan that mitigates automobile and parking impacts at the Del Norte Station area.

Objective SC-1.2: Create planning mechanisms and development standards to encourage the right mix of high density, mixed-use and affordable housing development along major transportation corridors. (p.25)

- Strategy: Strive to meet the City's Regional Housing Needs Allocation goal for 2014 and 2012.
- Strategy: Develop regulatory programs and incentives, such as an inclusionary housing ordinance and/or other innovative approaches to ensuring the creation of mixed-income housing in new multi-family development.
- Strategy: Develop strategies to streamline planning entitlement processes in targeted PDA areas.
- Strategy: Revise development standards along major transportation corridors to encourage higher density development.
- Strategy: Prioritize potential development sites along the Avenue and work with owners to redevelop their parcels.



- Strategy: Assist and collaborate with non-profit, private and public entities to maximize opportunities to develop affordable housing.

Objective SC-1.3: Develop and implement a parking demand management strategy in TOD areas that both responds to market conditions and encourages higher density development along transit-oriented corridors and alternatives to driving. (p. 26)

- Strategy: Consider instituting parking pricing strategies around the BART stations, particularly the Del Norte Station where a majority of commuters drive alone to the Station and come from outside El Cerrito and other adjacent cities.
- Strategy: Allow building owners to unbundle parking to be rented separately from the building space.
- Strategy: Allow on-street parking to meet off-street parking requirements.
- Strategy: Consider instituting flexible parking requirements for transit-oriented development that provides services, infrastructure and/or mitigations to reduce parking demand, such as:
 - o Access to car sharing and bicycle sharing programs;
 - o Dedicated parking for low carbon fuel vehicles;
 - o Resident and/or employee transit incentives;
 - o Certification under regional trip reduction programs; and
 - o Higher than required bicycle parking.

Sustainable Community Goal 2: Increase El Cerrito's economic base to create more jobs, encourage greater vitality and more pedestrian-friendly economic activity. (p. 27)

Objective SC-2.1: Create a physical environment and stronger sense of place that supports high quality, walkable commercial and retail development and invites people to spend time in El Cerrito's commercial areas. (p. 27)

- Strategy: Continue to pursue projects in such nodes of activity as the Theater Block, the El Cerrito Plaza area, Midtown, and Del Norte to identify El Cerrito's portion of San Pablo Avenue as a special place of dynamic activity.
- Strategy: Create a reason for people to shop in El Cerrito by developing a unique El Cerrito experience that builds upon local assets.
- Strategy: Link the City's main commercial nodes through a network of open space, public art, and other cultural and historic amenities that encourage people to linger longer.
- Strategy: Develop and implement design guidelines that promote a pedestrian-friendly commercial environment along transit-oriented nodes, such as allowing and encouraging outdoor seating and activities that enliven the street.
- Strategy: Pursue innovative street parking solutions that support pedestrian access.

Objective SC-2.2: Enhance neighborhood-serving commercial nodes and encourage the development of commercial spaces in mixed-use areas that can better serve the daily needs of residents, businesses and people who work in El Cerrito. (p. 28)

- Strategy: Identify nodes and properties in commercial corridors that are economically feasible for commercial and/or mixed-use development.



- Strategy: Develop conceptual area plans for priority nodes that communicate the City's vision, goals and expectations to the development community.
- Strategy: Develop study areas to more fully realize the potential for neighborhood-scale commercial nodes, such as the Stockton and the upper and lower Fairmount areas, as part of the next General Plan update process.

Objective SC-2.3: Encourage existing businesses to adopt environmentally friendly practices, and attract "green economy" businesses to El Cerrito. (p. 28)

- Strategy: Participate in the regional Green Business Program and support projects and policies to promote resource efficiency, waste reduction and pollution prevention in the commercial sector.
- Strategy: Develop a business attraction strategy that investigates the types of "green economy" businesses (for example, community food enterprises or green building supplies and services) that would be successful in El Cerrito.
- Strategy: Support the development of a local food economy in El Cerrito by:
 - o Recruiting local food enterprises to locate in El Cerrito; and
 - o Expanding the frequency and enhancing the quality of local farmers' markets.

Sustainable community Goal 3: Continue to invest in infrastructure that invites people to walk, bike, and take transit more in El Cerrito. (p. 29)

Objective SC-3.1: Create design standards for developments in commercial areas to require pedestrian-friendly improvements. (p. 29)

- Strategy: Develop design standards to improve building facades so that they are pedestrian-scaled with windows and entries along the pedestrian frontages.
- Strategy: Encourage the creation of both privately and publicly maintained pedestrian right-of-ways between San Pablo Ave and neighboring streets and amenities in order to break up long blocks and increase the number of pedestrian connections per block.

Objective SC-3.2: Maintain and expand an active program of streetscape improvements that enhance the pedestrian environment, character and continuity of residential and commercial districts and create greater connectivity between residential and commercial districts. (p. 30)

- Strategy: Identify and pursue additional opportunities to create and/or modify city street crossings, long blocks, and other city right of ways (pedestrian trails and stairs) to increase pedestrian and bicyclist convenience.
- Strategy: Participate in regional efforts to create a way finding signage program connecting neighborhoods and the Ohlone Greenway to major transportation hubs.
- Strategy: Develop a way finding signage program to promote use of pedestrian trails and stairs, especially as a way to improve pedestrian access to schools and transit.

Objective SC-3.3: Continue implementation of the Ohlone Greenway Master Plan and create greater connections between the Greenway, San Pablo Avenue and other regional trail networks. (p. 30)

- Strategy: Secure funding to design and develop key "Activity Areas" as defined in the Ohlone Greenway Master Plan.



- Strategy: Encourage the creation of pedestrian right-of-ways and bicycle facilities between San Pablo Avenue and the Greenway to increase connectivity, including the redesign of parcels as they redevelop and create partnerships or incentives for existing businesses to incorporate such access.
- Strategy: Develop a comprehensive way-finding information program to inform Ohlone Greenway and other pedestrian users about connections to San Pablo Avenue and surrounding destinations.

Sustainable Community Goal 5: Develop alternative transportation outreach, education, and incentive campaigns tailored to El Cerrito. (p. 36)

Objective SC-5.1: Encourage residents and businesses to use vehicle trip reduction programs. (p. 36)

- Strategy: Work with WCCTAC, 511 Contra Costa, and other transportation agencies to promote their programs to El Cerrito's business and residential communities.
- Strategy: Create a welcome packet for new businesses and residents in El Cerrito, which will provide information on trip reduction options, as well as bicycling and pedestrian amenities, in El Cerrito.
- Strategy: Pursue funding to develop trip reduction incentive and education programs specific to El Cerrito and to increase community participation in such events as Bike-to-Work Day.

ARTS AND CULTURE MASTER PLAN (2013)

Goals

Based on the needs assessment and survey data, goals for Arts and Cultural development within the City of El Cerrito were developed with basic suggested actions and objectives for implementation.

GOAL A: INCREASE ACCESS TO PUBLIC ART IN COMMUNITY

Suggested Arts and Culture Commission Actions

- Support development of promotional materials highlighting points of interest in El Cerrito (p. 3)
- Partner with WCCUSD and the City's Recreation Department to promote and enhance arts and cultural programming (p. 3)

GOAL B: SUPPORT THE LOCAL ARTISTIC AND CULTURAL COMMUNITY

Suggested Arts and Culture Commission Actions

- Encourage and support the development of facilities available for arts (p. 4)
- Identify ways that arts and culture can assist with the City's efforts to promote economic development and create a strong identity for El Cerrito (p. 4)
- Identify funding sources for groups and individuals and disseminate to the community (p. 4)
- Support City beautification programs that "make El Cerrito a more pleasant environment to live, work, and play." (p. 4)

SAN PABLO AVENUE SPECIFIC PLAN (2014)

1.03 URBAN DESIGN FRAMEWORK (p. 1-12)

1.03.01 Downtown - (p. 1-15)



- Create an identifiable green southern gateway to the City that highlights where Cerrito Creek meets San Pablo Avenue.
- Encourage placemaking through active ground floor commercial spaces and open spaces in key areas.
- Connect destinations to the Bay Trail through pedestrian and bicycle improvements.
- Construct higher-intensity mixed-use developments in proximity to the BART station.
- Improve connectivity through El Cerrito Plaza and to San Pablo Avenue.
- Explore closure of lower Fairmount Avenue from Carlson Boulevard to San Pablo Avenue to create a gathering space.

1.03.02 Midtown - (p. 1-16)

- Provide midblock connections to improve pedestrian and bicycle connectivity on large blocks.
- Enhance the Moeser and Stockton neighborhood commercial nodes to promote economic activity.
- Construct a mix of mid-density residential and mixed-use developments along the corridor.
- Create a continuous cycle track to improve bicycle safety, access and connectivity.

1.03.03 Midtown - (p. 1-17)

- Provide midblock connections to improve pedestrian and bicycle connectivity on large blocks.
- Encourage placemaking through active ground floor commercial spaces and public open spaces.
- Widen sidewalks to improve accessibility and pedestrian connectivity.
- Construct higher density development on large underutilized lots in proximity to the BART station.
- Construct bicycle and pedestrian connectivity improvements within the Plan Area to close important circulation gaps.

1.0 PLAN GOALS AND POLICIES (p. 1-18)

Goal B: Ensure Return on Investment (p. 1-18)

- Strategy 1: Maximize TOD potential (BART and AC Transit).
- Strategy 2: Stimulate investment in vacant/underutilized sites at key focus areas.
- Strategy 3: Build on recent and planned private and public investments.
- Strategy 4: Leverage all investments to catalyze new investments.
- Strategy 5: Help the City achieve long-term financial sustainability.

Goal C: Encourage Practical and Market Friendly Development (p. 1-18)

- Strategy 1: Provide development clarity to encourage investment.
- Strategy 2: Incorporate flexible development codes that respond to constrained parcels, surrounding context and the market.
- Strategy 3: Allow ground floor residential development to provide flexibility and expand the Specific Plan Area's residential base.

3.02 VISION AND OVERARCHING FRAMEWORK (p. 3-15)

3.02.01 Complete Streets Goals (p. 3-15)

- CS.6 Enhance and catalyze economic development by enhancing existing parking where possible, and allowing sidewalks to be repurposed for commercial uses such as outdoor dining. (p. 3-15)
- CS.7 Design a balanced and comfortable streetscape environment to attract activity and be enjoyed by all users. (p. 3-15)



URBAN GREENING PLAN (2015)

4.02 OVERARCHING GOALS

The following overarching goals define the community's priorities for urban greening. They guide development of the objectives, strategies and projects to ensure a robust and transformative Plan.

GOAL 5: ECONOMIC VITALITY

Support economic activity through temporary and permanent open spaces and landscaping that create a sense of place and attract residents and visitors. (p. 51)

GOAL 6: URBAN LIVABILITY

Create an urban environment that is sustainable, resilient and livable by providing places that not only improve the natural environment, but are designed for interaction, recreation and reprieve. (p. 51)

4.03 OBJECTIVES

The following objectives seek to accomplish the overarching goals through policies and programs that achieve measurable outcomes. The strategies build upon existing policies and programs, while formalizing current City practices and incorporating relevant best practices to create a policy toolkit that advances the Plan's vision framework.

OBJECTIVE 1: IMPROVED TRAILS AND PATHS

Continue to invest in bicycle, pedestrian, trail and pathway improvements to reduce reliance on the private automobile, provide active recreation opportunities and support the local economy. (p. 52)

1.8 Consider including trails projects in the San Pablo Avenue Specific Plan Open-Space In-Lieu program to improve connectivity between higher density neighborhoods and public parks and open space amenities. (p. 54)

OBJECTIVE 3: STRENGTHENED OHLONE GREENWAY

Continue to strengthen the Ohlone Greenway through public projects and private developments that increase connectivity, create community gathering spaces and activity nodes, and improve community health and safety. (p. 60)

3.1 Work with private developers and property owners to implement the San Pablo Avenue Specific Plan - Ohlone Greenway Street Type guidelines. (p. 60)

- Encourage private developers to emphasize their project's connection to the Greenway early in the process to maximize opportunities for pocket parks, plazas, entrances and mews onto the Greenway.
- Emphasize safety in use and design, encouraging "eyes on the Greenway" and increased levels of activity throughout the day to reduce crime.

OBJECTIVE 5: ACTIVE COMMERCIAL CORRIDORS

- Create and strengthen active commercial corridors that allow community members to gather, stroll and interact while meeting their daily needs close to home. (p.66)



5.1 *Develop district specific landscaping guidelines to reinforce neighborhood and district identity, and support economic development.* (p. 66)

- Engage the business community in planting and maintaining street trees.
- Work with the Design Review Board to review street tree selection for opportunities to create and reinforce district identities, while complying with the Master Street Tree list and district-specific landscaping guidelines, as developed. Species selection should be compatible with the needs and constraints of each planting site, with considerations for overhead and underground utilities, sidewalk and street pavement protection, and pedestrian visibility. Selected trees should not exceed the planting space available at maturity.
- Work with the Tree Committee to identify appropriate tree species to maximize the benefits of trees, while being sensitive to planting conditions.

5.2 *Develop a program to provide opportunities for commerce, play and pop-up uses within the public right-of-way (sidewalks and streets), particularly along commercial corridors.* (p. 67)

- Complete a policy analysis to remove barriers to appropriate street activity.
- Incorporate sustainable elements, such as alternative energy generation technologies, rainwater capture devices, permeable pavers, etc. into 1% for Public Art Projects and consider amending the requirements to allow for funds to be spent on sustainable elements.
- Identify locations appropriate for mobile businesses and incorporate infrastructure elements like electrical outlets, water sources, grease drains, etc., into these streets during maintenance projects.
- Ensure that the San Pablo Avenue Specific Plan Open Space requirements result in a diversity of open space types along the public right of way.
- Support community-generated events on the PROW by providing tables, chairs, waste receptacles, and other furnishings, promotional support and streamlined permitting.
- Develop a pop-up use policy that streamlines permitting to ensure that parking lots and street ROW allow for flexible uses.
- Identify underutilized existing parking lots for strategic open space improvements. Include these sites in parking demand analysis and propose conversion as part of parking demand phasing plans.

5.3 *Identify funding to develop and implement the San Pablo Avenue Specific Plan Open Space In-Lieu program to develop green multipurpose open spaces, such as pocket parks and plazas, that create active social gathering spaces and streetscape amenities to increase walkability and connectivity, catalyze continued investment, and support high density neighborhoods.* (p. 68)

- Incorporate environmental guidelines into the project design review process to ensure that these open spaces are providing environmental services, such as nodes along a pollinator pathway, storm water capture and treatment, community gardening, connectivity, etc.

5.5 *Develop an Adopt-a-Streets Program to encourage community members and business owners to clean and maintain the public right of way.* (p. 68)

- Provide supplies, such as tools and garbage bags, to help program members adequately maintain their portion of the ROW.



- Projects and improvements should help promote and highlight local business by providing and maintaining ROW amenities and marketing the efforts of local business owners to contribute to their community.

STRATEGIC PLAN (2015)

Goal A: Deliver exemplary government services

Strategies

- Develop and strengthen relationships with public and private partners, residents, businesses, schools, and community groups (p. 11)

Goal B: Achieve long-term financial sustainability

Strategies

- Maximize opportunities for existing and expanding businesses. (p. 12)

Goal C: Deepen a sense of place and community identity

Strategies

- Develop a vision for underdeveloped and underutilized properties through advanced planning efforts that encourage investment and/or new development. (p. 12)
- Develop an Economic Development action plan to build on our strengths, including our diversity, arts, culture, and environmental sustainability. (p. 12)
- Encourage dense business nodes to minimize or eliminate automobile traffic. (p. 12)





AGENDA BILL

Agenda Item No. 7(C)

Date: March 15, 2016

To: El Cerrito City Council
El Cerrito Redevelopment Successor Agency

From: Melanie Mintz, Community Development Director
Lisa Malek-Zadeh, Finance Director/City Treasurer

Subject: Approval to Refinance Successor Agency Tax Allocation Bonds

ACTION REQUESTED

Adopt a resolution approving: 1) Issuance of refunding bonds, execution and delivery of an indenture and escrow instructions and authorizing actions related thereto; 2) Approving contracts with NHA Advisors (\$65,000 for a public offering or \$50,000 for a private placement) and Fraser and Associates (\$26,000) for related work to be paid out of bond proceeds; and 3) Requesting Oversight Board approval of the issuance of refunding bonds and certain determinations relating thereto.

BACKGROUND

The El Cerrito Redevelopment Agency (the “Former Agency”) previously issued (1) Tax Allocation Refunding Bonds, 1997 Series A in the initial aggregate principal amount of \$7,450,000 (the “1997 Bonds”); (2) Tax Allocation Bonds, Series 2004 A (Tax-Exempt) in the initial aggregate principal amount of \$10,315,000 (the “2004A Bonds”); and (3) Tax Allocation Bonds, Series 2004 B (Taxable) in the initial aggregate principal amount of \$6,510,000 (the “2004B Taxable Bonds” and together with the 1997 Bonds and the 2004A Bonds, the “Prior Bonds”). Pursuant to ABx1 26 (as amended including by AB 1484, the “Dissolution Law”), on August 15, 2011, the City of El Cerrito (the “City”) elected to serve as the Successor Agency to the El Cerrito Redevelopment Agency (the “Successor Agency”) should the Former Agency be dissolved, which occurred on February 1, 2012.

Current market interest rates can provide for a restructuring of all Prior Bonds resulting in lower debt service payments which will benefit all taxing agencies including the City. California Health and Safety Code Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”).

In addition to refinancing the Prior Bonds for debt service savings, the Successor Agency has the opportunity to structure the proposed 2016 refunding bonds to help offset the impact to the City’s General Fund of payments required under the Installment Payment Plan (the “IPP”) with the California Department of Finance (the “DOF”) approved by the Successor Agency and City Council on December 21, 2015 (Successor Agency Resolution 2015-04; and City Council Resolution 2015-78).

When the Redevelopment Agency was dissolved and the due diligence review of the Redevelopment Agency's other funds and accounts (DDR) was completed, the DOF determined that a prior transfer of \$1,981,989 made to the Municipal Services Corporation was not allowable and should be returned to the Successor Agency. The City, although it continues to dispute the DOF's determination, entered into an agreement with DOF to repay these funds over the next two and half fiscal years.

Debt service savings resulting from the bond restructuring will increase the distribution of property taxes to all taxing entities including the City, thereby helping to offset these annual payments.

STRATEGIC PLAN CONSIDERATIONS

By approving the restructuring of the Prior Bonds, the Successor Agency will consolidate all outstanding bonds, modify the repayment schedule to better reflect the ROPS process and improve cash flow to all participating taxing agencies.

FINANCIAL CONSIDERATIONS

Restructuring the Prior Bonds, provides a benefit to all of the taxing agencies. Depending on the interest rate market at the time of pricing, the estimated savings from the reduction in interest and cost is approximately \$83,000 over the life of the bonds. Restructuring also increases property tax increment (RPTTF) that passes through to all agencies, including the City, by reducing the Successor Agency's enforceable obligations. The current bonds will require the Successor Agency pay \$4.1 million in the next two fiscal years for enforceable debt service obligations. Restructuring the bonds reduces the enforceable obligation for debt to just \$1.1 million in these two years. This will increase the amount of RPTTF to the City and help offset the remaining \$1.3 million in installment payments to DOF that needed to be paid in full by FY 2017-18.

All costs for work required to complete the refinancing including the financial advisor, bond counsel and other consultants will be paid out of bond proceeds.

LEGAL CONSIDERATIONS

The City Attorney as well as bond counsel has reviewed and commented on the attached draft financing documents and resolutions.

Reviewed by:



Scott Hanin, City Manager

Attachments:

- 1) Resolution
- 2) Draft Indenture, Escrow Instructions

SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY

RESOLUTION NO. 2016-XX

RESOLUTION OF THE SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY APPROVING THE ISSUANCE OF REFUNDING BONDS, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE AND ESCROW INSTRUCTIONS, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD AND AUTHORIZING ACTIONS RELATED THERETO AND APPROVING CONTRACTS WITH NHA ADVISORS AND FRASER AND ASSOCIATES FOR RELATED WORK.

WHEREAS, the California Legislature adopted, the Governor signed, and the California Supreme Court, in *California Redevelopment Association, et al. v. Matosantos*, (2012) 53 Cal.4th 231, upheld Assembly Bill x1 26 (“ABx1 26”); and

WHEREAS, ABx1 26 dissolved redevelopment agencies, including the former El Cerrito Redevelopment Agency (the “Former Agency”), effective February 1, 2012; and

WHEREAS, as added by ABx1 26, California Health and Safety Code Section 34173 (unless otherwise noted, all Section references hereinafter being to such Code) provides that a city or county that formed a redevelopment agency would serve as the successor agency to the dissolved redevelopment agency unless such city or county affirmatively elected not to fill that role; and

WHEREAS, as added by ABx1 26, Section 34173(b) provides that the authority, rights, powers, duties and obligations previously vested with the former redevelopment agencies are vested in the successor agencies; and

WHEREAS, AB 1484, enacted on June 27, 2012, amended ABx1 26 (as amended, the “Dissolution Law”) to clarify that successor agencies are separate legal entities from their sponsoring city or county; and

WHEREAS, on August 15, 2011, pursuant to the Dissolution Law, the City of El Cerrito (the “City”) elected to serve as the Successor Agency to the El Cerrito Redevelopment Agency (the “Successor Agency”) should the Former Agency be dissolved, which occurred on February 1, 2012; and

WHEREAS, prior to its dissolution, the Former Agency issued its (i) El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Refunding Bonds, 1997 Series A in the initial aggregate principal amount of \$7,450,000 (the “1997 Bonds”), (ii) El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Bonds, Series 2004 A (Tax-Exempt) in the initial aggregate principal amount of \$10,315,000 (the “2004A Bonds”) and (iii) El Cerrito Redevelopment Agency (El Cerrito

Redevelopment Project Area), Tax Allocation Bonds, Series 2004 B (Taxable) in the initial aggregate principal amount of \$6,510,000 (the “2004B Taxable Bonds” and together with the 1997 Bonds and the 2004A Bonds, the “Refunded Bonds”) for the purpose of financing and refinancing redevelopment activities; and

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”); and

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its Successor Agency to the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016 Tax Allocation Refunding Bonds, in two series consisting of 2016A Tax Allocation Refunding Bonds (Tax-Exempt) to refund and defease the 1997 Bonds and the 2004A Bonds (the “2016A Bonds”) and 2016B Tax Allocation Refunding Bonds (Taxable) to refund and defease the 2004B Taxable Bonds (the “2016B Taxable Bonds” and together with the 2016A Bonds, the “Refunding Bonds”), the Successor Agency has caused its municipal advisor, NHA Advisors, LLC (the “Municipal Advisor”), to prepare an analysis of the potential savings that will accrue to the Successor Agency and applicable taxing entities as a result of such refunding (the “Debt Service Savings Analysis”); and

WHEREAS, in connection with the dissolution of the Former Agency and the completion of the due diligence review of the Former Agency’s other funds and accounts (DDR), the California Department of Finance (“DOF”) determined that a prior transfer of \$1,981,989 made to the Municipal Services Corporation was not allowable and should be returned to the Successor Agency; and

WHEREAS, as a result of DOF’s determination, the City entered into an Installment Payment Plan (the “IPP”) with DOF, which was approved by the Successor Agency (Successor Agency Resolution 2015-04) and the City Council (City Council Resolution 2015-78) on December 21, 2015, to repay those funds over the next two and half fiscal years; and

WHEREAS, in addition to refinancing the Refunded Bonds for debt service savings in compliance with the Savings Parameters, the Successor Agency can structure the Refunding Bonds in a manner that will help offset the impact to the City’s General Fund for payments required under the IPP; and

WHEREAS, the Successor Agency desires at this time to approve the issuance of the Refunding Bonds and to approve the forms of and authorize the execution and delivery of (i) an Indenture between the Successor Agency and MUFG Union Bank, N.A., as trustee, providing for the issuance of the Refunding Bonds (the “Indenture”), (ii) refunding escrow instructions to be delivered to MUFG Union Bank, N.A., as trustee for the 1997 Bonds, providing for the refunding and defeasance of the 1997 Bonds (the “1997 Escrow Instructions”), (iii) refunding escrow instructions to be delivered to MUFG Union Bank, N.A., as trustee for the 2004A Bonds,

providing for the refunding and defeasance of the 2004A Bonds (the “2004A Escrow Instructions”) and (iv) refunding escrow instructions to be delivered to MUFG Union Bank, N.A., as trustee for the 2004B Taxable Bonds, providing for the refunding and defeasance of the 2004B Taxable Bonds (the “2004B Escrow Instructions” and together with the 1997 Escrow Instructions and the 2004A Escrow Instructions, the “Escrow Instructions”), each to be dated as of the date of the issuance and delivery of the Refunding Bonds; and

WHEREAS, Section 34179(a) provides for the establishment of the Oversight Board of the Successor Agency to the El Cerrito Redevelopment Agency (the “Oversight Board”), which was formed on April 4, 2012; and

WHEREAS, the Successor Agency is now requesting that the Oversight Board direct the Successor Agency to undertake the refunding proceedings and to approve the issuance of the Refunding Bonds pursuant to this Resolution and the Indenture; and

WHEREAS, the Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds; and

WHEREAS, the Successor Agency has now determined to sell the Refunding Bonds to an underwriter (in connection with a public offering of the Refunding Bonds) or to a private placement purchaser (using a placement agent in connection with a private placement of the Refunding Bonds), with the final determination as to the underwriter/placement agent and the method of sale of the Refunding Bonds to be determined as authorized below; and

WHEREAS, the Former Agency entered into various agreements with certain taxing entities (the “Tax Sharing Agreements”) that provide for subordination of the Successor Agency’s obligations thereunder to the payment of debt service on the Refunding Bonds based upon demonstration of sufficient revenue to meet its obligations under the Tax Sharing Agreements after payment of debt service on the Refunding Bonds; and

WHEREAS, the Successor Agency is entitled to cause payments required to be made under Sections 33607.5 and 33607.7 to certain taxing entities (the “Statutory Payments”) as a result of an amendment to the redevelopment plan for the El Cerrito Redevelopment Project Area to be subordinated to the debt service payments on the Refunding Bonds under the circumstances described in Section 34177.5(c).

NOW THEREFORE, BE IT RESOLVED by the Governing Board of the Successor Agency to the El Cerrito Redevelopment Agency as follows:

1. Recitals Incorporated. The Recitals set forth above are true and correct, and are incorporated herein by reference.
2. Appointment of Professionals. The Successor Agency hereby retains and appoints NHA Advisors, LLC, as Municipal Advisor; Meyers Nave, as Bond Counsel and, if the

Refunding Bonds are sold by public offering, Disclosure Counsel; and Fraser & Associates, as Fiscal Consultant, to all act on behalf of the Successor Agency in the preparation of the bond refunding transaction. In addition, the Successor Agency hereby authorizes each of the Mayor, the City Manager and the Finance Director of the City, acting as the Chair, the Executive Director and the Treasurer of the Successor Agency, respectively, or their respective authorized designees (each, an "Authorized Officer") to select an underwriter (if the Refunding Bonds are sold by public offering) or placement agent (if the Refunding Bonds are sold by private placement), in consultation with the Municipal Advisor, through a competitive RFP process. Each of the Authorized Officers is hereby authorized and directed to execute and deliver, for and on behalf of the Successor Agency, a professional services agreement, as necessary, with such professionals.

3. Determination of Savings. The Successor Agency hereby authorizes any of the Authorized Officers to determine whether there are potential savings available to the Successor Agency and applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to refund and defease the Refunded Bonds, all as evidenced by the Debt Service Savings Analysis to be prepared by the Municipal Advisor.

4. Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Refunding Law in the aggregate principal amount of not to exceed \$17,500,000, provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery. Each of the Authorized Officers is hereby authorized and directed to execute (by manual or facsimile signature) and deliver, and the City Clerk of the City, acting as the Secretary of the Successor Agency, is hereby authorized and directed to attest (by manual or facsimile signature) to, the Refunding Bonds for and on behalf of the Successor Agency, in substantially the form contained in the Indenture on file with the Successor Agency, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, in consultation of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery of the Refunding Bonds.

It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the Refunding Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Refunding Bonds that meet the Savings Parameters. In the event the Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds without the prior approval of the Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

5. Indenture. The Successor Agency hereby approves the Indenture prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. Each of the Authorized Officers is hereby authorized and directed to execute

and deliver, and the City Clerk of the City, acting as the Secretary of the Successor Agency, is hereby authorized and directed to attest to, the Indenture for and on behalf of the Successor Agency, in substantially the form on file with the Successor Agency, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, in consultation of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The Successor Agency hereby authorizes the delivery and performance of the Indenture.

6. Escrow Instructions. The Successor Agency hereby approves the Escrow Instructions providing for the refunding and defeasance of the Refunded Bonds. Each of the Authorized Officers is hereby authorized and directed to execute and deliver, for and on behalf of the Successor Agency, in substantially the forms on file with the Successor Agency, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, in consultation of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery of the Escrow Instructions. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Escrow Instructions.

7. Oversight Board Approval. The Successor Agency hereby requests the Oversight Board, as authorized by Section 34177.5(f), to direct the Successor Agency to undertake the refunding proceedings and as authorized by Section 34177.5(f) and Section 34180 to approve the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1) and this Resolution and the Indenture.

8. Oversight Board Determinations. The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of the Refunded Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, DOF, the Contra Costa County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively,

“Continuing Costs of Issuance”), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings of the Refunding Bonds from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

9. Filing of Debt Service Savings Analysis. Upon determination of potential savings in compliance with the Savings Parameters by any of the Authorized Officers, as evidenced by the Debt Service Savings Analysis, the Successor Agency is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) with the Contra Costa County Administrator, the Contra Costa County Auditor-Controller and DOF.

10. Sale of Refunding Bonds. The Successor Agency hereby authorizes each of the Authorized Officers to determine, in consultation with the Municipal Advisor, whether to sell the Refunding Bonds by public offering or private placement.

If the Authorized Officer making such determination determines to sell the Refunding Bonds by public offering, the Successor Agency will cause to be prepared a form of (i) Official Statement for the Refunding Bonds describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Underwriter to persons and institutions interested in purchasing the Refunding Bonds, (ii) Continuing Disclosure Certificate, the form of which will be included as an appendix to the Official Statement, the preliminary form of which will be submitted to the Successor Agency for approval, to enable the Underwriter to satisfy the requirements of Rule 15c2-12 of the Securities and Exchange Commission with respect to the Refunding Bonds and (iii) Bond Purchase Agreement, the form of which will be submitted to the Successor Agency for approval, to accept the offer of the Underwriter to purchase the Refunding Bonds as provided therein. In addition, if the Refunding Bonds are sold by public offering, each of the Authorized Officers is hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy and/or reserve account surety bond for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor, that such municipal bond insurance policy and/or surety bond will reduce the true interest costs with respect to the Refunding Bonds.

However, if the Authorized Officer making such determination determines to sell the Refunding Bonds by private placement, the Successor Agency authorizes the issuance of the Refunding Bonds without any further approval of the Successor Agency.

11. Subordination. The Successor Agency hereby authorizes and directs each of the Authorized Officers to execute and deliver, for and on behalf of the Successor Agency, letters to the applicable taxing entities requesting subordination of the Successor Agency’s obligations

under the Tax Sharing Agreements and the Statutory Payments to the payment of debt service on the Refunding Bonds.

12. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and DOF and in the issuance, sale and delivery of the Refunding Bonds, including, without limitation making changes to the herein approved forms of documents to conform such documents to a private placement purchaser term sheet or the execution and delivery of a bond purchase agreement or similar document with a private placement purchaser of the Refunding Bonds and a tax certificate with respect to the 2016A Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

13. Effective Date. This Resolution shall take effect immediately upon its passage.

I CERTIFY that at the regular meeting on March 15, 2016, the Governing Board of the Successor Agency to the El Cerrito Redevelopment Agency passed this resolution by the following vote:

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

IN WITNESS of this action, I sign this document on March __, 2016.

Cheryl Morse, Board Secretary

Gregory B. Lyman, Board Chair

INDENTURE

between

MUFG UNION BANK, N.A.

as Trustee

and the

SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY

Dated as of June 1, 2016

relating to the
Successor Agency to the El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
2016A Tax Allocation Refunding Bonds (Tax-Exempt)
2016B Tax Allocation Refunding Bonds (Taxable)

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INDENTURE

This INDENTURE dated as of June 1, 2016, by and between MUFG UNION BANK, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”), and the SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY, a public body, corporate and politic, duly established and existing under the Constitution and laws of the State of California (the “Agency”), as successor agency to the El Cerrito Redevelopment Agency (the “Former Agency”);

W I T N E S S E T H:

WHEREAS, the Former Agency was established under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code (the “Redevelopment Law”);

WHEREAS, a Redevelopment Plan for the El Cerrito Redevelopment Project Area (the “Project Area”) in the City of El Cerrito, California, was adopted in compliance with all requirements of the Redevelopment Law;

WHEREAS, the Agency is the designated successor entity to the Former Agency and is authorized to transact business and exercise powers under the Redevelopment Law and the provisions of Part 1.85 of the California Health and Safety Code (the “Dissolution Law”), including the power to issue bonds under the authority of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code to refund bonds issued by the Former Agency;

WHEREAS, to finance and refinance redevelopment activities within or of benefit to the Project Area, the Former Agency previously issued its (i) El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Refunding Bonds, 1997 Series A (the “1997 Bonds”), (ii) El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Bonds, Series 2004 A (Tax-Exempt) (the “2004A Bonds”) and (iii) El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Bonds, Series 2004 B (Taxable) (the “2004B Taxable Bonds” and together with the 1997 Bonds and the 2004A Bonds, the “Refunded Bonds”);

WHEREAS, prudent management of the fiscal affairs of the Agency requires that the Agency issue refunding bonds under the provisions of Article 11 (Sections 53580 and following) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code to refund the outstanding Refunded Bonds;

WHEREAS, to provide funds to refinance the Refunded Bonds, the Agency has duly authorized the creation, execution, and delivery of its bonds of substantially the tenor hereinafter provided and designated its “El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016A Tax Allocation Refunding Bonds (Tax-Exempt)” (the “2016A Bonds”) and “El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016B Tax Allocation Refunding Bonds (Taxable)” (the “2016B Taxable Bonds” and together with the 2016A Bonds, the “Bonds”);

WHEREAS, the Agency has determined that:

(A) the total interest cost to maturity on the Bonds plus the principal amount of the Bonds do not exceed the total remaining interest cost to maturity on the Refunded Bonds plus the remaining principal of the Refunded Bonds, and

(B) the principal amount of the Bonds does not exceed the amount required to defease the Refunded Bonds, to establish customary debt service reserves, and to pay related costs of issuance;

WHEREAS, the Agency has determined to enter into this Indenture in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds shall be issued and secured and to secure the payment of the principal thereof and premium (if any) and interest thereon;

WHEREAS, the execution and delivery of this Indenture has in all respects been duly and validly authorized by resolutions duly passed and approved by the Agency and the Oversight Board of the Successor Agency to the El Cerrito Redevelopment Agency (the "Oversight Board");

WHEREAS, the actions of the Oversight Board regarding the issuance of the Bonds have been duly reviewed and approved by the California Department of Finance, as stated in a letter from the Department of Finance dated December 22, 2015; and

WHEREAS, the Agency has determined that 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 the entering into of this Indenture 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 Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, in order to secure the payment of the principal of and the interest and premium, if any, on the Bonds issued, authenticated and delivered hereunder and to provide the terms and conditions under which all property, rights, and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Agency does hereby agree and covenant with the Trustee for the benefit of the Owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

1997 Bonds means the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Refunding Bonds, 1997 Series A issued by the Former Agency in the original principal amount of \$7,450,000.

1997 Escrow Instructions means the Escrow Instructions dated as of June 1, 2016, between the Agency and MUFG Union Bank, N.A., as escrow agent, providing for the refunding of the 1997 Bonds.

2004A Bonds means the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Bonds, Series 2004 A (Tax-Exempt) issued by the Former Agency in the original principal amount of \$10,315,000.

2004A Escrow Instructions means the Escrow Instructions dated as of June 1, 2016, between the Agency and MUFG Union Bank, N.A., as escrow agent, providing for the refunding of the 2004A Bonds.

2004B Taxable Bonds means the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Bonds, Series 2004 B (Taxable) issued by the Former Agency in the original principal amount of \$6,510,000.

2004B Escrow Instructions means the Escrow Instructions dated as of June 1, 2016, between the Agency and MUFG Union Bank, N.A., as escrow agent, providing for the refunding of the 2004B Taxable Bonds.

2016A Bonds means the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016A Tax Allocation Refunding Bonds (Tax-Exempt) issued by the Agency in the original principal amount of \$_____ pursuant to this Indenture.

2016B Taxable Bonds means the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016B Tax Allocation Refunding Bonds (Taxable) issued by the Agency in the original principal amount of \$_____ pursuant to this Indenture.

Additional Revenues means, as of the date of calculation, the amount of Tax Revenues which, as shown in the Statement of the Agency, are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made, as a result of increases in the assessed valuation of taxable property in the Project Area due to inflation at an assumed annual inflation rate of two percent (2%). For purposes of this definition, the term “increases in the assessed valuation” means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above the assessed valuation of taxable property in the Project Area (as evidenced in the written records of the County) as of the date on which such calculation is made.

Agency means the Successor Agency to the El Cerrito Redevelopment Agency, as successor agency to the Former Agency.

Agency Board means the governing board of the Agency.

Annual Debt Service means for each Bond Year, the aggregate amount (without duplication) of principal of (including mandatory sinking fund payments) and interest on the Bonds and any Parity Debt to which reference is made becoming due and payable. Interest payments on the Bonds and any Parity Debt shall be excluded from the calculation of Annual Debt Service to the extent such interests payments are to be paid from the proceeds of the Bonds or any Parity Debt held by the Trustee or other fiduciary as funded (capitalized) or pre-issuance accrued interest specifically to pay such interest.

Bond Insurer or ____ means _____, or any successor thereto.

Bond Register has the meaning stated in Section 2.4 (Bond Register).

Bond Year means the one-year period ending on each September 1, except that the first Bond Year shall begin on the Closing Date and shall end on September 1, 2016.

Bonds means, collectively, the 2016A Bonds and the 2016B Taxable Bonds, issued by the Agency pursuant to this Indenture.

Business Day means any day other than a Saturday, Sunday, or a day on which banking institutions in the State or the State of New York are authorized or obligated by law or executive order to be closed or on which the Federal Reserve System is closed.

Certificate, Statement, Request, Requisition, and Order of the Agency mean, respectively, a written certificate, statement, request, requisition, or order signed in the name of the Agency by its Chair, Executive Director, Treasurer, or Secretary, or any other person authorized by the Executive Director or Treasurer to execute such instruments. Any such instrument and supporting opinions or representations, if any, 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. If and to the extent required by Section 1.5 (Form and Content of Documents Delivered to Trustee), each such instrument shall include the statements provided for in Section 1.5 (Form and Content of Documents Delivered to Trustee).

City means the City of El Cerrito, California, a municipal corporation duly organized and existing under the Constitution and laws of the State.

Closing Date means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds.

Continuing Disclosure Certificate means the Continuing Disclosure Certificate executed by the Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Corporate Trust Office or **corporate trust office** means the corporate trust office of the Trustee at _____, Attention: _____, except that with respect to presentation of the Bonds for payment or for registration of transfer and exchange or surrender and cancellation such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, or such other address specified by the Trustee from time to time, or such other or additional offices as may be designated by the Trustee.

Costs of Issuance means all items of expense directly or indirectly payable by or reimbursable to the Agency and related to the original authorization, execution, sale, and delivery of the Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and its counsel, other legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, and any other cost, charge, or fee in connection with the original delivery of the Bonds.

Costs of Issuance Fund means the fund by that name established pursuant to Section 3.2 (Establishment and Application of Costs of Issuance Fund).

County means the Contra Costa County, a political subdivision of the State.

Defeasance Securities means the following:

(A) United States Treasury Certificates, Notes, and Bonds (including State and Local Government Series -- "SLGS").

(B) Direct obligations of the Treasury that have been stripped by the Treasury itself, CATS, TGRS, and similar securities.

(C) The interest component of Resolution Funding Corp. (REFCORP) strips that have been stripped by request to the Federal Reserve Bank of New York in book-entry form.

(D) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's. If, however, the pre-refunded bonds are rated by Standard & Poor's but are not rated by Moody's, then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or Aaa-rated pre-refunded municipal bonds.

(E) Obligations issued or guaranteed by the following agencies that are backed by the full faith and credit of the U.S.:

- (1) U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
- (2) Farmers Home Administration (FmHA)
Certificates of beneficial ownership
- (3) Federal Financing Bank

- (4) General Services Administration
Participation certificates
- (5) U.S. Maritime Administration
Guaranteed Title XI financing
- (6) U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public
housing notes and bonds

Depository means initially DTC; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositaries, or no such depositaries, as the Agency may designate in a Certificate delivered to the Trustee.

Depository System Participant means any participant in the Depository's book-entry system.

Dissolution Law means Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code (commencing with Section 34170), and the acts amendatory thereof and supplemental thereto.

DTC means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attn: Call Notification Department, Fax (212) 855-7232, and its successors and assigns.

Event of Default means any of the events specified in Section 9.1 (Events of Default).

Financial Obligation means any indebtedness of the Agency (including any installment purchase and lease obligations) that (i) in accordance with generally accepted accounting principles is classified as a liability on a balance sheet and (ii) has a final maturity more than one year after the date of creation thereof.

Fiscal Year means the period beginning on July 1 of each year and ending on the next succeeding June 30 or any other 12-month period hereafter selected and designated as the official fiscal year period of the Agency.

Former Agency means the El Cerrito Redevelopment Agency, a public body corporate and politic duly organized under the Redevelopment Law and then dissolved under the Dissolution Law.

Governmental Authority means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

Indenture means this Indenture dated as of June 1, 2016, between the Trustee and the Agency, as originally executed or as it may from time to time be supplemented or amended by any Supplemental Indenture delivered pursuant to the provisions hereof.

Independent Accountant means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

Independent Fiscal Consultant means any financial consultant or firm of such consultants appointed by the Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

Information Services means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system at www.emma.msrb.org, or, such other service designated in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds, or no such services, as the Agency may designate in a Certificate delivered to the Trustee.

Interest Account means the account by that name established and held by the Trustee pursuant to Section 5.4 (Revenue Fund; Allocation of Moneys).

Interest Payment Date means March 1 and September 1 of each year during the term of the Bonds, commencing September 1, 2016.

Material Adverse Effect means a consequence that is materially adverse to (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the Agency, (b) the ability of the Agency to carry out its business in the manner conducted as of the date of this Indenture or to meet or perform its obligations under this Indenture on a timely basis, or (c) the validity or enforceability of this Indenture.

Material Governmental Proceedings means any investigation, inquiry, or similar proceeding by any Governmental Authority that may have a Material Adverse Effect.

Material Litigation means any action, suit, proceeding, inquiry or investigation against the Agency in any court or before any arbitrator of any kind or before or by any Governmental Authority, that (i) if determined adversely to the Agency, may have a Material Adverse Effect, (ii) seeks to restrain or enjoin any of the transactions contemplated by this Indenture, or (iii) may adversely affect (A) the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the Agency to perform its obligations under this Indenture.

Maximum Annual Debt Service means, as of the date of any calculation, the largest Annual Debt Service during the current or any future Bond Year.

Moody's means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Agency.

Municipal Advisor means a person that (i) provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues, or (ii) undertakes a solicitation of a municipal entity.

Nominee means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11 (Book-Entry System).

Opinion of Bond Counsel means a written opinion of a law firm experienced in matters relating to obligations the interest on which is excludable from gross income for federal income tax purposes, selected by the Agency.

Outstanding, means the aggregate amount of Bonds authenticated and delivered by the Trustee under this Indenture except (1) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds discharged in accordance with Section 4.2 (Discharge of Liability on Bonds); or (3) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture.

Oversight Board means the Oversight Board of the Successor Agency to the El Cerrito Redevelopment Agency, which was established pursuant to Health and Safety Code section 34179.

Owner(s) means, as of any date, the Person or Persons in whose name or names a particular Bond is registered on the Bond Register as of such date.

Parity Debt means any loans, bonds, notes, advances, or indebtedness payable from Tax Revenues on a parity with the Bonds and issued or incurred pursuant to and in accordance with the provisions of Section 6.2 (Parity Debt).

Parity Debt Instruments means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance or incurrence of any Parity Debt.

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

Payment Date means each Interest Payment Date and each Principal Payment Date.

Permitted Investments means any securities in which funds of the Agency may now or hereafter be legally invested as provided by applicable law in effect at the time of such investment, subject to any limitations imposed by the investment policy approved by the governing body of the Agency, but without regard to any limitations contained therein concerning the maximum percentage limitations for any particular investment. Permitted Investments also include (a) money market funds, including such funds for which the Trustee, its affiliates or subsidiaries provide investment

advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee, and (b) investment agreements, including guaranteed investment contracts.

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

Policy means the Municipal Bond Insurance Policy issued by ____ that guarantees the scheduled payment of principal of and interest on the Bonds when due.

Principal Account means the account by that name established and held by the Trustee pursuant to Section 5.4 (Revenue Fund; Allocation of Moneys).

Principal Payment Date means March 1 and September 1 of each year during the term of the Bonds, commencing September 1, 2016.

Project Area means the project area described in the Redevelopment Plan.

Rebate Fund means the fund by that name established pursuant to Section 7.6 (Federal Income Tax Covenants).

Recognized Obligation Payment Schedule means the document defined in Health and Safety Code Section 34171(h) that sets forth the minimum payment amounts and due dates of payments required by the Agency's enforceable obligations for each fiscal year, which is required to be submitted annually in accordance with Health and Safety Code Section 34177(o).

Redevelopment Law means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the California Health and Safety Code (commencing with Section 33000), and the acts amendatory thereof and supplemental thereto.

Redevelopment Obligation Retirement Fund means the fund established and held by the Agency, which is referred to in Section 5.2 (Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues).

Redevelopment Plan means the Redevelopment Plan for the El Cerrito Redevelopment Project Area approved by Ordinance No. 77-17 enacted by the City Council of the City on November 28, 1977, together with any additional amendments thereof at any time duly authorized under the Redevelopment Law.

Redevelopment Property Tax Trust Fund means the fund by that name established pursuant to Section 34170.5 (a) of the Redevelopment Law and administered by the County auditor-controller.

Refunded Bonds means, collectively, the outstanding 1997 Bonds, the 2004A Bonds and the 2004B Taxable Bonds.

Refunding Bond Act means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

Regular Record Date means the fifteenth day of the calendar month prior to an Interest Payment Date.

Reserve Account means the account by that name established pursuant to Section 5.8 (Funding and Application of Reserve Account).

Reserve Facility means any letter of credit, insurance policy, surety bond or other credit source deposited with the Trustee pursuant to Section 5.8 (Funding and Application of Reserve Account).

Reserve Policy means the Municipal Bond Debt Service Reserve Insurance Policy issued by ____, constituting a Reserve Facility hereunder, for deposit into the Reserve Account.

Reserve Requirement means, as of any date of calculation, the least of (i) Maximum Annual Debt Service on the Bonds then Outstanding, (ii) 125% of average Annual Debt Service on the Bonds then Outstanding and (iii) 10% of the initial proceeds of the Bonds.

Responsible Officer means any officer within the corporate trust department (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee with responsibility for matters related to this Indenture.

Revenue Fund means the fund by that name established and held by the Trustee, which referred to in Section 5.4 (Revenue Fund; Allocation of Moneys).

Security Documents means all bond documents including this Indenture, the Bonds and/or any additional or supplemental document executed in connection with the Bonds.

Special Record Date for the payment of any defaulted interest on the Bonds means a date fixed by the Trustee pursuant to Section 2.7 (Payment of Interest on Bonds; Interest Rights Preserved).

Standard & Poor's means Standard & Poor's, a division of The McGraw-Hill Companies, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Agency.

State means the State of California.

Subordinate Debt means any loan, advance or indebtedness issued or incurred by the Agency, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, including revenue bonds and other debts and obligations scheduled for payment pursuant to Section 34183(a)(2) of the Redevelopment Law; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to (i) the pledge of and lien upon the Tax Revenues hereunder

for the security of the Bonds and the Agency's obligation to reimburse the provider of a letter of credit, surety bond or similar instrument for the debt service reserve account for the Bonds or any Parity Debt[, including, without limitation, Policy Costs pursuant to Section 11.2 (Provisions Relating to the Reserve Policy)].

Supplemental Indenture means any indenture hereafter duly executed and delivered, supplementing, modifying, or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate means the tax certificate delivered by the Agency at the time of the issuance and delivery of the Bonds, as the same may be further amended or supplemented in accordance with its terms.

Tax Code means the Internal Revenue Code of 1986, as amended, and the regulations applicable to or issued thereunder.

Tax Revenues means all taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the Redevelopment Property Tax Trust Fund, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Law, and transferred to the Agency for deposit into the Redevelopment Obligation Retirement Fund, excluding amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless such payments are subordinated to payments on the Bonds or any additional Parity Debt hereunder or to the payments owed under any Parity Debt Instrument pursuant to Section 33607.5(e) of the Redevelopment Law and 34177.5(c) of the Dissolution Act.

Trustee means MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, or its successor as Trustee as provided in Section 11.8 (Removal and Resignation; Appointment of Successor).

Section 1.2. Acts of the Owners. Any request, consent, or other instrument required or permitted by this Indenture to be signed and executed by any Owner may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owner in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Agency if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent, or other instrument 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.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Bond Register.

Any request, consent, or other instrument or writing of the Owners of any Bond shall bind every future Owners of such Bond and the Owners of such Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Agency in accordance therewith or reliance thereon.

Section 1.3. Notices, etc., to Agency and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Corporate Trust Office. Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed to the Agency at City of El Cerrito, 10890 San Pablo Avenue, El Cerrito, CA 94530, Attention: Executive Director (or such other address as may have been filed in writing by the Agency with the Trustee).

Section 1.4. Notices to the Owners; Waiver. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.5. Form and Content of Documents Delivered to Trustee. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto, (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Agency may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an Independent Accountant, a Municipal Advisor or an Independent Fiscal Consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an Independent Accountant, a Municipal Advisor or an Independent Fiscal Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Agency) upon a certificate or opinion of or representation by an officer of the Agency, unless such counsel, Independent Accountant, a Municipal Advisor or an Independent Fiscal Consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Agency, or the same counsel, or Independent Accountant, a Municipal Advisor or an Independent Fiscal Consultant, as the case may be, need not certify to all of the matters required to be certified under

any provision of this Indenture, but different officers, counsel, Independent Accountants, Municipal Advisors or Independent Fiscal Consultants may certify to different matters, respectively.

Section 1.6. Effect of Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Indenture.

Section 1.7. Successors and Assigns. Whenever in this Indenture either the Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 1.8. Benefits of Indenture. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Agency, the Trustee, and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Agency, the Trustee, and the Owners of the Bonds.

Section 1.9. Payments/Actions Otherwise Scheduled on Non-Business Days. Except as specifically set forth in a Supplemental Indenture, any payments or transfers that would otherwise become due on any day that is not a Business Day shall become due or shall be made on the next succeeding Business Day. When any other action is provided for herein to be done on a day named or within a specified time period and the day named or the last day of the specified period falls on a day other than a Business Day, such action may be performed on the next succeeding Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 1.10. No Personal Liability for Debt Service. No Agency Board member, officer, agent, or employee of the Agency or the Trustee shall be individually or personally liable for the payment of the principal of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Agency Board member, officer, agent, or employee of the Agency or the Trustee from the performance of any official duty provided by law or by this Indenture.

Section 1.11. Separability Clause. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality, or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 1.12. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

Section 1.13. Execution in Several 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.

ARTICLE II TERMS AND ISSUANCE OF THE BONDS

Section 2.1. Terms and Form of the Bonds.

(A) **Authorization and Title of the Bonds.** The Agency hereby authorizes the issuance of the 2016A Bonds in the principal amount of \$_____ and the 2016B Taxable Bonds in the principal amount of \$_____. The title of the 2016A Bonds shall be “Successor Agency to the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016A Tax Allocation Refunding Bonds (Tax-Exempt).” The title of the 2016B Taxable Bonds shall be “Successor Agency to the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016B Tax Allocation Refunding Bonds (Taxable).” At any time after the execution and delivery of this Indenture, the Agency may execute and the Trustee shall authenticate and deliver the Bonds upon the Order of the Agency.

(B) **Terms of the Bonds.** The 2016A Bonds shall be dated its date of delivery and shall be issued in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple thereof in substantially the form attached hereto as Exhibit A. The 2016A Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rate per annum as follows:

Maturity Date	Principal Amount	Interest Rate
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(C) The 2016B Taxable Bonds shall be dated its date of delivery and shall be issued in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple thereof in substantially the form attached hereto as Exhibit A. The 2016B Taxable Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rate per annum as follows:

Maturity Date	Principal Amount	Interest Rate
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Interest on the Bonds (including the final interest payment upon maturity) shall be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner thereof as of the Regular Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date, to such Owner at the address of such Owner as it appears on the Bond Register as of such Regular Record Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee prior to the applicable Regular Record Date. Principal of any Bond shall be paid upon presentation and surrender thereof, at maturity, at the Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Regular Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before the first Regular Record Date, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication

of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.2. Execution of the Bonds. The Bonds shall be executed in the name and on behalf of the Agency by the Chair or Executive Director of the Agency, whose signature shall be attested by the Secretary. The signature of any officer on the Bonds may be facsimile or manual. The Bonds shall then be delivered to the Trustee for authentication.

In case any of the officers who shall have signed the Bonds shall cease to be such officer or officers of the Agency before the Bonds so signed shall have been authenticated, or delivered by the Trustee, or issued by the Agency, the Bonds may nevertheless be authenticated, delivered, and issued and, upon such authentication, delivery, and issue, shall be as binding upon the Agency as though those who signed the same had continued to be such officers of the Agency. The Bonds may be signed and attested on behalf of the Agency by such persons as at the actual date of execution of the Bonds shall be the proper officers of the Agency although at the nominal date of the Bonds any such person shall not have been such officer of the Agency.

Except as may be provided in any Supplemental Indenture, the Bonds shall not be valid or entitled to the benefits of this Indenture unless there appears on the Bonds a certificate of authentication substantially in the form provided for herein, manually executed by the Trustee. Such certificate of authentication when manually executed by the Trustee shall be conclusive evidence, and the only evidence, that the Bonds have been duly executed, authenticated, and delivered hereunder.

Section 2.3. Transfer of Bonds.

Transfer shall be made upon the books required to be kept pursuant to the provisions of Section 2.4 (Bond Register) hereof, in person or by the duly authorized attorney of such person, upon surrender of the Bonds to the Agency for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Agency.

Whenever any Bond shall be surrendered for transfer, the designated Agency officials shall execute (as provided in Section 2.2 (Execution of Bonds) hereof) and deliver a new Bond. The Agency shall require the payment by the Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of the Bonds shall be required to be made by the Agency during the period from the close of business on the Regular Record Date next preceding any Payment Date to and including such Payment Date.

Section 2.4. Bond Register. The Trustee will keep or cause to be kept at its Corporate Trust Office a record of the registration and transfer of the Bonds, which shall at all times during normal business hours be open to inspection by the Agency, upon reasonable prior notice to the Trustee. 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 Bond Register, the Bonds as hereinbefore provided.

Section 2.5. No Optional Redemption. The Bonds shall not be subject to optional redemption prior to maturity thereof.

Section 2.6. Mutilated, Destroyed, Stolen or Lost Bonds. If (i) a mutilated Bond is surrendered to the Trustee, or the Agency and the Trustee receive evidence to their satisfaction of the destruction, loss, or theft of the Bonds, and (ii) there is delivered to the Agency and the Trustee such security or indemnity as may be required by them to save each of them harmless, then the Agency shall execute, and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bonds, a new Bond of like tenor and the same principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of a new Bond under this Section, the Agency may require payment of a sum sufficient to pay the cost of preparing the Bonds, any tax or other governmental charge that may be imposed in relation thereto, and any other expenses connected therewith.

If, after the delivery of such replacement Bond, the original Bond in lieu of which the replacement Bond was issued is presented for payment or registration, the Trustee shall seek to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom and shall be entitled to recover from the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Trustee or the Agency in connection therewith.

Section 2.7. Payment of Interest on Bonds; Interest Rights Preserved. Interest on the Bonds that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Owners thereof as of the close of business on the Regular Record Date for such interest specified in the provisions of this Indenture.

Any interest on the Bonds that is payable but is not punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to such Owners on the relevant Regular Record Date. Such defaulted interest shall be paid to the Person in whose names the Bonds are registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee. In the name and at the expense of the Agency, the Trustee shall cause notice of the payment of such defaulted interest and the Special Record Date to be mailed, first-class postage prepaid, to such Owners at his address as it appears in the Bond Register not fewer than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, a new Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of the Bond shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such Bond. Any such Bond shall bear interest from such date that neither loss nor gain in interest shall result from such transfer, exchange, or substitution.

Section 2.8. Persons Deemed Owners. The Agency and the Trustee shall be entitled to treat the person in whose names the Bonds are registered as the owners thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Agency. The ownership of the Bonds shall be proved by the Bond Register.

Section 2.9. Cancellation. If surrendered for payment, transfer, or exchange, if surrendered to the Trustee, such Bond shall be promptly cancelled by the Trustee and, if surrendered to any person other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee.

The Agency shall deliver any Bonds to the Trustee for cancellation if it acquired in any manner by the Agency, and the Trustee shall promptly cancel such Bonds.

No Bonds shall be authenticated in lieu of or in exchange for any Bonds if cancelled as provided in this Section, except as expressly provided by this Indenture. The Trustee shall destroy the cancelled Bonds.

Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds, the Trustee shall destroy such Bonds and deliver a certificate of such destruction to the Agency.

Section 2.10. Validity of Bonds. The recital in the Bonds that they are issued pursuant to the Constitution and statutes of the State shall be conclusive evidence of their validity and of compliance with provisions of law in its issuance.

Section 2.11. Book-Entry System. The Bonds, when initially issued, shall be fully registered book-entry bonds, with a single fully registered bond representing each maturity of the Bonds, and the ownership of each Bond, when initially issued, shall be registered in the name of Cede & Co. With respect to book-entry Bonds, the Agency and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which such a Depository System Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Depository System Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Depository System Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, (iii) the selection by the Depository and its Depository System Participants of the beneficial interests in book-entry Bonds to be redeemed in the event the Agency redeems such in part, or (iv) the payment of any Depository System Participant or any other person, other than an Owner as shown in the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Agency and the Trustee may treat and consider the person in whose name each is registered in the Bond Register as the absolute Owner of such for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation of the Agency to make payments of principal, premium, if any, and interest pursuant hereto. Upon delivery by the Depository to the Trustee and the Agency of written notice to the effect that the Depository has determined to

substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to record dates, the term Nominee herein shall refer to such nominee of the Depository.

In order to qualify the Bonds for the Depository's book-entry system, the Agency and the Trustee shall execute and deliver to the Depository a letter of representations as may be required by the Depository. The execution and delivery of such letter shall not in any way impose upon the Agency or the Trustee any obligation whatsoever with respect to persons having interests in such Bonds other than the Owners, as shown on the Bond Register. In addition to the execution and delivery of such letter, the Agency and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify the Bonds for the Depository's book-entry program.

In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Agency will discontinue the book-entry system with the Depository. If the Agency determines to replace the Depository with another qualified securities depository, the Agency shall prepare or direct the preparation of a new single, separate, fully registered Bond for each of the maturities of such Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Agency fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names Owners transferring or exchanging such Bonds shall designate in accordance with provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in the foregoing paragraph or as otherwise instructed by the Depository.

ARTICLE III APPLICATION OF PROCEEDS

Section 3.1. Application of Proceeds of the Bonds.

(A) The proceeds of the sale of the 2016A Bonds of \$_____, less the amount of \$_____ which the Underwriter shall wire to the Bond Insurer as payment of the premiums for the Policy and Reserve Policy allocable to the 2016A Bonds, shall be deposited, together with \$_____ on deposit for the 1997 Bonds and the 2004A Bonds, with the Trustee and shall be set aside or transferred by the Trustee as follows:

(1) The Trustee shall transfer \$_____ to the escrow agent under the 1997 Escrow Instructions for deposit in the escrow fund established thereunder.

(2) The Trustee shall transfer \$_____ to the escrow agent under the 2004A Escrow Instructions for deposit in the escrow fund established thereunder.

(3) The Trustee shall deposit \$_____ in the Costs of Issuance Fund (created by Section 3.2 (Establishment and Application of Costs of Issuance Fund)).

(B) The proceeds of the sale of the 2016B Taxable Bonds of \$_____, less the amount of \$_____ which the Underwriter shall wire to the Bond Insurer as payment of the premiums for the Policy and Reserve Policy allocable to the 2016B Taxable Bonds, shall be deposited, together with \$_____ on deposit for the 2004B Taxable Bonds, with the Trustee and shall be set aside or transferred by the Trustee as follows:

(1) The Trustee shall transfer \$_____ to the escrow agent under the 2004B Escrow Instructions for deposit in the escrow fund established thereunder.

(2) The Trustee shall deposit \$_____ in the Costs of Issuance Fund (created by Section 3.2 (Establishment and Application of Costs of Issuance Fund)).

The Trustee may establish a temporary fund or account in its records to facilitate such deposit and transfer.

Section 3.2. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain, and hold a separate fund designated as the “Costs of Issuance Fund.” The moneys in the Costs of Issuance Fund shall be applied by the Trustee to pay the Costs of Issuance of the Bonds, upon a Requisition filed with the Trustee, in the form attached hereto as Exhibit B. Each such Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. All interest, profits, and other income received from the investment of moneys in the Costs of Issuance Fund shall be deposited therein. At the end of six (6) months from the date of issuance of the Bonds, or upon an earlier determination by the Agency that amounts in such fund are no longer required for the payment of Costs of Issuance, the Trustee shall transfer any remaining amounts in such fund to the Agency and the Costs of Issuance Fund shall be closed.

ARTICLE IV DEFEASANCE

Section 4.1. Discharge of Indenture.

(A) Payment of Bonds. The Bonds may be paid in any of the following ways:

(1) by paying or causing to be paid the principal of and interest on the Bonds, as and when the same become due and payable;

(2) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 4.3 (Deposit of Money or Securities with Trustee)) to pay or redeem the Bonds; or

(3) by delivering the Bonds to the Trustee for cancellation.

(B) Consequence of Payment of Bonds. If the Agency shall pay all of the Bonds Outstanding and also pay or cause to be paid all other sums payable hereunder by the Agency, then

and in that case, at the election of the Agency, evidenced by a Certificate of the Agency filed with the Trustee signifying the intention of the Agency to discharge all such indebtedness and this Indenture, and notwithstanding that the Bonds shall not have been surrendered for payment, this Indenture, the pledge of Tax Revenues and other assets made hereunder, all covenants and agreements and other obligations of the Agency under this Indenture, and the rights and interests created hereby (except as to any surviving rights of transfer or exchange of the Bonds as provided in Section 2.4 (Bond Register) and rights to payment from moneys deposited with the Trustee as provided in Section 4.2 (Discharge of Liability on Bonds)) shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Indenture, the obligations to the Trustee under Section 10.6 (Compensation and Indemnification of Trustee), and the covenants of the Agency to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes contained in Section 7.6 (Federal Income Tax Covenants) shall survive.

(C) Delivery of Excess Funds. If the Agency shall deliver excess funds in connection with the payment of all of the Bonds Outstanding and all other sums payable hereunder by the Agency, upon Request of the Agency, the Trustee shall cause an accounting for such period or periods as may be requested by the Agency to be prepared and filed with the Agency and shall execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver to the Agency all moneys or securities or other property held by it pursuant to this Indenture that, as evidenced by a verification report (upon which the Trustee may conclusively rely) from an Independent Accountant, are not required for the payment of the Bonds not theretofore surrendered for such payment; subject to the provisions of Section 7.6 (Federal Income Tax Covenants) and the Tax Certificate with respect to moneys in the Rebate Fund.

(D) Notice of Defeasance. If moneys or Defeasance Securities are deposited with and held by the Trustee as provided in this Article, the Trustee shall within thirty (30) days after such money and Defeasance Securities shall have been deposited with it mail a notice, first class postage prepaid, to the Owners at the addresses listed on the Bond Register, (a) setting forth the maturity date of the Bonds deemed paid, (b) giving a description of the Defeasance Securities, if any, so held by it, and (c) stating, as applicable, that this Indenture has been discharged and/or all liability of the Agency in respect of the Bonds has been discharged, in accordance with the provisions of this Article.

Section 4.2. Discharge of Liability on the Bonds. Upon the deposit with the Trustee, escrow agent or other fiduciary, in trust, at or before maturity, of money or Defeasance Securities in the necessary amount (as provided in Section 4.3 (Deposit of Money or Securities with Trustee)) to pay any Outstanding Bonds (whether upon or prior to its maturity), then all liability of the Agency in respect of such Bonds shall cease, terminate, and be completely discharged, except that thereafter (i) the Owners thereof shall be entitled to payment of the principal of and premium, if any, and interest on such Bonds by the Agency and the Agency shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 4.4 (Earnings on Moneys Unclaimed After Payment of the Bond) and (ii) the Owners thereof shall retain its rights of transfer or exchange of such Bonds as provided in Section 2.4 (Bond Register).

Section 4.3. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem the Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(A) Cash: cash held in certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully insured by the FDIC in an amount equal to the principal amount of the Bonds and all unpaid interest thereon to maturity; or

(B) Securities: Defeasance Securities the principal of and interest on which when due will, together with the cash (if any) deposited with or held by the Trustee at the same time, provide money sufficient to pay the principal of and all unpaid interest to maturity on the Bonds to be paid, as such principal and interest become due;

provided, in each case, (a) that the Agency shall have delivered to the Trustee a report of an Independent Accountant (upon which report the Trustee may conclusively rely) verifying that the cash and/or Defeasance Securities deposited are in the required amounts and (b) that the Trustee shall have been irrevocably instructed (by the terms of this indenture or by Request of the Agency) to apply such money to the payment of such principal of and interest on the Bonds.

Section 4.4. Earnings on Moneys Unclaimed After Payment of Bonds. All moneys held by or on behalf of the Trustee for the payment of principal of or interest on the Bonds, shall be held for the account of the Owners thereof and the Trustee shall not be required to pay such Owners any interest on, or be liable to such Owners or any other person (other than the Agency) for any interest earned on moneys so held.

Section 4.5. Notice of Defeasance. If any Bonds are to be paid and discharged pursuant to Section 4.1(A)(2), the Trustee shall within thirty (30) days after the money or Defeasance Securities shall have been deposited with it mail a notice, first class postage prepaid, to the Owners at the addresses listed on the Bond Register, (a) setting forth the maturity date of such Bonds, (b) giving a description of the Defeasance Securities, if any, held by it, and (c) stating that this Indenture has been released in accordance with the provisions of this Section.

ARTICLE V

PLEDGE OF TAX REVENUES; ESTABLISHMENT AND APPLICATION OF FUNDS

Section 5.1. Pledge of Tax Revenues. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Agency hereby pledges to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with its terms and the provisions of this Indenture, (i) all of the Tax Revenues and (ii) with respect to the Bonds, any other amounts (including proceeds of the sale of Bonds) held in any fund or account established pursuant to this Indenture (except for amounts held in the Rebate Fund).

This pledge constitutes a first lien on and security interest in the Tax Revenues and other assets for the payment of the Bonds in accordance with its terms. Except for the Tax Revenues and such moneys, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the

payment of principal of or interest on the Bonds. This pledge of Tax Revenues is for the exclusive benefit of the Bonds and any Parity Debt and shall be irrevocable until all of the Bonds has been paid and retired or until moneys have been set aside irrevocably for that purpose.

The Agency shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in the Tax Revenues and other assets that ranks prior to or on a parity with the pledge granted under this Indenture, or file any financing statement describing any such pledge, assignment, lien, or security interest, except as expressly permitted under this Indenture. The Agency represents and warrants that, other than the pledge of the Tax Revenues that secures the Bonds, neither the Former Agency nor the Agency has heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Tax Revenues that ranks on a parity with or prior to the pledge of Tax Revenues granted under this Indenture.

Section 5.2. Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues.

The Agency has heretofore established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Redevelopment Law which the Agency shall continue to hold and maintain so long as any of the Bonds are Outstanding. The Agency agrees that, so long as any of the Bonds remains Outstanding, it shall continue to deposit all of the Tax Revenues in the Redevelopment Obligation Retirement Fund as soon as practicable upon receipt, until such time during each Bond Year as the amounts on deposit in the Redevelopment Obligation Retirement Fund equal the aggregate amounts required to be transferred to the Trustee under Section 5.4 (Revenue Fund; Allocation of Moneys) and any Parity Debt Instrument.

All Tax Revenues and any other amounts at any time deposited in the Redevelopment Obligation Retirement Fund shall be held by the Agency solely for the uses and purposes set forth in this Article. So long as any Bond is Outstanding, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except only as provided in this Indenture, and such moneys shall be used and applied as set forth in this Article.

Section 5.3. Transfer of Tax Revenues to Trustee. So long as any Bond is Outstanding, no later than the fifth (5th) Business Day preceding each Payment Date, the Agency shall withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit into the Revenue Fund the amounts required by the Trustee to make the transfers required by Section 5.4 (Revenue Fund; Allocation of Moneys) on or before such Payment Date.

Section 5.4. Revenue Fund; Allocation of Moneys.

(A) Revenue Fund. The Trustee shall establish a trust fund known as the “Revenue Fund” (the “Revenue Fund”), which the Trustee shall to hold as a separate fund during the entire term of this Indenture. The Trustee shall promptly deposit all payments received from the Agency in the Revenue Fund promptly upon receipt from the Agency.

(B) Allocation of Moneys. So long as any Bond is Outstanding, the Trustee shall set aside the moneys in the Revenue Fund in the following respective accounts (each of which the Trustee shall establish, maintain, and hold in trust for the benefit of the Owners of the Bonds) in the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of moneys

sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority; provided that the Trustee shall set aside or transfer such amounts on a pro rata basis with respect to any outstanding Parity Debt as provided in any Parity Debt Instrument:

(1) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside in the Interest Account an amount that, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on such Interest Payment Date. The Trustee shall also deposit in the Interest Account any other amounts received by it from the Agency designated by the Agency in writing for deposit in the Interest Account.

(2) Principal Account. On or before each Principal Payment Date, the Trustee shall withdraw from the Revenue Fund and deposit in the Principal Account an amount that, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Bonds on such Principal Payment Date. No such deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on such Principal Payment Date. The Trustee shall also deposit in the Principal Account any other amounts received by it from the Agency designated by the Agency in writing for deposit in the Principal Account.

(3) Reserve Account. On each Interest Payment Date, the Trustee shall withdraw from the Revenue Fund and deposit in the Reserve Account an amount of money that, after taking into account the then applicable valuation of Permitted Investments in the Reserve Account pursuant to Section 5.8(C) (Investment of Moneys in Funds and Accounts – Valuation of Investments), shall be required to maintain in the Reserve Account an amount equal to the Reserve Requirement. No such deposit need be made to the Reserve Account so long as there shall be on deposit therein a Reserve Facility in a principal amount that, together with any part of the Reserve Account held in cash, at least equal to the Reserve Requirement.

(C) Surplus. The Trustee shall withdraw any moneys remaining in the Revenue Fund on any September 2 after the foregoing transfers described in (1), (2) and (3) of Subsection (B) above and transfer such amounts to the Agency to be used for any lawful purpose of the Agency.

Section 5.5. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on the Bonds if purchased or redeemed prior to maturity pursuant to this Indenture).

Section 5.6. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely for the purposes of paying the principal of the Bonds when due and payable.

Section 5.7. Funding and Application of Reserve Account.

(A) Deposit of Reserve Policy. On the Closing Date, there shall be deposited to the Reserve Account the Reserve Policy providing for an amount equal to the Reserve Requirement as of the Closing Date.

(B) Substitution of Cash. Provided that there are no outstanding and unpaid amounts due to each issuer of a Reserve Facility, the Agency may at any time substitute cash for all or part of the amount available to be paid to the Trustee under any Reserve Facility delivered pursuant to this Section to satisfy the Reserve Requirement.

(C) Reserve Facilities in Lieu of Cash. In lieu of making all or a portion of the Reserve Requirement deposits in compliance with subsection (B)(3) of Section 5.4 (Revenue Fund; Allocation of Moneys) herein, or in replacement of moneys then on deposit in the Reserve Account, the Agency may deposit one or more Reserve Facilities, under the terms of which the Trustee is unconditionally entitled to draw amounts when required for the purposes hereof. Upon substitution by the Agency of any such Reserve Facility, the Trustee shall withdraw from the Reserve Account and transfer to the Agency, free and clear of the pledge hereof, an amount equal to the principal amount of such Reserve Facility.

(D) Replenishment of Draws on Reserve Account and/or Reserve Facility. Notwithstanding any other provision of this Indenture, upon any withdrawal of moneys from the Reserve Account or any draw upon a Reserve Facility for transfer to the Interest Account or the Principal Account, the Trustee shall promptly notify the Agency of the amount of such withdrawal or draw. The Agency shall include on its next Recognized Obligations Payment Schedule the amount required to replenish the Reserve Account to the Reserve Requirement or to make the payments required by the terms of the Reserve Facility or related reimbursement or loan agreement so that the Reserve Facility shall be reinstated in the amount of such drawing. Following a withdrawal of moneys from the Reserve Account for transfer to the Interest Account or the Principal Account, all earnings on the investment of moneys in the Reserve Account shall be retained therein until such time as the amount in the Reserve Account equals and is, thereafter, maintained at the Reserve Requirement. The Agency shall assure that any amount in the Reserve Account in excess of the Reserve Requirement is invested in a manner that will not adversely affect the federal tax-exemption of interest payable on the Bonds (and the Trustee's sole responsibility with respect to any such investment will be to comply with any applicable directions of the Agency).

(E) Application of Reserve Account. The Trustee shall use and withdraw the amounts in the Reserve Account (including all amounts that may be obtained from Reserve Facilities on deposit in the Reserve Account) for the purposes of making up any deficiency in the Interest Account or the Principal Account. If the Trustee draws on or collects under a Reserve Facility, the Trustee shall use amounts deposited in the Reserve Account following such draw or collection to make the payments required by the terms of the Reserve Facility or related reimbursement or loan agreement so that the Reserve Facility shall be reinstated in the amount of such draw or collection. If so directed by the Agency, the Trustee shall use and withdraw the amounts in the Reserve Account held in cash or Permitted Investments to make the payments required to retire the Bonds (by the payment of the final principal and interest payments on the Bonds).

Notwithstanding the foregoing, so long as the Agency is not in default hereunder, any amount held in the form of cash or Permitted Investments in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account by the Trustee at least two (2) Business Days prior to each Interest Payment Date and deposited in the Interest Account to be used to make payments on the Bonds, provided that, for the purpose of any such withdrawal, Permitted Investments in the Reserve Account shall be valued at the lower of cost or the applicable valuation determined pursuant to Section 5.8(C) (Investment of Moneys in Funds and Accounts – Valuation of Investments).

(F) Draws Upon Reserve Facilities. When and to the extent necessary to apply amounts in the Reserve Account to pay the principal of and interest on the Bonds when due, the Trustee shall first use the portion of the Reserve Account held in cash or Permitted Investments, and then, on a pro rata basis with respect to the portion of the Reserve Account held in the form of Reserve Facilities (calculated by reference to the maximum amounts of such Reserve Facilities), draw or collect under each Reserve Facility, in a timely manner and pursuant to the terms of such Reserve Facility. In the event that the Trustee has notice that any payment of principal of or interest on the Bonds has been recovered from the Owners pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, pursuant to and provided that the terms of the Reserve Facility, if any, securing the Bonds so provide, shall so notify the issuer thereof and draw or collect under such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility in order to pay to the Owners the principal and interest so recovered.

Section 5.8. Investment of Moneys in Funds and Accounts.

(A) Investment in Permitted Investments. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Indenture shall be invested solely as directed by the Agency, solely in Permitted Investments. The Agency shall provide investment direction in writing at least two (2) Business Days prior to the date of investment. The Agency's investment directions shall be subject to the limitations set forth in Section 7.6 (Federal Income Tax Covenants), the maturity limitations set forth in subsection (B) (Maturity of Investments) of this Section, and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Agency. Each investment direction shall contain a certification by the Agency that the investments are "Permitted Investments" as defined in Section 1.1 hereof and the Trustee shall have no duty or obligation to ascertain whether any investment is a Permitted Investment or complies with the Agency's investment policy. If and to the extent the Trustee does not receive investment instructions from the Agency with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Indenture, such moneys shall be invested in money market mutual funds, which may include such funds for which the Trustee or an affiliate provides investment advice or other services, and the Trustee shall hold such funds pending the receipt of written investment instructions. The Trustee or its affiliates may act as agent, principal, sponsor, advisor or depository with regard to any Permitted Investments. The Trustee shall furnish the Agency periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Agency. Upon the Agency's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Agency waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted

by law. The Agency further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(B) Maturity of Investments. Moneys in the Reserve Account shall be invested in Permitted Investments with maturities not longer than ten (10) years, the average life of which is no longer than five (5) years. Moneys in the remaining funds and accounts shall be invested in Permitted Investments maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

(C) Valuation of Investments. All Permitted Investments credited to the Reserve Account shall be valued as of each Interest Payment Date at their fair market value determined to the extent practical by reference to the closing bid price thereof published in the Wall Street Journal or any other financial publication or quotation service selected by the Trustee in its discretion. The Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system, and may conclusively rely thereon.

(D) Earnings on Investments. All interest, profits, and other income received from the investment of moneys in any fund or account established hereunder (other than with respect to funds and accounts held by the Agency) shall be retained therein. Notwithstanding anything to the contrary contained in this Article, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account from which such accrued interest was paid.

(E) Commingling Funds for Investment. The Trustee may commingle any of the funds or accounts established pursuant to this Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, with the prior written consent of the Agency, may impose its customary charge therefor. The Trustee may 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 or account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

(F) Investment Recordkeeping.

(1) Information to Establish Yield on Investments. The Trustee shall keep proper books of record and accounts containing accurate and correct entries of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Bonds, including moneys derived from, pledged to, or to be used to make payments on the Bonds and held by the Trustee hereunder. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment security, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be,

including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity.

(2) Information to Establish Purchase and Disposition of Investments at Fair Market Value. The Trustee shall also provide to the Agency, in accordance with a Request of the Agency, with respect to each purchase or sale of a Permitted Investment made by it such documentation as is reasonably available to the Trustee.

Section 5.9. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of the Owners thereof.

Section 5.10. Money Held for the Owners. The money held by the Trustee for the payment of the interest or principal due on any date with respect to the Bonds (or a portion of the Bonds if redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 4.4 (Earnings on Moneys Unclaimed After Payment of the Bonds).

Section 5.11. Payment of Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal of or interest on any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon Request of the Agency, be repaid to the Agency 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 Indenture as aforesaid, the Trustee shall (solely at the request and cost of the Agency) first mail to the Owners of any Bonds remaining unpaid at the addresses shown on the Bond Register 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 Agency of the moneys held for the payment thereof. All moneys held by or on behalf of the Trustee for the payment of principal of or interest on Bonds, whether at acceleration or maturity, shall be held uninvested in trust for the account of the Owners thereof and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person for any interest earned on, moneys so held.

ARTICLE VI

ISSUANCE OF REFUNDING OBLIGATIONS AND PARITY DEBT

Section 6.1. Refunding Obligations. The Agency may issue or incur other loans, advances, or indebtedness payable from Tax Revenues to refund any Parity Debt, provided that (a) the Agency complies with the requirements of Health and Safety Code section 34177.5 and (b) Annual Debt Service on the refunding debt in each Bond Year during the term thereof does not exceed the amount of Annual Debt Service that would have been due in such Bond Year on the

refunded debt had it remained Outstanding. The Trustee shall not be responsible for monitoring the Agency's compliance with this Section 6.1 (Refunding Obligations).

Section 6.2. Parity Debt. If California law is revised so as to permit the Agency to issue additional Parity Debt, the Agency may issue additional Parity Debt, subject to the following specific conditions precedent:

(A) the Agency is in compliance with all covenants set forth in this Indenture and any Parity Debt Instruments;

(B) the Tax Revenues estimated to be received for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area (excluding taxes attributable to a tax rate levied by a taxing agency after January 1, 1989 for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness of such taxing agency), as evidenced in writing from the County Assessor or other appropriate official of the County, plus at the option of the Agency the Additional Revenues, are at least equal to one hundred twenty-five (125%) of Maximum Annual Debt Service, including annual debt service on the proposed Parity Debt;

(C) the Parity Debt Instrument providing for the issuance of such Parity Debt provides that interest thereon is payable on March 1 and September 1, and principal thereof is payable on March 1 and September 1 in any year in which principal is payable; and

(D) the Agency delivers to the Trustee a Certificate of the Agency certifying stating that the conditions precedent to the issuance of such Parity Debt set forth in the foregoing subsections (A), (B), (C) and (D) of this Section have been satisfied.

ARTICLE VII GENERAL BOND COVENANTS OF THE AGENCY

Section 7.1. Power to Issue Bonds and Make Pledge. The Agency is duly authorized pursuant to the Dissolution Law and the Refunding Bond Act to issue the Bonds and to enter into this Indenture and to pledge and assign the Tax Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the valid and binding limited obligations of the Agency in accordance with their terms.

Section 7.2. Punctual Payment. The Agency will punctually pay or cause to be paid the principal and interest to become due in respect of the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof.

Section 7.3. Extension of Time for Payment of the Bonds. The Agency will not directly or indirectly extend or assent to the extension of the maturity of the Bonds or the time of payment of any or claims for interest by the purchase or funding of the Bonds or claims for interest or by any other arrangement. In case the maturity of the Bonds or the time of payment of any such claims for interest shall be extended, the Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of the Bonds and of all claims for interest thereon that shall not have been so extended.

Nothing in this Section shall be deemed to limit the right of the Agency to issue bonds for the purpose of refunding the Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 7.4. Preservation of Rights of the Owners. The Agency shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge and assignment of Tax Revenues and other assets and all the rights of the Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 7.5. Waiver of Laws. The Agency will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Agency to the extent permitted by law.

Section 7.6. Federal Income Tax Covenants.

(A) **General Covenant.** The Agency shall at all times do and perform all acts and things permitted by law and this Indenture that are necessary and desirable in order to assure that interest paid on the Bonds will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Agency agrees to maintain or cause to comply with the provisions of the Tax Certificate. This covenant shall survive the defeasance or payment in full of the Bonds.

(B) **Establishment and Application of Rebate Fund.** The Trustee shall establish and maintain a fund designated as the “Rebate Fund” separate from any other fund held by the Trustee. The Trustee shall deposit moneys into (from moneys made available by the Agency) and disburse moneys from the Rebate Fund pursuant to written instructions from the Agency. The Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if it follows the instructions of the Agency, including to supply all necessary information in the manner specified in the Tax Certificate. In the absence of written instructions from the Agency, the Trustee shall not be required to take any action with respect to the Rebate Fund or the Tax Certificate and shall have no liability or responsibility to enforce compliance by the Agency with the terms of the Tax Certificate. All interest, profits, and other income received from the investment of moneys in the Rebate Fund shall be deposited in the Rebate Fund, except as otherwise directed by the Agency.

Section 7.7. Books and Accounts; Financial Statements.

(A) **Books and Accounts.** The Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners or its representative authorized in writing.

(B) **Financial Statements.** The Agency will cause to be prepared annually, within two hundred seventy (270) days after the close of each Fiscal Year complete financial statements with respect to such Fiscal Year showing the Tax Revenues, as of the end of such Fiscal Year, which

statements shall be accompanied by a certificate or opinion in writing of an Independent Accountant relating thereto. The Agency will furnish a copy of such statements to the Owners upon reasonable written request, at the expense of the Owners. The Trustee shall have no duty to review such financial statements.

Section 7.8. Further Assurances. The Agency will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

ARTICLE VIII ADDITIONAL COVENANTS OF THE AGENCY RELATING TO THE TAX REVENUES, THE REDEVELOPMENT LAW, AND THE DISSOLUTION LAW

Section 8.1. Maintenance of Tax Revenues. The Agency shall comply with all requirements of the Redevelopment Law and the Dissolution Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of its Recognized Obligation Payment Schedule with appropriate officials of the County, the Oversight Board, and the State. The Agency shall not enter into any agreement with any other governmental unit, or amend any such agreement, if such agreement or amendment would have the effect of reducing the amount of Tax Revenues available to the Agency for payment of the Bonds, unless in the written opinion of an Independent Fiscal Consultant filed with the Trustee such reduction will not adversely affect the interests hereunder of or the security granted hereunder to the Owners.

Section 8.2. Limitations on Additional Indebtedness. The Agency hereby covenants that, so long as any Bond is Outstanding, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, that is in any case secured by a lien on all or any part of the Tax Revenues that is superior to or on a parity with the lien established hereunder for the security of the Bonds, except as permitted by Section 6.1 (Refunding Obligations) or Section 6.2 (Parity Debt). The Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency. Such Subordinate Debt may be payable from any assets or property of the Agency, including Tax Revenues on a subordinate basis to the payment of debt service on the Bonds and any Parity Debt.

Section 8.3. Payment of Claims. The Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies that, if unpaid, might become a lien or charge upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or that might impair the security of the Bonds. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

Section 8.4. Payments of Taxes and Other Charges. The Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges that may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Project Area, when the same shall become due. Nothing herein

contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges.

Section 8.5. Compliance with the Redevelopment Law and the Dissolution Law. The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan, the Redevelopment Law, and the Dissolution Law.

Section 8.6. ROPS Filing Requirements. No later than February 1 of each year, the Agency shall through its Oversight Board approve the Recognized Obligation Payment Schedule for the annual period from July 1 to June 30 (each, an “Annual Period”) and timely file the Recognized Obligation Payment Schedule with the appropriate officials of the County, the State Department of Finance and the State Controller. So long as any Bonds are outstanding, the Agency shall include in each Recognized Obligation Payment Schedule the Annual Debt Service due on all Outstanding Bonds for the Bond Year in which the next Annual Period occurs (the “Annual Payment”) and shall ensure that the Annual Payment for the Bonds for each Bond Year will be fully funded prior to paying subordinate enforceable obligations in such Bond Year.

In addition, the Agency covenants that in the event that the amount of Tax Revenues available to the Agency from the Redevelopment Property Tax Trust Fund for transfer to the Redevelopment Obligation Retirement Fund on the upcoming semiannual period ending June 30 or December 31, as applicable, is insufficient to fully fund the portion of the Annual Payments due in the following 6-month period, the Agency shall, on or before May 1 or December 1, as applicable, of each year, file a Notice of Insufficiency with the County Auditor-Controller in accordance with the Dissolution Law.

Section 8.7. Continuing Disclosure. The Agency hereby covenants and agrees that it 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 Agency to comply with the Continuing Disclosure Certificate shall not be an Event of Default hereunder. However, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under this Section.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES OF THE OWNERS

Section 9.1. Events of Default. The following events shall be Events of Default:

(A) **Principal Payment Default:** default in the due and punctual payment of the principal of the Bonds when and as the same shall become due and payable, whether at maturity as therein expressed or otherwise;

(B) **Interest Payment Default:** default in the due and punctual payment of any installment of interest on the Bonds when and as such interest installment shall become due and payable;

(C) Payment Default on Other Financial Obligations: default in the payment of principal of or interest on any Financial Obligation and continuation of such default beyond any applicable grace period;

(D) Covenant Default: if the Agency shall fail to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in subsection (A) or (B) of this Section, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Agency by the Trustee or the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; except that, if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such 30-day period, the Trustee or the Owners shall not unreasonably withhold its consent to an extension of such time for an additional period of thirty (30) days (or, with the prior approval of the Trustee or the Owners, any additional reasonable period of time) if corrective action is instituted by the Agency within such 30-day period and diligently pursued until such failure is corrected; and

(E) Reorganization or Insolvency: if the Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

Section 9.2. Acceleration of Maturities.

(A) Declaration by Trustee. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may or, upon the receipt of written instructions from the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall, upon notice in writing to the Agency, (a) declare the unpaid principal of the Bonds, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding; and (b) subject to the provisions of Section 9.4 (Trustee to Represent the Owners), exercise any other remedies available to the Trustee and the Owners in law or at equity. Upon the occurrence of an Event of Default all Tax Revenues under this Indenture shall be immediately deposited with the Trustee.

(B) Notice of Acceleration. Immediately upon obtaining actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone, telecopier or other communication device, promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (A), (B), (C), or (E) above the Trustee shall, and with respect to any Event of Default described in clause (D) above the Trustee in its sole discretion may also give such notice by first class mail to the Owners, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable

pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

(C) Rescission of Declaration. Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all the principal of the Bonds due prior to such declaration and all matured installments of interest on the Bonds payment of which is overdue, with interest on such overdue payments of principal and interest installments at the rate borne by the Bonds, and the reasonable fees, charges, and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults of which the Trustee has actual knowledge (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, if such declaration was made by the Trustee in accordance with written instructions of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall, upon receipt of written instructions of such Owners, by written notice to the Agency, or, if such declaration was made by the Trustee, the Trustee may, on behalf of the Owners, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 9.3. Application of Money Collected. If an Event of Default shall occur and be continuing, the Trustee shall apply all funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (except as otherwise provided in this Indenture) as follows and in the following order:

(A) To the payment of the costs and expenses of the Trustee in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Indenture and then to the payment of the costs and expenses of the Owners in declaring such Event of Default;

(B) To the payment of the whole amount of principal then due on the Bonds and any Parity Debt (upon presentation of the Bonds and any Parity Debt to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 7.3 (Extension of Time for Payment of Bonds)), with interest on such principal, at the rate or rates of interest borne by the respective Bonds and any Parity Debt as follows:

(1) Unless the principal of the Bonds and any Parity Debt shall have become or have been declared due and payable, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal of the Bonds and any Parity Debt that shall have become due at maturity, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds and any Parity Debt, and, if the amount available shall not be sufficient to pay in full the Bonds and any Parity Debt due on any date, together with such interest, then to the payment thereof ratably, according to the

amounts of principal or interest due on such date to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of the Bonds and any Parity Debt shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds and any Parity Debt, with interest on the overdue principal at the rate or rates borne by the respective Bonds and any Parity Debt, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Section 9.4. Trustee to Represent the Owners. The Trustee is hereby irrevocably appointed (and the Owners, by taking and holding the Bonds, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, this Indenture and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners, the Trustee in its discretion may, and upon the written request of the Owners and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners by such appropriate action, suit, mandamus, or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in the Owners under this Indenture or any law.

Section 9.5. Trustee May Enforce Claims without Possession of the Bonds. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action, or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners, subject to the provisions of this Indenture (including Section 9.6 (Limitation on Suits)).

Section 9.6. Limitation on Suits. No Owner of any Bond shall have the right to institute any suit, action, or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture or any applicable law with respect to the Bonds, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name ; (3) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity, and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by the Owners of any remedy hereunder or under law; its being understood and intended that the Owners shall not have any right in any manner whatever by his action to affect, disturb or prejudice the security of this Indenture or to enforce any right under this Indenture or applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of the Owners, subject to the provisions of this Indenture.

Section 9.7. Unconditional Right of the Owners to Receive Principal and Interest. Nothing contained in Section 9.6 (Limitation on Suits), in any other provision of this Indenture, or in the Bonds shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the Owners at its date of maturity, as herein provided, or affect or impair the right of the Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 9.8. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. 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 9.9. Delay or Omission Not Waiver. No delay or omission of the Owners to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Indenture or by law to the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Owners.

ARTICLE X THE TRUSTEE

Section 10.1. Appointment of Trustee. MUFG Union Bank, N.A. is hereby appointed as Trustee, paying agent, bond registrar, and authenticating agent for the Bonds under this Indenture and hereby accepts the duties imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Indenture.

Section 10.2. Certain Duties and Responsibilities.

(A) Duties When No Default is Continuing. Prior to an Event of Default and after the curing or waiver of all Events of Default that may have occurred:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties shall be read into this Indenture against the Trustee;

(2) in the absence of bad faith on its part the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein,

upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.

(B) Duties During Continuance of Event of Default. During the existence of any Event of Default (that has not been cured or waived), 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 person would exercise or use under the circumstances in the conduct of such person's own affairs.

(C) Immunities of Trustee. No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this Subsection shall not be construed to limit the effect of Subsection A of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture;

(4) 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 or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not assured to it; and

(5) the Trustee shall not be deemed to have knowledge of any Event of Default (other than an Event of Default described in Sections 9.1(A) or 9.1(B) unless and until the Trustee has received written notice of such an Event of Default at its Corporate Trust Office.

(D) Immunities Applicable to All Provisions of Indenture. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

Section 10.3. Certain Rights of Trustee; Liabilities of Trustee. Except as otherwise provided in Section 10.2 (Certain Duties and Responsibilities):

(A) Reliance on Documents Believed Genuine: the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument,

opinion, report, notice, request, consent, order, bond, note, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(B) Documentation of Agency's Directions: any request or direction of the Agency mentioned herein shall be sufficiently evidenced by a Certificate, Statement, Request, Requisition, or Order of the Agency;

(C) Reliance on Agency Certificate: whenever in the fulfillment of the obligations imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of the Agency, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable;

(D) Reliance on Advice of Counsel: the Trustee may consult with counsel, including, without limitation, counsel of or to the Agency, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

(E) Security or Indemnity: the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of the Owners pursuant to the provisions of this Indenture, including, without limitation, the provisions of Article IX (Events of Default and Remedies of the Owners) hereof, unless the Owners shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby;

(F) Investigation of Factual Matters: the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Agency, personally or by agent or attorney.

(G) Performance of Duties by Agents: the Trustee may perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters concerning its duty hereunder, and the Trustee shall not be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it.

(H) Electronic Communications: 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

Agency 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 Agency agrees 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.

(I) Force Majeure: the Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include, but not be limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(J) Permissive Rights: the permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

Section 10.4. Trustee Not Responsible for Recitals or Issuance of the Bonds or Application of Proceeds.

(A) Trustee Makes No Representations. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Agency, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Bond). The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bonds, as to the sufficiency of the Tax Revenues or the priority of the lien of this Indenture thereon, and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Bonds assigned to or imposed upon it. The Trustee is not responsible for any official statements or any other offering or disclosure materials prepared with respect to the Bonds.

(B) Trustee Not Responsible for Application of Certain Moneys. The Trustee shall not be responsible for:

(1) the application or handling by the Agency of any Tax Revenues or other moneys transferred to or pursuant to any Requisition or Request of the Agency in accordance with the terms and conditions hereof;

(2) the application and handling by the Agency of any fund or account designated to be held by the Agency hereunder;

(3) any error or omission by the Agency in making any computation or giving any instruction pursuant to Section 7.6 (Federal Income Tax Covenants) hereof and may rely conclusively on any computations or instructions furnished to it by the Agency in connection with the requirements of Section 7.6 (Federal Income Tax Covenants);

(4) the construction, operation, or maintenance of any facilities by the Agency.

Section 10.5. Trustee May Hold Agency Indebtedness. The Trustee may in good faith hold any form of indebtedness of the Agency, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Agency and make disbursements for the Agency and enter into any commercial or business arrangement therewith, without limitation.

Section 10.6. Compensation and Indemnification of Trustee. The Agency agrees

(A) Compensation: to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder;

(B) Reimbursement: except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with any provision of this Indenture, all in accordance with the terms of the written agreement between the Agency and the Trustee; and

(C) Indemnification: to indemnify the Trustee for, and to hold it harmless from and against, any loss, liability, or expense (including reasonable legal fees and expenses) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts created hereby, including the costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The rights of the Trustee and the obligations of the Agency under this Section shall survive the discharge of the Bonds and this Indenture and the resignation or removal of the Trustee.

Section 10.7. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder, which shall be a trust company, banking association with trust powers, or bank having the powers of a trust company having a corporate trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state authority. If such bank, banking 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, then for the purpose of this Section the combined capital and surplus of such bank, banking association 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. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Article.

Section 10.8. Removal and Resignation; Appointment of Successor.

(A) Effectiveness of Resignation or Removal. No removal or resignation of the Trustee and appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 10.9 (Acceptance of

Appointment by Successor) and compliance with the terms of Section 10.7 (Corporate Trustee Required; Eligibility).

(B) Trustee's Right to Resign. The Trustee may resign at any time by giving written notice of such resignation to the Agency. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Agency and the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(C) Agency's Right to Remove Trustee. The Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, by giving written notice of such removal to the Trustee.

(D) Removal of Trustee at Request of the Owners. The Agency shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding by giving written notice of such removal to the Trustee.

(E) Mandatory Removal of Trustee. The Agency shall remove the Trustee if at any time:

(1) the Trustee shall cease to be eligible in accordance with Section 10.7 (Corporate Trustee Required; Eligibility) and shall fail to resign after written request therefor by the Agency, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

in each case by giving written notice of such removal to the Trustee.

(F) Appointment of Successor. If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Agency shall promptly appoint a successor Trustee by an instrument in writing. If no successor Trustee shall have been so appointed by the Agency and accepted appointment in the manner hereinafter provided within thirty (30) days after such resignation, removal, or incapability or the occurrence of such vacancy, the Owners may, by an instrument signed by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, appoint a successor Trustee, or may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

(G) Treasurer of the Agency to Serve if No Successor Appointed. If, by reason of the judgment of any court, the Trustee or any successor Trustee is rendered unable to perform its duties hereunder, and if no successor Trustee be then appointed, all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer in trust for the benefit of the Owners.

(H) **Notice of Removal or Resignation.** The Agency shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Owners as its name and address appear in the Bond Register. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office. If the Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Agency.

Section 10.9. Acceptance of Appointment by Successor. Any successor Trustee appointed under this Indenture shall execute and deliver to the Agency and to its predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, rights, and duties of the predecessor Trustee; but, at the Request of the Agency or the request of the successor Trustee, the predecessor Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to the successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall duly assign, transfer, and deliver to the successor Trustee all property and money held by the predecessor Trustee hereunder. Upon request of any successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, properties, rights, and duties.

Section 10.10. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 10.7 (Corporate Trustee Required; Eligibility), shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. In case the Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion, or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated the Bonds.

Section 10.11. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Agency and the Owners, and their agents and representatives duly authorized in writing, at reasonable times and under reasonable conditions.

Section 10.12. Accounting Records. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry practice, in which accurate entries shall be made of all transactions relating to the Bonds and the funds maintained by the Trustee hereunder. Such books of record and account shall be available for inspection by the Agency at reasonable hours with reasonable notice and under reasonable circumstances. The Trustee shall furnish to the Agency, at least monthly, an accounting of all transactions during the applicable accounting period relating to the proceeds of the Bonds and all funds and accounts established pursuant to this Indenture in which assets are held by the Trustee.

ARTICLE XI
PROVISIONS RELATING TO THE POLICY AND THE RESERVE POLICY

Section 11.1. Provisions Relating to the Policy.

(A) [TO COME]

Section 11.2. Provisions Relating to the Reserve Policy.

(A) [TO COME]

ARTICLE XII
MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 12.1. Supplemental Indentures Without Consent of the Owners. This Indenture and the rights and obligations of the Agency, of the Trustee and of the Owners may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Agency may adopt without the consent of any Owners, but only for any one or more of the following purposes:

(A) Additional Security: to add to the covenants and agreements of the Agency contained in this Indenture 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 Agency;

(B) Curative Provisions: 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, or in regard to matters or questions arising under this Indenture, as the Agency may deem necessary or desirable, and that shall not materially and adversely affect the interests of the Owners;

(C) Trust Indenture Act Qualification: 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, and that shall not materially and adversely affect the interests of the Owners;

(D) Reserve Account: to make modifications or adjustments necessary, appropriate, or desirable to accommodate a letter of credit, surety bond, or other financial guaranty to satisfy the Reserve Requirement;

(E) Preservation of Tax Exemption: to make such provisions as are necessary or appropriate to ensure the exclusion of interest on the Bonds from gross income for federal income tax purposes; and

(F) No Material Effect: for any other purpose that does not materially and adversely affect the interests of the Owners.

Section 12.2. Supplemental Indentures with Consent of the Owners. This Indenture and the rights and obligations of the Agency, of the Owners and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Agency and the Trustee may enter into with the consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owners of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners.

Section 12.3. Notice of Amendments. Promptly after the execution and delivery by the Trustee and the Agency of any Supplemental Indenture pursuant to this Article, the Trustee shall mail a notice prepared by the Agency setting forth in general terms the substance of such Supplemental Indenture or attaching a copy thereof, to the Owners at the addresses shown on the Bond Register. 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.

Section 12.4. Execution of Supplemental Indentures. In executing, or accepting the additional duties created by, any Supplemental Indenture permitted by this Article or the modification thereby of the duties created by this Indenture, the Trustee shall be entitled to receive, and, subject to Section 10.2 (Certain Duties and Responsibilities), shall be fully protected in relying upon, an Opinion of Bond Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to enter into any such Supplemental Indenture that affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

Section 12.5. Effect of Supplemental Indentures. From and after the time any Supplemental Indenture becomes effective 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 Agency, the Trustee, and the Owners 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 12.6. Endorsement of Bond; Preparation of New Bond. A Bond delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Agency so determines shall, bear a notation by endorsement or otherwise in form approved by the Agency and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owners at the time of such execution and presentation of such Bond for such purpose at the Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, a new Bond so modified as to conform, in the opinion of the Agency and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be

prepared and executed by the Agency and authenticated by the Trustee and, upon demand of the Owners and upon surrender for cancellation of such Bond, shall be exchanged at the Corporate Trust Office, without cost to the Owners, for a new Bond in the same principal amount and of the same tenor and maturity.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Indenture by their officers thereunto duly authorized as of the day and year first written above.

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Officer

**SUCCESSOR AGENCY TO THE EL CERRITO
REDEVELOPMENT AGENCY**

By: _____
Executive Director

ATTEST:

Secretary

EXHIBIT A

Form of Bonds

Registered

No. R-__

**SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY
(EL CERRITO REDEVELOPMENT PROJECT AREA)
[2016A Tax Allocation Refunding Bonds (Tax-Exempt)]
[2016B Tax Allocation Refunding Bonds (Taxable)]**

<u>INTEREST RATE:</u>	<u>ISSUE DATE:</u>	<u>MATURITY DATE:</u>	<u>CUSIP:</u>
____%	_____, 2016	____ 1, 20__	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____DOLLARS

The SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY, a public body corporate and politic duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "Agency"), for value received, hereby promises to pay (but only out of the Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before August 15, 2016, in which event it shall bear interest from the Dated Date above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on March 1 and September 1 in each year, commencing September 1, 2016 (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof is payable upon surrender of this Bond at the principal corporate trust office of MUFG Union Bank, N.A., as trustee (the "Trustee"), or at such other place as designated by the Trustee (the "Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the Bond Register as of the Record Date for which such Interest Payment Date occurs; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal

amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose prior to the Record Date preceding the applicable Interest Payment Date.

Interest on this Bond shall cease to accrue on the maturity date hereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount hereof, plus interest accrued hereon to such date. The owner of this Bond shall not be entitled to any other payment, and this Bond shall no longer be outstanding and entitled to the benefits of the Indenture, except for the payment of the principal amount of this Bond together with accrued interest hereon from moneys held by the Trustee for such payment.

The Agency has duly authorized the issuance of this Bond, has designated it as its “El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), [2016A Tax Allocation Refunding Bonds (Tax-Exempt)” (the “2016A Bonds”)] [2016B Tax Allocation Refunding Bonds (Taxable)” (the “2016B Taxable Bonds”)], in an initial aggregate principal amount of \$_____. The [2016A Bonds] [2016B Taxable Bonds] are being issued simultaneously with the “El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), [2016B Tax Allocation Refunding Bonds (Taxable)” in an initial aggregate principal amount of \$_____ (the “2016B Taxable Bonds” and together with the 2016A Bonds, the “Bonds”)] [2016A Tax Allocation Refunding Bonds (Tax-Exempt)” in an initial aggregate principal amount of \$_____ (the “2016A Bonds” and together with the 2016B Taxable Bonds, the “Bonds”)]. The Bonds are issued by the Agency pursuant to the provisions of (i) Part 1.85 of Division 24 of the California Health and Safety Code (the “Dissolution Law”), (ii) Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and (iii) an indenture dated as of June 1, 2016, between the Trustee and the Agency (as amended and supplemented from time to time, the “Indenture”), for the purpose of providing funds to refund bonds issued to finance redevelopment activities within or of benefit to the El Cerrito Redevelopment Project Area.

Reference is hereby made to the Indenture and to the Dissolution Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights of the registered owner of the Bonds. All the terms of the Indenture and the Dissolution Law are hereby incorporated herein and constitute a contract between the Agency and the registered owner from time to time of this Bond. The registered owner of this Bond, by its acceptance hereof, consents and agrees to all the provisions of the Indenture.

This Bond and the interest hereon (to the extent set forth in the Indenture) is payable from, and are secured by a pledge of and lien on the Tax Revenues (as defined in the Indenture) derived by the Agency from the Project Area, on a parity with any Parity Debt at any time issued by the Agency and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Tax Revenues are irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, the Redevelopment Law, and the Dissolution Law, to the payment of the principal of and interest and premium (if any) on the Bonds and any such Parity Debt. Notwithstanding the foregoing, certain amounts out of the Tax Revenues may be applied for other purposes as provided in the Indenture.

The Bonds shall not be subject to optional redemption prior to maturity hereof.

This Bond is not a debt of the City of El Cerrito, the State of California, or any of its political subdivisions, and neither the City, the State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than the Tax Revenues.

This Bond is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the corporate trust office of the Trustee, but only in the manner, subject to the limitations, and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new fully registered Bond for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Agency, the Trustee, and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes; and the Agency, the Trustee, and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the Agency and of the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Bonds.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Agency or the Trustee for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

The Agency hereby certifies and recites that any and all acts, conditions, and things required to exist, to happen, and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened, and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the Agency pertaining to the Tax Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of the Bonds permitted to be issued under the Indenture, the Redevelopment Law, the Dissolution Law, or under the Agency's Redevelopment Plan.

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

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY has caused this Bond to be executed in its name and on its behalf by its [Chair] [Executive Director] and attested to by its Secretary and this Bond to be dated the date of delivery to the initial purchaser hereof.

**SUCCESSOR AGENCY TO THE EL
CERRITO REDEVELOPMENT AGENCY**

By: _____
[Chair] [Executive Director]

ATTEST:

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture, which has been authenticated on the date set forth below.

Dated: _____, 2016

MUFG UNION BANK, N.A., as Trustee

By: _____
Authorized Signatory

STATEMENT OF INSURANCE

[TO COME]

ASSIGNMENT

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

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

Dated: _____

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution (being banks, stock brokers, savings and loan associations, and credit unions with membership in and approved signature guarantee medallion programs) pursuant to Securities and Exchange Commission Rule 17A(d)15.

Social Security Number, Tax Identification Number, or other identifying number of Assignee:

EXHIBIT B

Form of Requisition from Costs of Issuance Fund

SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY

To: MUFG Union Bank, N.A., as Trustee

Attention: _____

The undersigned is authorized to submit this requisition pursuant to the terms of the Indenture dated as of June 1, 2016, between MUFG Union Bank, N.A., as Trustee, and the Successor Agency to the El Cerrito Redevelopment Agency (the "Agency"). The Agency hereby requests payment of the amounts listed on Schedule I hereto.

Obligations in the stated amounts have been incurred by the Agency and are presently due and payable. Each item is a proper charge against the Costs of Issuance Fund and has not been previously paid from the fund. All payments shall be made by check or wire transfer in accordance with the payment instructions set forth herein and the Trustee may rely on such payment instructions though given by the Agency with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Signature of Authorized Officer of the Agency

SCHEDULE I

2595327.4

Meyers Nave Draft – 3/3/16

ESCROW INSTRUCTIONS

from

SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY

to

MUFG UNION BANK, N.A.
as Escrow Agent and Prior Trustee

Dated as of June 1, 2016

relating to

El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
Tax Allocation Refunding Bonds, 1997 Series A

ESCROW INSTRUCTIONS

These Escrow Instructions dated as of June 1, 2016 (the "Escrow Instructions") are provided by the SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY, a public body, corporate and politic, duly established and existing under the Constitution and laws of the State of California (the "Agency"), as successor to the El Cerrito Redevelopment Agency (the "Former Agency") to MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, as escrow agent (the "Escrow Agent") and as Prior Trustee (as defined below);

RECITALS:

A. The Former Agency issued its El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Refunding Bonds, 1997 Series A, in the initial aggregate principal amount of \$7,450,000 (the "Refunded Bonds") pursuant to an Indenture of Trust dated as of December 1, 1997 (the "Prior Indenture"), between the Former Agency and MUFG Union Bank, N.A., as successor trustee (the "Prior Trustee"); and

B. The Refunded Bonds are currently outstanding in the principal amount of \$[1,795,000]; and

C. The Agency is the designated successor entity to the Former Agency and is authorized to transact business and exercise powers under the Redevelopment Law and the provisions of Part 1.85 of the California Health and Safety Code (the "Dissolution Law"), including the power to issue bonds under the authority of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code to refund bonds issued by the Former Agency; and

D. Prudent management of the fiscal affairs of the Agency requires that the Refunded Bonds be refunded and defeased, and the Agency has authorized the issuance and sale of its Successor Agency to the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016A Tax Allocation Refunding Bonds (Tax-Exempt), in an aggregate principal amount of \$_____ (the "Refunding Bonds"), pursuant to the Indenture dated as of June 1, 2016 (the "Indenture"), between the Agency and MUFG Union Bank, N.A., as trustee (the "Trustee"); and

E. Pursuant to the terms of the Indenture, proceeds of the Refunding Bonds in the amount of \$_____, together with \$_____ on deposit for the Refunded Bonds, shall be deposited to fund the escrow established herein for the purpose of paying the interest on and redeeming the outstanding principal of the Refunded Bonds (as more specifically described in Exhibit A hereto) in the manner provided in the Prior Indenture; and

F. The Agency hereby appoints the Escrow Agent hereunder for the purpose of holding and administering the escrow described above, and hereby directs and instructs the Escrow Agent as follows:

Section 1. Establishment of Escrow Fund. The Escrow Agent shall establish and hold in trust, separate and apart from other funds and accounts, as security for the payment of the

Refunded Bonds as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Agent on behalf of the Agency and for the benefit of the owners of the Refunded Bonds, said escrow to be designated the 1997 Optional Redemption Escrow Fund (the "1997 Escrow Fund"). All moneys deposited in the 1997 Escrow Fund shall be held as a special fund for the payment of the principal of and interest due on the Refunded Bonds on July __, 2016, as provided for herein.

Section 2. Deposit into Escrow Fund; Investment of Amounts. Immediately upon closing of the transaction contemplated in the Indenture, the Agency shall cause proceeds of the Refunding Bonds in the amount of \$_____, together with \$_____ on deposit for the Refunded Bonds, to be transferred to the Escrow Agent for deposit into the 1997 Escrow Fund.

The Escrow Agent shall hold \$_____ of such moneys uninvested in cash, all of which shall be deposited with and held by the Escrow Agent in the 1997 Escrow Fund solely for the uses and purposes set forth herein.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Agent hereunder.

The Escrow Agent shall not be liable or responsible for any loss from investments to the extent the Escrow Agent is in full compliance with the provisions of these Escrow Instructions.

Section 3. Instructions as to Application of Deposit; Defeasance. The Escrow Agent shall apply the total amount of moneys deposited in the 1997 Escrow Fund pursuant to Section 2, above, for the sole purpose of redeeming, pursuant to Section 2.03(a) of the Prior Indenture, the principal and redemption premium, if any, of and interest on the Refunded Bonds.

Upon deposit of the amounts set forth in Section 2, above, all obligations of the Agency under the Prior Indenture and all security provided by the Prior Indenture for the Refunded Bonds shall cease and terminate, excepting only the obligations of the Agency to pay, or cause to be paid, principal of and premium, if any, and interest on the Refunded Bonds from the deposit made by the Agency pursuant to Section 2 hereof, and the Agency's obligation to indemnify the Prior Trustee pursuant to the Prior Indenture. In the event of a deficiency in the funds and amounts in the 1997 Escrow Fund for purposes of paying the debt service on the Refunded Bonds, the Agency shall make up such deficiency immediately upon receipt of written notice from the Escrow Agent, but only from funds available therefor under the Prior Indenture.

The Agency hereby instructs the Escrow Agent, in its capacity as Prior Trustee, to give notice of optional redemption of the Refunded Bonds, in accordance with the provisions of Section 2.03(c) of the Prior Indenture, to the owners of the Refunded Bonds, substantially in the form attached hereto as Exhibit B, for timely for redemption of the Refunded Bonds on July __, 2016.

The Agency hereby instructs the Escrow Agent, in its capacity as Prior Trustee, to give notice of defeasance of the Refunded Bonds substantially in the form attached hereto as Exhibit C on June __, 2016.

Section 4. Compensation to Escrow Agent. The Agency shall pay the Escrow Agent full compensation for its duties under these Escrow Instructions, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, fees, costs and expenses relating to the purchase of any Federal Securities after the date hereof.

Section 5. Liabilities and Obligations of Escrow Agent. The Escrow Agent shall perform only such duties as are expressly set forth herein, which duties are purely ministerial and non-discretionary in nature, and no duties shall be implied. The Escrow Agent 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 these Escrow Instructions unless the Agency shall have deposited sufficient funds with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written instructions of the Agency or its agents relating to any matter or action as Escrow Agent under these Escrow Instructions.

The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of these Escrow Instructions, the establishment of the 1997 Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the redemption of the Refunded Bonds, or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of these Escrow Instructions or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the Agency, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under these Escrow Instructions except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of these Escrow Instructions. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under these Escrow Instructions, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the Agency.

The Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors,

assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including actual, documented legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of these Escrow Instructions, the establishment of the 1997 Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of these Escrow Instructions, or as may arise by reason of any act, omission or error of the Escrow Agent made in good faith in the conduct of its duties; provided, however, that the Agency shall not be required to indemnify or hold harmless the Escrow Agent (i) against its own negligence or willful misconduct or (ii) for amounts arising due to the willful misconduct or negligence of the Escrow Agent in connection with the performance of its duties hereunder. The indemnities contained in this Section 6 shall survive the termination of these Escrow Instructions or the resignation or removal of the Escrow Agent.

No provision of these Escrow Instructions shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent may at any time resign by giving 30 days prior written notice to the Agency of such resignation and after such specified date, notwithstanding any other provision of this Agreement, Escrow Agent's sole obligation will be to hold the Escrow Funds pending appointment of a successor Escrow Agent. Similarly, Escrow Agent may be removed at any time by the Agency giving at least thirty (30) days prior written notice to Escrow Agent specifying the date when such removal shall take effect. The Agency shall appoint a successor Escrow Agent by the resignation or removal date. Resignation or removal of the Escrow Agent will be effective upon acceptance of appointment by a successor Escrow Agent. If the Agency does not appoint a successor Escrow Agent by the resignation date, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper, prescribe, and as may be required by law, appoint a successor Escrow Agent.

The Escrow Agent may execute any of the 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 Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to these Escrow Instructions and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Agency shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which

incumbency certificate shall be amended by the Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Agency. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Federal Securities that is to be submitted pursuant to these Escrow Instructions, the Escrow Agent shall promptly request alternative written investment instructions from the Agency with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Agency. In the absence of investment instructions from the Agency, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Agency's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

Section 6. Amendment. These Escrow Instructions may be modified or amended at any time by supplemental instructions which shall become enforceable upon the written consent of the Agency and the Escrow Agent.

Section 7. Severability. If any section, paragraph, sentence, clause or provision of these Escrow Instructions shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of these Escrow Instructions.

Section 8. Notice of Escrow Agent and Agency. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the Escrow Agent's office located at MUFG Union Bank, N.A., _____, Attention: _____. Any notice to or demand upon the Agency, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, to the Agency at 10890 San Pablo Avenue, El Cerrito, CA 94530, Attention: Executive Director.

Section 9. Merger or Consolidation of Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor hereunder to the Escrow Agent without the execution or filing of any paper or any further act.

Section 10. California Law. These Escrow Instructions shall be governed by and construed and interpreted in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Agency has caused these Escrow Instructions to be executed by its duly authorized officer, and the Escrow Agent has acknowledged and accepted these Escrow Instructions, as of the date first above written.

SUCCESSOR AGENCY TO THE EL CERRITO
REDEVELOPMENT AGENCY

By: _____
Executive Director

MUFG UNION BANK, N.A., as Escrow Agent and Prior
Trustee

By: _____
Authorized Representative

Exhibit A

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	Redemption <u>Price</u>
7/1/2019	[\$1,795,000]	5.000%	100%

Exhibit B

NOTICE OF FULL REDEMPTION TO THE HOLDERS OF

El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
Tax Allocation Refunding Bonds, 1997 Series A

NOTICE IS HEREBY GIVEN that pursuant to Section 2.03 of the Indenture of Trust dated as of December 1, 1997 (the "Indenture"), between the El Cerrito Redevelopment Agency (the "Former Agency") and MUFG Union Bank, N.A., as successor trustee (the "Trustee"), the Successor Agency to the El Cerrito Redevelopment Agency (the "Agency") has called for full redemption on July __, 2016 (the "Redemption Date") the following above-captioned bonds (the "Bonds") issued pursuant to the Indenture, to be redeemed at the price of 100% of the principal amount, together with the accrued interest to the Redemption Date (the "Redemption Price"), as listed below:

<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Rate</u>	<u>Redemption Price</u>	<u>CUSIP No.*</u>
7/1/2019	[\$1,795,000]	5.000%	100%	[282862CR0]

Funds are on deposit with the Trustee in an amount sufficient to pay the Redemption Price of the Bonds on the Redemption Date.

Pursuant to the Indenture, payment of the Redemption Price on the Bonds called for redemption will be paid without presentation of the Bonds if presentment is not required and upon presentation of the Bonds if presentment is required. If presentment is required, surrender thereof can be made in the following manner:

<u>By Mail:</u>	<u>Overnight Delivery:</u>	<u>By Hand Only:</u>
MUFG Union Bank, N.A. Corporate Trust 120 South San Pedro St., 4th Fl. Los Angeles, CA 90012	MUFG Union Bank, N.A. Corporate Trust 120 South San Pedro St., 4th Fl. Los Angeles, CA 90012	MUFG Union Bank, N.A. Corporate Trust 120 South San Pedro St., 4th Fl. Los Angeles, CA 90012

The Redemption Price will become due and payable on the Bonds designated to be redeemed on the Redemption Date, together with interest accrued and unpaid to the Redemption Date, and from and after such Redemption Date, interest on the Bonds shall cease to accrue and be payable.

MUFG Union Bank, N.A.
as Trustee

Dated: June __, 2016

IMPORTANT TAX NOTICE

Withholding of 28% of gross prepayment proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. **Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.**

**Note: The Agency and Trustee are not responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

Exhibit C

NOTICE OF DEFEASANCE

El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
Tax Allocation Refunding Bonds, 1997 Series A

Establishment of Defeasance Escrow; Instruction to Redeem Defeased Bonds. Notice is hereby given to the holders of all of the outstanding above-captioned bonds (the “Defeased Bonds”) issued by the El Cerrito Redevelopment Agency (the “Former Agency”) as further identified below that (i) there has been deposited with MUFG Union Bank, N.A., as escrow agent (the “Escrow Agent”), moneys pursuant to the Escrow Instructions dated as of June 1, 2016 (the “Escrow Instructions”), from the Successor Agency to the El Cerrito Redevelopment Agency (the “Agency”) to the Escrow Agent, which are sufficient and available to defease the Defeased Bonds on the date hereof and redeem the Defeased Bonds on July __, 2016 (the “Redemption Date”) and (ii) that MUFG Union Bank, N.A., as successor trustee (the “Trustee”) for the Defeased Bonds, has been irrevocably instructed to redeem such Defeased Bonds on the Redemption Date.

Defeased Bonds. The Defeased Bonds are identified as follows:

<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Rate</u>	<u>Redemption Price</u>	<u>CUSIP No.*</u>
7/1/2019	[\$1,795,000]	5.000%	100%	[282862CR0]

Effect of Defeasance. In accordance with Section 9.03 of the Indenture of Trust dated as of December 1, 1997 (the “Indenture”), between the Former Agency and the Trustee, the Defeased Bonds are no longer Outstanding under the Indenture, and all covenants, agreements and other obligations of the Agency to the Owners of the Defeased Bonds under the Indenture have ceased, terminated and become void and are discharged and satisfied, except only the obligation of the Escrow Agent to pay the redemption price together with accrued interest on the Defeased Bonds from funds deposited under the Escrow Instructions on the Redemption Date.

Dated: June __, 2016

SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY

* The Agency shall not be responsible for the accuracy of the CUSIP numbers indicated in this notice. They are included solely for the convenience of the holders.

Meyers Nave Draft – 3/3/16

ESCROW INSTRUCTIONS

from

SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY

to

MUFG UNION BANK, N.A.
as Escrow Agent and Prior Trustee

Dated as of June 1, 2016

relating to

El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
Tax Allocation Bonds, Series 2004 A (Tax-Exempt)

ESCROW INSTRUCTIONS

These Escrow Instructions dated as of June 1, 2016 (the “Escrow Instructions”) are provided by the SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY, a public body, corporate and politic, duly established and existing under the Constitution and laws of the State of California (the “Agency”), as successor to the El Cerrito Redevelopment Agency (the “Former Agency”) to MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, as escrow agent (the “Escrow Agent”) and as Prior Trustee (as defined below);

RECITALS:

A. The Former Agency issued its El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Bonds, Series 2004 A (Tax-Exempt), in the initial aggregate principal amount of \$10,315,000 (the “Refunded Bonds”) pursuant to an Indenture of Trust dated as of December 1, 1997, as supplemented and amended by the First Supplemental Indenture dated as of October 1, 2004 (as supplemented and amended, the “Prior Indenture”), each between the Former Agency and MUFG Union Bank, N.A., as successor trustee (the “Prior Trustee”); and

B. The Refunded Bonds are currently outstanding in the principal amount of \$[8,475,000]; and

C. The Agency is the designated successor entity to the Former Agency and is authorized to transact business and exercise powers under the Redevelopment Law and the provisions of Part 1.85 of the California Health and Safety Code (the “Dissolution Law”), including the power to issue bonds under the authority of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code to refund bonds issued by the Former Agency; and

D. Prudent management of the fiscal affairs of the Agency requires that the Refunded Bonds be refunded and defeased, and the Agency has authorized the issuance and sale of its Successor Agency to the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016A Tax Allocation Refunding Bonds (Tax-Exempt), in an aggregate principal amount of \$_____ (the “Refunding Bonds”), pursuant to the Indenture dated as of June 1, 2016 (the “Indenture”), between the Agency and MUFG Union Bank, N.A., as trustee (the “Trustee”); and

E. Pursuant to the terms of the Indenture, proceeds of the Refunding Bonds in the amount of \$_____, together with \$_____ on deposit for the Refunded Bonds, shall be deposited to fund the escrow established herein for the purpose of paying the interest on and redeeming the outstanding principal of the Refunded Bonds (as more specifically described in Exhibit A hereto) in the manner provided in the Prior Indenture; and

F. The Agency hereby appoints the Escrow Agent hereunder for the purpose of holding and administering the escrow described above, and hereby directs and instructs the Escrow Agent as follows:

Section 1. Establishment of Escrow Fund. The Escrow Agent shall establish and hold in trust, separate and apart from other funds and accounts, as security for the payment of the Refunded Bonds as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Agent on behalf of the Agency and for the benefit of the owners of the Refunded Bonds, said escrow to be designated the 2004A Optional Redemption Escrow Fund (the “2004A Escrow Fund”). All moneys deposited in the 2004A Escrow Fund shall be held as a special fund for the payment of the principal of and interest due on the Refunded Bonds on July __, 2016, as provided for herein.

Section 2. Deposit into Escrow Fund; Investment of Amounts. Immediately upon closing of the transaction contemplated in the Indenture, the Agency shall cause proceeds of the Refunding Bonds in the amount of \$_____, together with \$_____ on deposit for the Refunded Bonds, to be transferred to the Escrow Agent for deposit into the 2004A Escrow Fund.

The Escrow Agent shall hold \$_____ of such moneys uninvested in cash, all of which shall be deposited with and held by the Escrow Agent in the 2004A Escrow Fund solely for the uses and purposes set forth herein.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Agent hereunder.

The Escrow Agent shall not be liable or responsible for any loss from investments to the extent the Escrow Agent is in full compliance with the provisions of these Escrow Instructions.

Section 3. Instructions as to Application of Deposit; Defeasance. The Escrow Agent shall apply the total amount of moneys deposited in the 2004A Escrow Fund pursuant to Section 2, above, for the sole purpose of redeeming, pursuant to Section 12.01(a) of the Prior Indenture, the principal and redemption premium, if any, of and interest on the Refunded Bonds.

Upon deposit of the amounts set forth in Section 2, above, all obligations of the Agency under the Prior Indenture and all security provided by the Prior Indenture for the Refunded Bonds shall cease and terminate, excepting only the obligations of the Agency to pay, or cause to be paid, principal of and premium, if any, and interest on the Refunded Bonds from the deposit made by the Agency pursuant to Section 2 hereof, and the Agency’s obligation to indemnify the Prior Trustee pursuant to the Prior Indenture. In the event of a deficiency in the funds and amounts in the 2004A Escrow Fund for purposes of paying the debt service on the Refunded Bonds, the Agency shall make up such deficiency immediately upon receipt of written notice from the Escrow Agent, but only from funds available therefor under the Prior Indenture.

The Agency hereby instructs the Escrow Agent, in its capacity as Prior Trustee, to give notice of optional redemption of the Refunded Bonds, in accordance with the provisions of Section 2.03(c) of the Prior Indenture, to the owners of the Refunded Bonds, substantially in the

form attached hereto as Exhibit B, for timely for redemption of the Refunded Bonds on July __, 2016.

The Agency hereby instructs the Escrow Agent, in its capacity as Prior Trustee, to give notice of defeasance of the Refunded Bonds substantially in the form attached hereto as Exhibit C on June __, 2016.

Section 4. Compensation to Escrow Agent. The Agency shall pay the Escrow Agent full compensation for its duties under these Escrow Instructions, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, fees, costs and expenses relating to the purchase of any Federal Securities after the date hereof.

Section 5. Liabilities and Obligations of Escrow Agent. The Escrow Agent shall perform only such duties as are expressly set forth herein, which duties are purely ministerial and non-discretionary in nature, and no duties shall be implied. The Escrow Agent 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 these Escrow Instructions unless the Agency shall have deposited sufficient funds with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written instructions of the Agency or its agents relating to any matter or action as Escrow Agent under these Escrow Instructions.

The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of these Escrow Instructions, the establishment of the 2004A Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the redemption of the Refunded Bonds, or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of these Escrow Instructions or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the Agency, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under these Escrow Instructions except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of these Escrow Instructions. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under these Escrow Instructions, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the Agency.

The Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including actual, documented legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of these Escrow Instructions, the establishment of the 2004A Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of these Escrow Instructions, or as may arise by reason of any act, omission or error of the Escrow Agent made in good faith in the conduct of its duties; provided, however, that the Agency shall not be required to indemnify or hold harmless the Escrow Agent (i) against its own negligence or willful misconduct or (ii) for amounts arising due to the willful misconduct or negligence of the Escrow Agent in connection with the performance of its duties hereunder. The indemnities contained in this Section 6 shall survive the termination of these Escrow Instructions or the resignation or removal of the Escrow Agent.

No provision of these Escrow Instructions shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent may at any time resign by giving 30 days prior written notice to the Agency of such resignation and after such specified date, notwithstanding any other provision of this Agreement, Escrow Agent's sole obligation will be to hold the Escrow Funds pending appointment of a successor Escrow Agent. Similarly, Escrow Agent may be removed at any time by the Agency giving at least thirty (30) days prior written notice to Escrow Agent specifying the date when such removal shall take effect. The Agency shall appoint a successor Escrow Agent by the resignation or removal date. Resignation or removal of the Escrow Agent will be effective upon acceptance of appointment by a successor Escrow Agent. If the Agency does not appoint a successor Escrow Agent by the resignation date, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper, prescribe, and as may be required by law, appoint a successor Escrow Agent.

The Escrow Agent may execute any of the 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 Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to these Escrow Instructions and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with

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

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Federal Securities that is to be submitted pursuant to these Escrow Instructions, the Escrow Agent shall promptly request alternative written investment instructions from the Agency with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Agency. In the absence of investment instructions from the Agency, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Agency’s selection of an alternative investment as a determination of the alternative investment’s legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

Section 6. Amendment. These Escrow Instructions may be modified or amended at any time by supplemental instructions which shall become enforceable upon the written consent of the Agency and the Escrow Agent.

Section 7. Severability. If any section, paragraph, sentence, clause or provision of these Escrow Instructions shall for any reason be held to be invalid or unenforceable, the invalidity or

unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of these Escrow Instructions.

Section 8. Notice of Escrow Agent and Agency. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the Escrow Agent's office located at MUFG Union Bank, N.A., _____, Attention: _____. Any notice to or demand upon the Agency, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, to the Agency at 10890 San Pablo Avenue, El Cerrito, CA 94530, Attention: Executive Director.

Section 9. Merger or Consolidation of Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor hereunder to the Escrow Agent without the execution or filing of any paper or any further act.

Section 10. California Law. These Escrow Instructions shall be governed by and construed and interpreted in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Agency has caused these Escrow Instructions to be executed by its duly authorized officer, and the Escrow Agent has acknowledged and accepted these Escrow Instructions, as of the date first above written.

SUCCESSOR AGENCY TO THE EL CERRITO
REDEVELOPMENT AGENCY

By: _____
Executive Director

MUFG UNION BANK, N.A., as Escrow Agent and Prior
Trustee

By: _____
Authorized Representative

Exhibit A

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	Redemption <u>Price</u>
7/1/2016	\$795,000	3.800%	100%
7/1/2017	\$955,000	3.900%	100%
7/1/2018	\$645,000	4.000%	100%
7/1/2019	\$805,000	4.050%	100%
7/1/2020	\$880,000	4.150%	100%
7/1/2023	\$4,395,000	4.500%	100%

Exhibit B

NOTICE OF FULL REDEMPTION TO THE HOLDERS OF

El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
Tax Allocation Bonds, Series 2004 A (Tax-Exempt)

NOTICE IS HEREBY GIVEN that pursuant to Section 12.01 of the Indenture of Trust dated as of December 1, 1997, as supplemented and amended by the First Supplemental Indenture dated as of October 1, 2004 (as supplemented and amended, the “Indenture”), between the El Cerrito Redevelopment Agency (the “Former Agency”) and MUFG Union Bank, N.A., as successor trustee (the “Trustee”), the Successor Agency to the El Cerrito Redevelopment Agency (the “Agency”) has called for full redemption on July __, 2016 (the “Redemption Date”) the following above-captioned bonds (the “Bonds”) issued pursuant to the Indenture, to be redeemed at the price of 100% of the principal amount, together with the accrued interest to the Redemption Date (the “Redemption Price”), as listed below:

<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Rate</u>	<u>Redemption Price</u>	<u>CUSIP No.*</u>
[7/1/2016	\$795,000	3.800%	100%	282862DX6]
7/1/2017	\$955,000	3.900%	100%	282862DY4
7/1/2018	\$645,000	4.000%	100%	282862DZ1
7/1/2019	\$805,000	4.050%	100%	282862EA5
7/1/2020	\$880,000	4.150%	100%	282862EB3
7/1/2023	\$4,395,000	4.500%	100%	282862EE7

Funds are on deposit with the Trustee in an amount sufficient to pay the Redemption Price of the Bonds on the Redemption Date.

Pursuant to the Indenture, payment of the Redemption Price on the Bonds called for redemption will be paid without presentation of the Bonds if presentment is not required and upon presentation of the Bonds if presentment is required. If presentment is required, surrender thereof can be made in the following manner:

<u>By Mail:</u>	<u>Overnight Delivery:</u>	<u>By Hand Only:</u>
MUFG Union Bank, N.A.	MUFG Union Bank, N.A.	MUFG Union Bank, N.A.
Corporate Trust	Corporate Trust	Corporate Trust
120 South San Pedro St., 4th Fl.	120 South San Pedro St., 4th Fl.	120 South San Pedro St., 4th Fl.
Los Angeles, CA 90012	Los Angeles, CA 90012	Los Angeles, CA 90012

The Redemption Price will become due and payable on the Bonds designated to be redeemed on the Redemption Date, together with interest accrued and unpaid to the Redemption Date, and from and after such Redemption Date, interest on the Bonds shall cease to accrue and be payable.

MUFG Union Bank, N.A.
as Trustee

Dated: June __, 2016

IMPORTANT TAX NOTICE

Withholding of 28% of gross prepayment proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. **Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.**

**Note: The Agency and Trustee are not responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

Exhibit C

NOTICE OF DEFEASANCE

El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
Tax Allocation Bonds, Series 2004 A (Tax-Exempt)

Establishment of Defeasance Escrow; Instruction to Redeem Defeased Bonds. Notice is hereby given to the holders of all of the outstanding above-captioned bonds (the “Defeased Bonds”) issued by the El Cerrito Redevelopment Agency (the “Former Agency”) as further identified below that (i) there has been deposited with MUFG Union Bank, N.A., as escrow agent (the “Escrow Agent”), moneys pursuant to the Escrow Instructions dated as of June 1, 2016 (the “Escrow Instructions”), from the Successor Agency to the El Cerrito Redevelopment Agency (the “Agency”) to the Escrow Agent, which are sufficient and available to defease the Defeased Bonds on the date hereof and redeem the Defeased Bonds on July __, 2016 (the “Redemption Date”) and (ii) that MUFG Union Bank, N.A., as successor trustee (the “Trustee”) for the Defeased Bonds, has been irrevocably instructed to redeem such Defeased Bonds on the Redemption Date.

Defeased Bonds. The Defeased Bonds are identified as follows:

<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Rate</u>	<u>Redemption Price</u>	<u>CUSIP No.*</u>
7/1/2016	\$795,000	3.800%	100%	282862DX6]
7/1/2017	\$955,000	3.900%	100%	282862DY4
7/1/2018	\$645,000	4.000%	100%	282862DZ1
7/1/2019	\$805,000	4.050%	100%	282862EA5
7/1/2020	\$880,000	4.150%	100%	282862EB3
7/1/2023	\$4,395,000	4.500%	100%	282862EE7

Effect of Defeasance. In accordance with Section 9.03 of the Indenture of Trust dated as of December 1, 1997, as supplemented and amended by the First Supplemental Indenture dated as of October 1, 2004 (as supplemented and amended, the “Indenture”), between the Former Agency and the Trustee, the Defeased Bonds are no longer Outstanding under the Indenture, and all covenants, agreements and other obligations of the Agency to the Owners of the Defeased Bonds under the Indenture have ceased, terminated and become void and are discharged and satisfied, except only the obligation of the Escrow Agent to pay the redemption price together with accrued interest on the Defeased Bonds from funds deposited under the Escrow Instructions on the Redemption Date.

Dated: June __, 2016

SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY

* The Agency shall not be responsible for the accuracy of the CUSIP numbers indicated in this notice. They are included solely for the convenience of the holders.

2601691.2

Meyers Nave Draft – 3/3/16

ESCROW INSTRUCTIONS

from

SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY

to

MUFG UNION BANK, N.A.
as Escrow Agent and Prior Trustee

Dated as of June 1, 2016

relating to

El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
Tax Allocation Bonds, Series 2004 B (Taxable)

ESCROW INSTRUCTIONS

These Escrow Instructions dated as of June 1, 2016 (the “Escrow Instructions”) are provided by the SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY, a public body, corporate and politic, duly established and existing under the Constitution and laws of the State of California (the “Agency”), as successor to the El Cerrito Redevelopment Agency (the “Former Agency”) to MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, as escrow agent (the “Escrow Agent”) and as Prior Trustee (as defined below);

RECITALS:

A. The Former Agency issued its El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), Tax Allocation Bonds, Series 2004 B (Taxable), in the initial aggregate principal amount of \$6,510,000 (the “Refunded Bonds”) pursuant to an Indenture of Trust dated as of December 1, 1997, as supplemented and amended by the First Supplemental Indenture dated as of October 1, 2004 (as supplemented and amended, the “Prior Indenture”), each between the Former Agency and MUFG Union Bank, N.A., as successor trustee (the “Prior Trustee”); and

B. The Refunded Bonds are currently outstanding in the principal amount of \$[3,490,000]; and

C. The Agency is the designated successor entity to the Former Agency and is authorized to transact business and exercise powers under the Redevelopment Law and the provisions of Part 1.85 of the California Health and Safety Code (the “Dissolution Law”), including the power to issue bonds under the authority of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code to refund bonds issued by the Former Agency; and

D. Prudent management of the fiscal affairs of the Agency requires that the Refunded Bonds be refunded and defeased, and the Agency has authorized the issuance and sale of its Successor Agency to the El Cerrito Redevelopment Agency (El Cerrito Redevelopment Project Area), 2016B Tax Allocation Refunding Bonds (Taxable), in an aggregate principal amount of \$_____ (the “Refunding Bonds”), pursuant to the Indenture dated as of June 1, 2016 (the “Indenture”), between the Agency and MUFG Union Bank, N.A., as trustee (the “Trustee”); and

E. Pursuant to the terms of the Indenture, proceeds of the Refunding Bonds in the amount of \$_____, together with \$_____ on deposit for the Refunded Bonds, shall be deposited to fund the escrow established herein for the purpose of paying the interest on and redeeming the outstanding principal of the Refunded Bonds (as more specifically described in Exhibit A hereto) in the manner provided in the Prior Indenture; and

F. The Agency hereby appoints the Escrow Agent hereunder for the purpose of holding and administering the escrow described above, and hereby directs and instructs the Escrow Agent as follows:

Section 1. Establishment of Escrow Fund. The Escrow Agent shall establish and hold in trust, separate and apart from other funds and accounts, as security for the payment of the Refunded Bonds as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Agent on behalf of the Agency and for the benefit of the owners of the Refunded Bonds, said escrow to be designated the 2004B Optional Redemption Escrow Fund (the “2004B Escrow Fund”). All moneys deposited in the 2004B Escrow Fund shall be held as a special fund for the payment of the principal of and interest due on the Refunded Bonds on July __, 2016, as provided for herein.

Section 2. Deposit into Escrow Fund; Investment of Amounts. Immediately upon closing of the transaction contemplated in the Indenture, the Agency shall cause proceeds of the Refunding Bonds in the amount of \$_____, together with \$_____ on deposit for the Refunded Bonds, to be transferred to the Escrow Agent for deposit into the 2004B Escrow Fund.

The Escrow Agent shall hold \$_____ of such moneys uninvested in cash, all of which shall be deposited with and held by the Escrow Agent in the 2004B Escrow Fund solely for the uses and purposes set forth herein.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Agent hereunder.

The Escrow Agent shall not be liable or responsible for any loss from investments to the extent the Escrow Agent is in full compliance with the provisions of these Escrow Instructions.

Section 3. Instructions as to Application of Deposit; Defeasance. The Escrow Agent shall apply the total amount of moneys deposited in the 2004B Escrow Fund pursuant to Section 2, above, for the sole purpose of redeeming, pursuant to Section 12.01(a) of the Prior Indenture, the principal and redemption premium, if any, of and interest on the Refunded Bonds.

Upon deposit of the amounts set forth in Section 2, above, all obligations of the Agency under the Prior Indenture and all security provided by the Prior Indenture for the Refunded Bonds shall cease and terminate, excepting only the obligations of the Agency to pay, or cause to be paid, principal of and premium, if any, and interest on the Refunded Bonds from the deposit made by the Agency pursuant to Section 2 hereof, and the Agency’s obligation to indemnify the Prior Trustee pursuant to the Prior Indenture. In the event of a deficiency in the funds and amounts in the 2004B Escrow Fund for purposes of paying the debt service on the Refunded Bonds, the Agency shall make up such deficiency immediately upon receipt of written notice from the Escrow Agent, but only from funds available therefor under the Prior Indenture.

The Agency hereby instructs the Escrow Agent, in its capacity as Prior Trustee, to give notice of optional redemption of the Refunded Bonds, in accordance with the provisions of Section 2.03(c) of the Prior Indenture, to the owners of the Refunded Bonds, substantially in the

form attached hereto as Exhibit B, for timely for redemption of the Refunded Bonds on July __, 2016.

The Agency hereby instructs the Escrow Agent, in its capacity as Prior Trustee, to give notice of defeasance of the Refunded Bonds substantially in the form attached hereto as Exhibit C on June __, 2016.

Section 4. Compensation to Escrow Agent. The Agency shall pay the Escrow Agent full compensation for its duties under these Escrow Instructions, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, fees, costs and expenses relating to the purchase of any Federal Securities after the date hereof.

Section 5. Liabilities and Obligations of Escrow Agent. The Escrow Agent shall perform only such duties as are expressly set forth herein, which duties are purely ministerial and non-discretionary in nature, and no duties shall be implied. The Escrow Agent 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 these Escrow Instructions unless the Agency shall have deposited sufficient funds with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written instructions of the Agency or its agents relating to any matter or action as Escrow Agent under these Escrow Instructions.

The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of these Escrow Instructions, the establishment of the 2004B Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the redemption of the Refunded Bonds, or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of these Escrow Instructions or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the Agency, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under these Escrow Instructions except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of these Escrow Instructions. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under these Escrow Instructions, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the Agency.

The Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including actual, documented legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of these Escrow Instructions, the establishment of the 2004B Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of these Escrow Instructions, or as may arise by reason of any act, omission or error of the Escrow Agent made in good faith in the conduct of its duties; provided, however, that the Agency shall not be required to indemnify or hold harmless the Escrow Agent (i) against its own negligence or willful misconduct or (ii) for amounts arising due to the willful misconduct or negligence of the Escrow Agent in connection with the performance of its duties hereunder. The indemnities contained in this Section 6 shall survive the termination of these Escrow Instructions or the resignation or removal of the Escrow Agent.

No provision of these Escrow Instructions shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent may at any time resign by giving 30 days prior written notice to the Agency of such resignation and after such specified date, notwithstanding any other provision of this Agreement, Escrow Agent's sole obligation will be to hold the Escrow Funds pending appointment of a successor Escrow Agent. Similarly, Escrow Agent may be removed at any time by the Agency giving at least thirty (30) days prior written notice to Escrow Agent specifying the date when such removal shall take effect. The Agency shall appoint a successor Escrow Agent by the resignation or removal date. Resignation or removal of the Escrow Agent will be effective upon acceptance of appointment by a successor Escrow Agent. If the Agency does not appoint a successor Escrow Agent by the resignation date, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper, prescribe, and as may be required by law, appoint a successor Escrow Agent.

The Escrow Agent may execute any of the 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 Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to these Escrow Instructions and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with

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

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of Federal Securities that is to be submitted pursuant to these Escrow Instructions, the Escrow Agent shall promptly request alternative written investment instructions from the Agency with respect to escrowed funds which were to be invested in securities. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Agency. In the absence of investment instructions from the Agency, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the Agency’s selection of an alternative investment as a determination of the alternative investment’s legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

Section 6. Amendment. These Escrow Instructions may be modified or amended at any time by supplemental instructions which shall become enforceable upon the written consent of the Agency and the Escrow Agent.

Section 7. Severability. If any section, paragraph, sentence, clause or provision of these Escrow Instructions shall for any reason be held to be invalid or unenforceable, the invalidity or

unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of these Escrow Instructions.

Section 8. Notice of Escrow Agent and Agency. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the Escrow Agent's office located at MUFG Union Bank, N.A., _____, Attention: _____. Any notice to or demand upon the Agency, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, to the Agency at 10890 San Pablo Avenue, El Cerrito, CA 94530, Attention: Executive Director.

Section 9. Merger or Consolidation of Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor hereunder to the Escrow Agent without the execution or filing of any paper or any further act.

Section 10. California Law. These Escrow Instructions shall be governed by and construed and interpreted in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Agency has caused these Escrow Instructions to be executed by its duly authorized officer, and the Escrow Agent has acknowledged and accepted these Escrow Instructions, as of the date first above written.

SUCCESSOR AGENCY TO THE EL CERRITO
REDEVELOPMENT AGENCY

By: _____
Executive Director

MUFG UNION BANK, N.A., as Escrow Agent and Prior
Trustee

By: _____
Authorized Representative

Exhibit A

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	Redemption <u>Price</u>
7/1/2019	\$1,365,000	5.300%	100%
7/1/2023	\$2,125,000	5.500%	100%

Exhibit B

NOTICE OF FULL REDEMPTION TO THE HOLDERS OF

El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
Tax Allocation Bonds, Series 2004 A (Tax-Exempt)

NOTICE IS HEREBY GIVEN that pursuant to Section 12.01 of the Indenture of Trust dated as of December 1, 1997, as supplemented and amended by the First Supplemental Indenture dated as of October 1, 2004 (as supplemented and amended, the “Indenture”), between the El Cerrito Redevelopment Agency (the “Former Agency”) and MUFG Union Bank, N.A., as successor trustee (the “Trustee”), the Successor Agency to the El Cerrito Redevelopment Agency (the “Agency”) has called for full redemption on July __, 2016 (the “Redemption Date”) the following above-captioned bonds (the “Bonds”) issued pursuant to the Indenture, to be redeemed at the price of 100% of the principal amount, together with the accrued interest to the Redemption Date (the “Redemption Price”), as listed below:

<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Rate</u>	<u>Redemption Price</u>	<u>CUSIP No.*</u>
7/1/2019	[\$1,365,000]	5.300%	100%	282862EV9
7/1/2023	\$2,125,000	5.500%	100%	282862EZ0

Funds are on deposit with the Trustee in an amount sufficient to pay the Redemption Price of the Bonds on the Redemption Date.

Pursuant to the Indenture, payment of the Redemption Price on the Bonds called for redemption will be paid without presentation of the Bonds if presentment is not required and upon presentation of the Bonds if presentment is required. If presentment is required, surrender thereof can be made in the following manner:

<u>By Mail:</u>	<u>Overnight Delivery:</u>	<u>By Hand Only:</u>
MUFG Union Bank, N.A. Corporate Trust 120 South San Pedro St., 4th Fl. Los Angeles, CA 90012	MUFG Union Bank, N.A. Corporate Trust 120 South San Pedro St., 4th Fl. Los Angeles, CA 90012	MUFG Union Bank, N.A. Corporate Trust 120 South San Pedro St., 4th Fl. Los Angeles, CA 90012

The Redemption Price will become due and payable on the Bonds designated to be redeemed on the Redemption Date, together with interest accrued and unpaid to the Redemption Date, and from and after such Redemption Date, interest on the Bonds shall cease to accrue and be payable.

MUFG Union Bank, N.A.
as Trustee

Dated: June __, 2016

IMPORTANT TAX NOTICE

Withholding of 28% of gross prepayment proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), unless the Trustee has the correct taxpayer identification number (social security or employer identification number)

or exemption certificate of the payee. **Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.**

**Note: The Agency and Trustee are not responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

Exhibit C

NOTICE OF DEFEASANCE

El Cerrito Redevelopment Agency
(El Cerrito Redevelopment Project Area)
Tax Allocation Bonds, Series 2004 A (Tax-Exempt)

Establishment of Defeasance Escrow; Instruction to Redeem Defeased Bonds. Notice is hereby given to the holders of all of the outstanding above-captioned bonds (the “Defeased Bonds”) issued by the El Cerrito Redevelopment Agency (the “Former Agency”) as further identified below that (i) there has been deposited with MUFG Union Bank, N.A., as escrow agent (the “Escrow Agent”), moneys pursuant to the Escrow Instructions dated as of June 1, 2016 (the “Escrow Instructions”), from the Successor Agency to the El Cerrito Redevelopment Agency (the “Agency”) to the Escrow Agent, which are sufficient and available to defease the Defeased Bonds on the date hereof and redeem the Defeased Bonds on July __, 2016 (the “Redemption Date”) and (ii) that MUFG Union Bank, N.A., as successor trustee (the “Trustee”) for the Defeased Bonds, has been irrevocably instructed to redeem such Defeased Bonds on the Redemption Date.

Defeased Bonds. The Defeased Bonds are identified as follows:

<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Rate</u>	<u>Redemption Price</u>	<u>CUSIP No.*</u>
7/1/2019	[\$1,365,000]	5.300%	100%	282862EV9
7/1/2023	\$2,125,000	5.500%	100%	282862EZ0

Effect of Defeasance. In accordance with Section 9.03 of the Indenture of Trust dated as of December 1, 1997, as supplemented and amended by the First Supplemental Indenture dated as of October 1, 2004 (as supplemented and amended, the “Indenture”), between the Former Agency and the Trustee, the Defeased Bonds are no longer Outstanding under the Indenture, and all covenants, agreements and other obligations of the Agency to the Owners of the Defeased Bonds under the Indenture have ceased, terminated and become void and are discharged and satisfied, except only the obligation of the Escrow Agent to pay the redemption price together with accrued interest on the Defeased Bonds from funds deposited under the Escrow Instructions on the Redemption Date.

Dated: June __, 2016

SUCCESSOR AGENCY TO THE EL CERRITO REDEVELOPMENT AGENCY

* The Agency shall not be responsible for the accuracy of the CUSIP numbers indicated in this notice. They are included solely for the convenience of the holders.