

**AGREEMENT REGARDING T R A N S F E R A N D
EXPENDITURE OF UNSPENT LOAN PROCEEDS**

This Agreement Regarding Transfer and Expenditure of Unspent Loan Proceeds ("Agreement") is entered into this ____ day of _____, 2015 by and between the Successor Agency to the Redevelopment Agency of the City of Stockton ("Successor Agency") and the City of Stockton, a municipal corporation ("City"). The Successor Agency and the City are herein after collectively referred to as the "Parties."

RECITALS

A. Pursuant to the Community Redevelopment Law (Health & Safety Code §33000 *et al.*) ("CRL"), the former Redevelopment Agency of the City of Stockton ("Redevelopment Agency") was established by the City Council of the City of Stockton ("City Council") on August 13, 1956.

B. Pursuant to a Trust Agreement dated July 1, 2006, and executed by and between the Stockton Public Financing Authority (SPFA) and Wells Fargo Bank, National Association, as Trustee, (the "Trust Agreement"), the SPFA issued 2006 Revenue Bonds (Series A, B, and C) in the aggregate principal amount of \$110,185,000, The SPFA and Successor Agency entered into Loan Agreements which govern the use of these funds. The Bonds are to be used to (i) finance certain redevelopment activities, (ii) fund the reserve accounts for the Bonds, (iii) fund capitalized interest, and (iv) pay issuance costs.

C. The City is the Successor Agency to the Redevelopment Agency, commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill X 1 26.

D. Health and Safety Code section 34191.4(c) provides that once the Successor Agency has been issued a Finding of Completion by the California Department of Finance ("DOF") the Successor Agency is authorized to use unspent loan proceeds for the purposes for which the bonds were sold. Further, the Successor Agency may designate the use of and commit indebtedness obligation proceeds that were derived from indebtedness issued for redevelopment purposes on or before December 31, 2010, and that remain available after the satisfaction of enforceable obligations that have been approved on a Recognized Obligation Payment Schedule ("ROPS") and that are consistent with the indebtedness obligation covenants (hereafter "Unspent Loan Proceeds").

E. The DOF issued a Finding of Completion to the Successor Agency on October 30, 2014.

F. Health and Safety Code section 34191.4(c) further provides that the expenditure of Unspent Loan Proceeds must be listed separately on the applicable ROPS.

G. The Parties desire to enter into this Agreement to use the Unspent Loan Proceeds for the purposes identified in and consistent with the covenants contained in the 2006 Indenture and related documents (the "Bond Covenants") and the requirements of the CRL, and to provide for the Successor Agency to transfer the Unspent Loan Proceeds to the City to be used for such purposes.

H. As of February 28, 2015, the Successor Agency had the following Unspent Loan Proceeds in

available fund balance: \$5,237,814 from the 2006 Series A Bonds, and \$3,275,305 from the 2006 Series C Bonds.

I. The execution of this Agreement was approved in a public meeting of the City Council and the Successor Agency on April 21, 2015.

J. This Agreement was approved by the Oversight Board to the Successor Agency in a public meeting on _____, 2015.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and promises herein contained, the Parties hereby agree as follows:

1. Recitals. The Recitals above are true and correct and are incorporated herein by reference.
2. Effective Date. This Agreement shall become effective upon the date set forth pursuant to Health and Safety Code section 34179(h).
3. Term. The term of this Agreement shall commence on the Effective Date, and shall continue in effect until the date that Unspent Loan Proceeds are expended in accordance with the requirement pursuant to the Trust Agreement dated July 1, 2006, and executed by and between the Stockton Public Financing Authority (SPFA) and Wells Fargo Bank, National Association, as Trustee, (the "Trust Agreement"), the SPFA issued 2006 Revenue Bonds (Series A, B, and C), and Loan Agreements entered into by the SPFA and Successor Agency which govern the use of these funds.
4. Use of Unspent Loan Proceeds. The City agrees that it shall use the Unspent Loan Proceeds solely for the purposes identified in Recital G above or for other projects consistent with the 2006 Bond covenants and the provisions of the CRL that apply to the expenditure of redevelopment funds.
5. Transfer of Unspent Loan Proceeds. Upon the Effective Date, the Successor Agency shall transfer to the City from Available Fund Balance the Unspent Loan Proceeds (including any interest accrued thereon as of the Effective Date), and the City shall deposit such funds into separate 2006 Unspent Excess Loan Proceeds Accounts for the City's use in accordance with the terms, conditions and purposes set forth pursuant to the Trust Agreement dated July 1, 2006, and executed by and between the Stockton Public Financing Authority (SPFA) and Wells Fargo Bank, National Association, as Trustee, (the "Trust Agreement"), and the terms of the Loan Agreements entered into by the SPFA and Successor Agency.
6. Project Approvals; Environmental Review. This Agreement is not intended to limit in any manner the discretion of the City in connection with the issuance of approvals and entitlements for the projects described in this Agreement, nor to avoid legally required processes attendant to project approval, including, without limitation, the undertaking and completion of any required environmental review pursuant to the California Environmental Quality Act and the National Environmental Protection Act, as applicable, and the review and approval of plans and specifications.
7. Severability. If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished. In addition, the Parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant or condition can be accomplished to

the maximum extent legally permissible.

8. No Third-Party Beneficiaries; Assignments. Nothing in this Agreement is intended to create any third-party beneficiaries to this Agreement, and no person or entity other than the Successor Agency and the City, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

9. Further Assurances. Each Party agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of the transactions contemplated by this Agreement.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

12. Amendment. This Agreement may be modified or amended, in whole or in part, only by an instrument in writing, executed by the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT
AGENCY OF THE CITY OF STOCKTON**

By: _____
Executive Director

Attest: _____
Agency Secretary

CITY OF STOCKTON

By: _____
City Manager

Attest: _____
City Clerk

Approved as to form:

City Attorney