



REGULAR MEETING

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY

P.O. Box 711 (City Hall, 400 Grand Avenue)
South San Francisco, California 94083

CITY HALL
LARGE CONFERENCE ROOM, TOP FLOOR
400 GRAND AVENUE

TUESDAY, MAY 21, 2013
2:00 P.M.

PEOPLE OF SAN MATEO COUNTY

You are invited to offer your suggestions. In order that you may know our method of conducting Board business, we proceed as follows:

The regular meetings of the South San Francisco Oversight Board for the Successor Agency to the City of South San Francisco Redevelopment Agency are held on the third Tuesday of each month at 2:00 p.m. in the in the Large Conference Room, Top Floor at City Hall, 400 Grand Avenue, South San Francisco, California.

In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item, and is distributed less than 72 hours prior to a regular meeting will be made available for public inspection in the City Clerk's Office located at City Hall. If, however, the document or writing is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting, as listed on this agenda. The address of City Hall is 400 Grand Avenue, South San Francisco, California 94080.

In compliance with Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the South San Francisco City Clerk's Office at (650) 877-8518. Notification 48 hours in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Chairperson:

Neil Cullen

Selected by:

Largest Special District of the type in H&R
Code Section 34188

Vice Chair:

Denise Porterfield
Deputy Superintendent, Fiscal and Operational Services
San Mateo County Office of Education
Alternate: Patti Ernsberger
Assistant Superintendent, Business Services
South San Francisco Unified School District

Selected by:

San Mateo County Superintendent of Schools

Board Members:

Mark Addiego
Councilmember, City of South San Francisco
Alternate: Barry Nagel
City Manager, City of South San Francisco

Gerry Beaudin
Principal Planner, City of South San Francisco

Barbara Christensen
Director of Community/Government Relations,
San Mateo County Community College District

Reyna Farrales
Deputy County Manager, San Mateo County

Paul Scannell

Selected by:

Mayor of the City of South San Francisco

Mayor of the City of South San Francisco

Chancellor of California Community College

San Mateo County Board of Supervisors

San Mateo County Board of Supervisors
(Public Member)

Counsel

Craig Labadie

Advisory:

Marty Van Duyn – Assistant City Manager, City of South San Francisco
Jim Steele – Finance Director, City of South San Francisco
Steve Mattas – City Attorney, City of South San Francisco
Krista Martinelli – City Clerk, City of South San Francisco
Armando Sanchez – Redevelopment Consultant, City of South San Francisco

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

AGENDA REVIEW

PUBLIC COMMENTS

Comments from members of the public on items not on this meeting agenda. The Chair may set time limit for speakers. Since these topics are non-agenda items, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the Board may refer items to staff for attention, or have a matter placed on a future agenda for a more comprehensive action report.

MATTERS FOR CONSIDERATION

1. Motion to approve the Minutes of the Special Meeting of April 16, 2013.
2. Resolution ratifying an executed Escrow Deposit and Trust Agreement with the Bank of New York Mellon Trust Company, to provide a trust vehicle for funding the Successor Agency's enforceable obligations pursuant to a Disposition and Development Agreement with Oyster Point Ventures, LLC, and making related findings pursuant to Health and Safety Code Section 34181(E).
3. Future Agenda Items.
 - a) Reorganization of the Board (June Regular Meeting).
 - b) Long Range Property Management Plan.
 - c) Employee Staffing Report.

ADJOURNMENT



DRAFT

MINUTES SPECIAL MEETING

OVERSIGHT BOARD FOR THE
SUCCESSOR AGENCY TO THE CITY OF
SOUTH SAN FRANCISCO
REDEVELOPMENT AGENCY

P.O. Box 711 (City Hall, 400 Grand Avenue)
South San Francisco, California 94083

CITY HALL
LARGE CONFERENCE ROOM, TOP FLOOR
400 GRAND AVENUE

TUESDAY, APRIL 16, 2013
2:00 p.m.

CALL TO ORDER

Time: 2:01 pm

ROLL CALL

Present: Boardmembers Beaudin,
Christensen, Farrales* and Scannell,
Alternate Boardmember Barry Nagel,
Alternate Vice Chairperson Ernsberger
and Chairperson Cullen.

*Boardmember Farrales arrived at 2:07
pm.

PLEDGE OF ALLEGIANCE

Led by Alternate Boardmember Nagel.

AGENDA REVIEW

None.

PUBLIC COMMENTS

Mita Saha spoke regarding the 636 El Camino Real leasehold issue and stated that she hoped to be a tenant and was anxiously waiting to sign the lease so she could bring her business back to South San Francisco. She remarked that she would greatly appreciate any actions taken to expedite the process.

MATTERS FOR CONSIDERATION

1. Motion to approve the Minutes of the Regular Meeting of March 12, 2013.

Finance Director Steele proposed revisions to the minutes which were presented to the Board in redlined format.

Motion- Boardmember Beaudin/Second- Boardmember Christensen: to approve the Minutes of the Regular Meeting of March 12, 2013 as amended. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Scannell and Alternate Boardmember Nagel, Alternate Vice Chair Ernsberger and Chair Cullen; NOES: None; ABSTAIN: None; ABSENT: Boardmember Farrales.

2. Resolution No 9-2013 setting the Regular Meeting of the Oversight Board as the third (3rd) Tuesday of the month at 2:00 p.m. in the City Manager's Conference Room at South San Francisco City Hall located at 400 Grand Avenue; and removing the former Regular Meeting Schedule which was established by Motion at the Board's April 10, 2012 Special Meeting.

Clerk Martinelli explained that in reviewing the Board's meeting history for 2013, it became evident that the third (3rd) Tuesday at 2:00 p.m. monthly was a more suitable time for the Board's Regular Meeting based on the flow of business from the Successor Agency to the Board.

Motion- Boardmember Beaudin/Second- Boardmember Christensen: to approve Resolution No.9-2013. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Scannell and Alternate Boardmember Nagel, Alternate Vice Chair Ernsberger and Chair Cullen; NOES: None; ABSTAIN: None; ABSENT: Boardmember Farrales.

3. Report on State Department of Finance and County of San Mateo reviews of ROPS IV Items 13-14A and Report of State Department of Finance Review of Non-Housing Due Diligence Report.

Finance Director Steele presented the informational staff report requiring no Board action and reviewing the State Department of Finance ("DOF") and the County of San Mateo reviews of ROPS IV as well as the DOF review of the Non-Housing Due Diligence Report ("DDR"). It appeared that the agencies submitting the reviews intended to ensure Boardmembers were aware of certain items and had additional opportunity to ask questions pertinent to any potential concerns.

Regarding the DOF's review of ROPS IV, it disallowed several items. Two of these items were disallowed on timing grounds. First, was the \$2.3 million in housing bond proceeds. Second, the DOF disallowed a \$2 million payment to the San Mateo County Harbor District. Regarding the Harbor District payment, DOF stated that the Board should resubmit the payment request upon receipt of actionable reports demonstrating completion of certain tasks. Director Steele advised that in the meantime, a loan agreement with the City could be approved to fund the obligation.

Boardmember Scannell inquired as to the loan agreement funding mechanism.

Finance Director Steele explained that when the Department of Finance rejects an item on technical grounds, such as a timing issue, and an invoice on an enforceable obligation has to be paid in a timely fashion, the no-interest loan agreement with the City permits timely funding of the obligation. The loan then becomes an obligation of the Successor Agency reflected on the next ROPS cycle.

Assistant City Manager Van Duyn advised that in a meet and confer session, DOF had suggested this as the preferred mechanism for funding such obligations.

Finance Director Steele continued with the ROPS review by the DOF. He advised that DOF also disallowed \$42,660 of the \$74,162 loan agreement for accounts payable stating this portion of the loan agreement was not necessary since the Successor Agency received Redevelopment Property Tax Trust Funds ("RPTTF").

Finally, the State remarked that several line items should have been absorbed under administrative costs.

Boardmember Christensen inquired as to the disallowance of housing bond proceeds and whether the bond proceeds could be used when the findings of completion were in hand or whether signed contracts were required.

Finance Director Steele responded that the rejection was on a dual basis. Once findings of completion and signed agreements were in hand, the DOF would entertain review of the obligations on future ROPS.

Finance Director Steele turned to the County's review of ROPS IV, in which it flagged any line item with more than a 20% or \$10,000 difference from a prior ROPS as well as new items that hadn't been on prior ROPS.

Regarding the Non-Housing DDR, the DOF issued its final determination letter. The review letter noted that ROPS I, row 74 outlined an estimated prepayment of \$5.3 million for the Housing and Urban Development (HUD) and Certificates of Participation (COPS) debt, while the actual prepayment consisting of \$407,517.20 in cash with fiscal agent and \$5,216,643.92 in Successor Agency held reserves exceeded the \$5.3 million estimate by \$324,161. Use of the funds was necessary to call the bonds per the Board's direction. The additional amount would be a future loan agreement item for Board approval.

In response to a query by Boardmember Christensen relating to the DOF's comments on the acquisition of the former Ford properties, Finance Director Steele responded that DOF was pointing out that the properties are now properly listed as assets of the Successor Agency with no net impact to the taxing entities.

The DOF also pointed out that there were 3 items that were included in both loan agreements and the DDR. This was due to the fact that staff was not sure where to place them at the time and wanted to

make sure they were presented to DOF in some manner. Since the loans are on ROPS IV, staff will remove them from the DDR.

Finally, DOF did not allow the funds that were approved by the Board to be set aside for calling the 2006 RDA bonds. Staff included an item on this Agenda to rectify this circumstance at DOF's suggestion by asking the Board to adopt a resolution to make findings that the escrow agreement is in the taxing entities' best financial interest.

4. Resolution 10-2013 approving a Loan Agreement in the amount of \$5,445.87 with the City of South San Francisco to allow the Successor Agency to make payment for a Non-housing Recognized Obligation Payment expense shown on ROPS IV but incurred during ROPS III.

Finance Director Steele presented the staff report noting an obligation for train station improvements on ROPS IV with a cost that came due during ROPS III. Accordingly, staff was recommending that the Board approve a loan agreement in which the City would be making the payment presently due, which would then be paid back out of future RPTTF. He anticipated such agreements would become commonplace at every Board meeting.

As a point of clarification, Boardmember Scannell observed that since it was disallowed on ROPS IV and the City had already funded the obligation, the loan document was essentially a clean-up measure.

Finance Director Steele affirmed that point and added that the loan was without interest.

Motion- Boardmember Scannell/Second- Alternate Boardmember Nagel: to approve Resolution No. 10-2013. Unanimously approved by voice vote.

5. Resolution 11-2013 of the Oversight Board Authorizing an Escrow Deposit and Trust Agreement with the Bank of New York Mellon Trust Company, N.A. Related to the 2006 RDA Bonds and Making Related Findings Pursuant to Health and Safety Code Section 34181(e).

Finance Director Steele presented the staff report recommending approval of a resolution making findings pursuant to Health and Safety Code Section 34181(e) consistent with the actions that the Board made on May 17, 2012 for funding an Escrow Deposit and Trust Agreement to call the 2006 RDA Bonds in September 2016. At the time, the Board directed staff to hold the funds in order to pay-off the redevelopment bonds at their first call date in 2016. This course of action was approved on the ROPS, not to exceed \$60 million. Since the books have now closed, the actual amount has been certified as slightly over \$50 million. The DOF was seeking to ensure the Board reviewed this transaction and was fully aware of any economic consequences to the taxing entities. Accordingly, it was asking the Board to formally adopt certain findings. Director Steele observed the findings mirrored the Board's earlier discussions previous to approval of the agreement. He directed Boardmembers to Page 3 of the redlined resolution, which identified minor text changes to clarify for DOF that the Board had made the determination as was required and additionally called out the benefits to the taxing entities. He assured the Board the agreement was still intact and the funds

remained in the escrow account.

City Attorney Mattas advised that a meet and confer request on this issue had been filed with DOF providing additional information, including a copy of the draft resolution.

In response to Boardmember Scannell's inquiry into the reasoning behind a meet and confer in light of the current resolution, City Attorney Mattas responded this resolution was specifically responsive to what DOF requested notwithstanding the fact that it already approved this item and now refused to acknowledge its own approval. Attorney Mattas opined it would be best for the Board's position if DOF changed its determination that the trust agreement was not an enforceable obligation.

Motion- Boardmember Beaudin/Second- Boardmember Scannell: to approve Resolution No.11-2013. Unanimously approved by roll call vote.

6. Resolutions making findings that the Commercial Space at 636 El Camino Real is an integral and indivisible part of a housing asset and shall not be subject to subdivision or a revenue sharing arrangement between the City and the Successor Agency and the assignment of the Commercial Master Lease for 636 El Camino Real by the Successor Agency of the Redevelopment Agency of the City of South San Francisco.

Assistant City Manager Van Duyn presented the staff report recommending approval of resolutions: 1) approving the assignment of the Commercial Master Lease for 636 El Camino Real by the Successor Agency to the City of South San Francisco; and 2) making findings that the Commercial Space at 636 El Camino Real is an integral and indivisible part of a housing asset and shall not be subject to subdivision or a revenue sharing arrangement between the City and the Successor Agency. The recommendation was to move the leasehold interest under the direct control of the City as property owner so that DOF would not have to be routinely consulted for leasehold related matters. The second objective related to whether or not a revenue sharing agreement outlining sharing between the Agency and the City of South San Francisco would be necessary in the disposal of this asset.

Consultant Sanchez outlined the objectives further. With respect to the leasehold interest in the retail space, it was requested to enable the facilitation of improvements and expedite the signing of leases for the space. It was staff's belief that assigning the lease to the City would speed up the process and benefit the entire community. In terms of a revenue sharing agreement, the retail space was an investment of minimal value, if any. Despite that, the City of South San Francisco went through with the project because it would provide community services and amenities. It invested \$2 million to create the space, but only \$100,000 would be realized annually. Clearly the investment would not pay for itself in the near future. Additionally, there would be roughly half a million dollars in tenant improvements required to bring the space online. The City hoped for at least a refund on the housing portion exclusive of the \$1.5 million that went into creating the shell, the retail space and almost 7000 square feet of surface parking. The crux of the argument against a revenue sharing agreement was that it was a terrible investment and there was no money to be made.

In response to a question by Boardmember Christensen, Consultant Sanchez advised that after certain funds were put in reserve, the remaining funds from the leases would go into the housing fund.

Chairperson Cullen shared his concern that it seemed from the report that MidPeninsula had committed to financing the tenant improvements if it had money left over from the construction, which it did. By reading the report, it seemed to him, that MidPen was being released of this obligation.

Consultant Sanchez clarified that this was not the case. In fact, it would be deducted from the \$9 million loan.

In response to Boardmember Christensen's inquiry, Consultant Sanchez advised the rent was close to \$2.00 per square foot for commercial space in the respective area. He reiterated the importance of expediting leases for the space and believed the revenue sharing discussion could be delayed. Nevertheless, the lease of the commercial space would not be a moneymaker. Indeed the space was installed as part of a City requirement to ensure certain amenities were available to occupants and abide by mixed-use housing standards. He restated that a discussion of how losses could be shared over time could be postponed, but urged a determination on the leasehold interest was a priority at this time.

In response to Boardmember Beaudin's query into revenue generation, Consultant Sanchez confirmed that after the \$510,000 ceiling was reached, the revenue would be shared amongst the housing fund, the City and the Successor Agency. That formula could be determined in the future with another discussion.

Chairperson Cullen expressed an interest in adopting the Resolution assigning the leasehold interest and deferring a determination on a revenue sharing agreement.

Motion- Boardmember Christensen/Second- Boardmember Beaudin: to approve Resolution No. 12-2013 assigning the Commercial Master Lease for 636 El Camino Real by the Successor Agency of the Redevelopment Agency of the City of South San Francisco to the City of South San Francisco. Unanimously approved by voice vote.

7. Future Agenda Items.
 - a) Long Range Property Management Plan.
 - b) Employee Staffing Report.

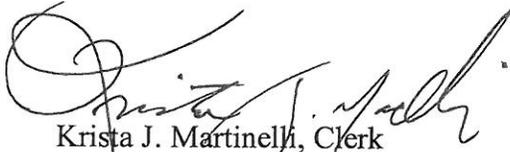
ADJOURNMENT

Motion- Boardmember Scannell /Second- Boardmember Beaudin: to adjourn the meeting.
Unanimously approved by voice vote.

Pursuant to the above motion, Chairperson Cullen adjourned the meeting at 3:13 p.m.

Submitted:

Approved:



Krista J. Martinelli, Clerk
City of South San Francisco

Neil Cullen, Chairperson
Oversight Board for the Successor Agency to the
South San Francisco Redevelopment Agency



Redevelopment Successor Agency Oversight Board Staff Report

DATE: May 21, 2013

TO: Members of the Oversight Board

FROM: Jim Steele, Finance Director

SUBJECT: RESOLUTION RATIFYING AN EXECUTED ESCROW DEPOSIT AND TRUST AGREEMENT WITH THE BANK OF NEW YORK MELLON TRUST COMPANY, TO PROVIDE A TRUST VEHICLE FOR FUNDING THE SUCCESSOR AGENCY'S ENFORCEABLE OBLIGATIONS PURSUANT TO A DISPOSITION AND DEVELOPMENT AGREEMENT WITH OYSTER POINT VENTURES, LLC, AND MAKING RELATED FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 34181(E)

RECOMMENDATION

It is recommended that the Oversight Board approve the attached resolution ratifying an executed Escrow Deposit and Trust Agreement with the Bank of New York Mellon Trust Company, to provide a trust vehicle for funding the Successor Agency's enforceable obligations pursuant to a Disposition and Development Agreement (DDA) with Oyster Point Ventures, LLC, and making related findings pursuant to Health and Safety Code Section 34181(E).

BACKGROUND/DISCUSSION

The (DDA) dated March 23, 2011, between Oyster Point Ventures, LLC (the "Developer") and the City of South San Francisco, requires the former Redevelopment Agency (RDA) to provide payment for certain infrastructure improvements estimated to cost \$29,463,230 as outlined in the DDA to the Developer. The DDA also required that an escrow account be set up to hold these funds. To minimize impacts on future Redevelopment Property Tax Trust Funds (RPTTF), thereby maximizing revenue to taxing entities, the Oversight Board directed staff on May 8, 2012 via row 18 of the January through June 2012 Recognized Obligations Payment Schedule (ROPS I) to begin funding a reserve for this obligation. The Board determined it would be in the taxing entities best interest to set funds aside over time, and not on a one-time basis. ROPS I approved an initial \$6 million to set aside, and each subsequent ROPS has approved an additional \$3 million (shown as row 12 in the most recent ROPS 13-14 A). The Board also recognized that the DDA itself would maximize the future stream of property tax revenues to all taxing entities, because through the DDA the Developer will convert vacant and underutilized properties to a large, more valuable research and development office park that the Developer has been entitled for.

In staff discussions with the Oversight Board during the April-May 2012 time period, the Board directed staff to set up an Escrow/Trust arrangement that would safeguard the funds in trust for completing the obligations of the DDA. Staff carried out that direction and has executed a Trust Agreement with the Bank of New York Mellon. Staff recommends the reserve be moved into that escrow account, and that the Board adopt findings via the attached resolution that consent to that movement of funds, and to findings that demonstrate that the Board has indeed made that direction in the best interest of the taxing entities. The Trust is in the best interest of the taxing entities because it contains the following provisions:

1. Specifies that “all interest, profits and other income received from the investment of moneys in the Escrow Account shall be retained in the Escrow Account;
2. Specifies that funds shall be disbursed as follows and consistent with the provisions of the DDA and with the intent of Redevelopment Dissolution provisions:
 - a. “Amounts on deposit in the Escrow Account shall be disbursed upon the receipt by the Escrow Agent of a written instruction from the Agency in the form set forth in Exhibit B attached hereto and executed by both the City Manager and the City Attorney of the City instructing the Escrow Agent to disburse funds for Phase IC Improvement Costs or Phase IIC Improvement Costs;
 - b. “Provided that if Developer has not accepted conveyance of the Conveyed Property as defined in the DDA by May 29, 2019, the Agency may terminate the DDA and provide written direction to the Escrow Agent to disburse the amounts on deposit in the Escrow Account to the Agency for the following purposes in the following order of priority: (i) first, for payment of the Kings Leases Purchase Price pursuant to the DDA and (ii) second, for payment to the County of San Mateo for distribution to the taxing entities (emphasis added)”; and
 - c. Specifies authorized investments that are prudent, conservative and designed to protect principal while earning a safe rate of return by specifying investments in Exhibit A of the Trust Agreement.

FISCAL IMPACT

The reserve for fiscal year 2012-13 is currently \$12 million (\$6 million approved by the State Department of Finance (DOF) in ROPS I, January through June 2012, plus \$3 million approved by State DOF in ROPS II July through December 2012, plus \$3 million approved by State DOF in ROPS III January through June 2013). ROPS IV, or ROPS 13-14A for the period July through December 2014 has been approved by the State DOF, and will provide an additional \$3 million for the first half of fiscal year 2013-14.

CONCLUSION

Consistent with ROPS I approval by the Board May 17, 2012 and subsequent ROPS II, III, and IV, all of which are now approved by State Department of Finance (DOF), setting up a trust/escrow account will allow the Successor Agency to satisfy its obligation under the Oyster Point DDA and will maximize revenues on an ongoing basis.

Staff Report

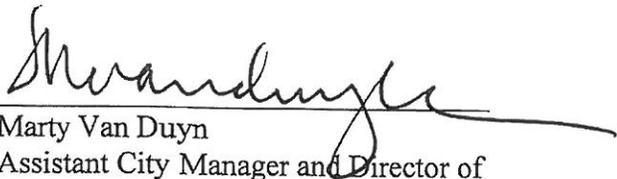
Subject: Resolution of the Oversight Board Authorizing an Escrow Deposit and Trust Agreement

Page 3

By:


Jim Steele
Finance Director

Approved:


Marty Van Duyn
Assistant City Manager and Director of
Economic and Community Development

Attachments: Resolution
Executed Escrow Deposit and Trust Agreement

JS/BN:ed

RESOLUTION NO _____

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE CITY OF SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY

RESOLUTION RATIFYING AN EXECUTED ESCROW DEPOSIT AND TRUST AGREEMENT WITH THE BANK OF NEW YORK MELLON TRUST COMPANY, TO PROVIDE A TRUST VEHICLE FOR FUNDING THE SUCCESSOR AGENCY'S ENFORCEABLE OBLIGATIONS PURSUANT TO A DISPOSITION AND DEVELOPMENT AGREEMENT WITH OYSTER POINT VENTURES, LLC, AND MAKING RELATED FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 34181(E)

WHEREAS, on March 23, 2011, the former City of South San Francisco Redevelopment Agency ("Agency") entered into a Disposition and Development Agreement ("DDA") with Oyster Point Ventures, LLC ("Developer"); and

WHEREAS, the DDA required that the Agency pay the Developer for certain specified infrastructure improvements, at a total cost of \$29,463,230, and

WHEREAS, following the dissolution of the Agency as of February 1, 2012, the Successor Agency presented the DDA to the Oversight Board for consideration, in the course of which the Oversight Board consented to fund the former Agency's DDA obligations over time to minimize the immediate impact on taxing entities that would have resulted from paying the obligations all at once; and

WHEREAS, the Oversight Board also agreed to honor the DDA provisions requiring deposit of the obligated funds into an escrow account for protection of those funds; and

WHEREAS, following the dissolution of the Agency, the Successor Agency of the Agency included a reserve for a first payment of \$6,000,000 pursuant to the DDA, as line 18 on the Recognized Obligation Payment Schedule ("ROPS I") for the period January through June 2012, which was approved by the Oversight Board and the State Department of Finance (DOF); and

WHEREAS, the Successor Agency included additional payments of \$3,000,000 pursuant to the DDA as line items on the ROPS for the periods July through December, 2012; January through June, 2013; and July through December, 2013 ("ROPS II" "ROPS III," and "ROPS 13-14A," respectively); all of which were approved by the Oversight Board and DOF; and

WHEREAS, as of January 1, 2013, the Successor Agency and The Bank of New York

Mellon Trust Company, N.A. (“Bank”) entered into that certain Escrow Deposit and Trust Agreement (“Agreement”) providing for the deposit of funds into an escrow account to be maintained in trust by the Bank for the purpose of fulfilling the Agency’s infrastructure improvement obligations to Developer; and

WHEREAS, the Agreement provides for an initial Successor Agency deposit of \$6,000,000, and a deposit of \$3,000,000 every six months thereafter until completion of all Successor Agency deposits pursuant to the direction provided by the Oversight Board as referenced above and consistent with the DDA, and further provides for the disbursement of such funds by the Bank in accordance with the terms and provisions of the Agreement; and

WHEREAS, in accordance with Assembly Bill x1 26, pursuant to its approval of ROPS I, ROPS II, ROPS III and ROPS 13-14A, the Oversight Board approved the creation of a reserve to fulfill the Successor Agency’s enforceable obligations to the Developer pursuant to the DDA; and

WHEREAS, DOF approved such reserve as an enforceable obligation listed in ROPS I, ROPS II, ROPS III and ROPS 13-14A; and

WHEREAS, on June 27, 2012, Assembly Bill 1484 was enacted, modifying Assembly Bill x1 26 in several respects, including adding a requirement that henceforth all Oversight Board actions be taken by resolution and submitted to DOF; and

WHEREAS, Health and Safety Code Section 34181(e) authorizes the Oversight Board to determine whether the Successor Agency should terminate or renegotiate the Agreement, based on consideration of the best interest of the taxing entities; and

WHEREAS, the Oversight Board has reviewed its original direction to create a reserve for the DDA obligations to Developer, and has reviewed and considered the terms of the Agreement; and

WHEREAS, the Oversight Board has determined that it is still in the affected taxing entities’ best financial interest for the Agreement to be maintained so that the infrastructure improvements may be timely completed and the taxing entities will realize the benefit of much higher property taxes from the resulting development, which will intensify land use of either currently vacant or underutilized land for research and development office space; and

WHEREAS, the Oversight Board has also determined that the Agreement will safeguard all deposited funds so that any funds not needed to comply with obligations pursuant to the DDA may be returned to the County for distribution; and, as stated in Section 5 of the Agreement below:

“the Agency may terminate the DDA and provide written direction to the Escrow Agent to disburse the amounts on deposit in the Escrow Account to the Agency for the following purposes in the following order of priority: (i) first, for payment of the Kings Leases Purchase Price pursuant to the DDA and (ii) second, for payment to the County of San Mateo for distribution to the taxing entities; and

WHEREAS, the Agreement contains specific investment authorization instructions which will further protect the principal of these funds and ensure they earn interest at a prudent rate.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board for the Successor Agency of the City of South San Francisco Redevelopment Agency hereby:

1. Finds that the foregoing Recitals are true and correct and made a part of this Resolution.
2. Reaffirms the creation and funding over time of a trust account in the amount of \$29,463,230 for payment to Oyster Point Ventures, LLC for infrastructure improvements pursuant to the Disposition and Development Agreement dated as of March 23, 2011.
3. Ratifies, authorizes and consents to the Successor Agency's execution of an Escrow Deposit and Trust Agreement with The Bank of New York Mellon Trust Company for such purpose, and authorizes the funding of such Agreement pursuant to its terms over time, consistent with duly approved ROPS.
4. Finds that said Agreement should not be terminated or renegotiated, and instead authorizes and consents to its continuation in its present form as being in the best interest of the taxing entities, in that the continuation of the Agreement in its present form will increase future property tax revenues to the taxing entities.
5. Authorizes the inclusion of the Agreement as an enforceable obligation on subsequent Recognized Obligation Payment Schedules.
6. Directs staff to transmit this Resolution and such related information as the Successor Agency deems appropriate to the State Department of Finance and other applicable agencies in accordance with Assembly Bill x1 26, as modified by Assembly Bill 1484.

* * * * *

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the Oversight Board for the Successor Agency of the City of South San Francisco Redevelopment Agency at a meeting held on the 21st day of May, 2013 by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST: _____
Successor Agency Secretary

EXECUTION VERSION

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

SOUTH SAN FRANCISCO SUCCESSOR AGENCY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Escrow Agent

Dated as of January 1, 2013

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (the "Escrow Agreement"), dated as of January 1, 2013, is by and between SOUTH SAN FRANCISCO SUCCESSOR AGENCY, a public body corporate and politic (the "Agency"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as escrow agent (the "Escrow Agent") (any capitalized terms not otherwise defined in this Escrow Agreement shall have the meaning given to them in the DDA (as defined below)).

WITNESSETH:

WHEREAS, the Agency, Oyster Point Ventures, LLC a Delaware limited liability company (the "Developer") and the City of South San Francisco, a municipal corporation ("City"), have entered into that certain Disposition and Development Agreement dated March 23, 2011 (the "DDA"), pursuant to which each of the Agency and the Developer has certain responsibilities and obligations with respect to the development of certain land located in the City of South San Francisco, County of San Mateo, State of California, as more particularly described in Exhibit A to the DDA.

WHEREAS, pursuant to Section 3.4 of the DDA, the Agency agreed that the allocation of costs and contributions in connection with the Phase IC Improvement Costs and Phase IIC Improvement Costs shall be as set forth on Exhibit 3.4.1 to the DDA.

WHEREAS, to secure the Agency's performance of, and ensure funds are available to pay for, the Agency's share of the cost of the Phase IC Improvement Costs and Phase IIC Improvement Costs, the Agency desires to deposit certain funds into the escrow account created hereunder, as provided for herein.

WHEREAS, the Agency proposes to appoint the Escrow Agent hereunder for the purpose of holding and administering the escrow account described above, and the Escrow Agent desires to accept said appointment.

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

NOW, THEREFORE, in consideration of the above premises and of the covenants and agreements herein contained and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Agency and the Escrow Agent do hereby agree as follows:

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

Section 2. Establishment of Escrow Account. There is hereby created by the Agency with, and to be held by, the Escrow Agent, an escrow to be maintained in trust by the Escrow Agent on behalf of the Agency, said escrow to be designated the "Escrow Account." All moneys deposited in the Escrow Account shall be held as a separate account and pledged for the payment of the Agency's share of the cost of the Phase IC Improvement Costs and Phase IIC Improvement Costs as required under the DDA and as provided for herein.

Section 3. Deposits into Escrow Account. The Agency hereby deposits with the Escrow Agent the sum of Six Million Dollars (\$6,000,000) for deposit into the Escrow Account. Every six (6) months thereafter, the Agency may deposit with the Escrow Agent the sum of Three Million Dollars (\$3,000,000) for deposit into the Escrow Account until completion of all Agency deposits as set forth on Exhibit 3.4.1 to the DDA.

Section 4. Investment of Amounts; Instructions as to Application of Deposit. (a) Upon receipt of the written direction of an authorized officer of the Agency, the Escrow Agent shall invest the moneys deposited into the Escrow Account in one or more of the investments listed in Exhibit A attached hereto (the "Permitted Investments").

(b) The Agency recognizes and agrees that the Escrow Agent will not provide supervision, recommendations or advice relating to either the investment of moneys held in the Escrow Account or the purchase, sale, retention or other disposition of any Permitted Investment. The Escrow Agent may conclusively rely upon the Agency's written instructions as to both the suitability and legality of the directed investments. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. In the absence of investment instructions from the Agency, the Escrow Agent shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in Permitted Investments.

(c) The Escrow Agent is hereby authorized to execute purchases and sales of Permitted Investments through the facilities of its own trading or capital markets operations or those of any affiliated entity, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. The Escrow Agent shall send statements to the Agency on a monthly basis reflecting activity in the Escrow Account for the preceding month. Although the Agency recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Agency hereby agrees that confirmations of permitted investments are not required to be issued by the Escrow Agent for each month in which a monthly statement is rendered. No statement need be rendered for the Escrow Account if no activity occurred for such month.

(d) All interest, profits and other income received from the investment of moneys in the Escrow Account shall be retained in the Escrow Account.

Section 5. Disbursement of Funds in Escrow Account. Amounts on deposit in the Escrow Account shall be disbursed upon the receipt by the Escrow Agent of a written instruction from the Agency in the form set forth in Exhibit B attached hereto and executed by both the City Manager and the City Attorney of the City instructing the Escrow Agent to disburse funds for Phase IC Improvement Costs or Phase IIC Improvement Costs; provided that if Developer has not accepted conveyance of the Conveyed Property as defined in the DDA by May 29, 2019, the Agency may terminate the DDA and provide written direction to the Escrow Agent to disburse the amounts on deposit in the Escrow Account to the Agency for the following purposes in the following order of priority: (i) first, for payment of the Kings Leases Purchase Price pursuant to the DDA and (ii) second, for payment to the County of San Mateo for distribution to the taxing entities.

Section 6. Concerning the Escrow Agent. Notwithstanding any provision contained herein to the contrary, the Escrow Agent, including its officers, directors, employees and agents, shall:

(a) not be liable for any action taken or omitted under this Escrow Agreement except for its own willful misconduct or negligence, and in no event shall the Escrow Agent be liable for any special, punitive or consequential damages, even if the Escrow Agent has been advised of the possibility of such damages;

(b) have no responsibility to inquire into or determine the genuineness, authenticity, or sufficiency of any securities, checks, or other documents or instruments submitted to it in connection with its duties hereunder;

(c) be entitled to deem the signatories of any documents or instruments submitted to it hereunder as being those purported to be authorized to sign such documents or instruments on behalf of the Agency, and shall be entitled to rely upon the genuineness of the signatures of such signatories without inquiry and without requiring substantiating evidence of any kind;

(d) be entitled to compensation for its services hereunder pursuant to Exhibit C attached hereto, which is made a part hereof, and for reimbursement of its out-of-pocket expenses including, but not by way of limitation, the fees and costs of attorneys or agents which it may find necessary to engage in performance of its duties hereunder, all to be paid by the Agency from funds in this Escrow Account;

(e) be, and hereby is, to the extent permitted by law, indemnified and saved harmless by the Agency from all losses, liabilities, costs and expenses, including attorney fees and expenses, which may be incurred by it as a result of its acceptance of the Escrow Account or arising from the performance of its duties hereunder, unless such losses, liabilities, costs and expenses shall have been finally adjudicated to have resulted from the willful misconduct or negligence of the Escrow Agent, and such indemnification shall survive its resignation or removal, or the termination of this Escrow Agreement;

(f) have only those duties as are specifically provided herein, and this Escrow Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no

additional obligations of the Escrow Agent shall be inferred from the terms of this Escrow Agreement or any other agreement;

(g) have the right, but not the obligation, to consult with counsel to the Agency and shall not be liable for action taken or omitted to be taken by Escrow Agent in accordance with the advice of such counsel; and

(h) have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees appointed, and shall not be responsible for the willful misconduct or negligence of such agents, attorneys, custodians and nominees appointed by it with due care.

None of the provisions of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the Agency.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Agency shall provide to the Escrow Agent an incumbency certificate listing persons with authority to act hereunder, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) 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 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 instructions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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; and (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.

Any banking association or corporation into which the Escrow Agent may be merged, converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of the Agency, anything herein to the contrary notwithstanding.

The Escrow Agent shall not be obligated to perform any obligation hereunder and shall not incur any liability for the nonperformance or breach of any obligation hereunder to the extent that it is delayed in performing, unable to perform or breaches such obligation because of acts of God, war, terrorism, fire, floods, strikes, electrical outages, equipment or transmission failures, or other causes reasonably beyond its control; provided that the Escrow Agent shall use commercially reasonable efforts consistent with accepted corporate trust industry practices to maintain performance without delay or resume performance as soon as reasonably practicable under the circumstances

Section 7. Tax Matters. The Escrow Agent shall have no responsibility for the preparation and/or filing of any tax or information return with respect to any transaction, whether or not related to this Escrow Agreement or a related agreement.

Section 8. Resignation or Removal of Escrow Agent. The Escrow Agent may resign following the giving of thirty (30) days prior written notice to the Agency. Similarly, the Escrow Agent may be removed and replaced following the giving of thirty (30) days prior written notice to the Escrow Agent by the Agency. In either event, the duties of the Escrow Agent shall terminate thirty (30) days after receipt of such notice (or as of such earlier date as may be mutually agreeable), and the Escrow Agent shall then deliver the balance of the moneys then in its possession to a successor escrow agent as shall be appointed by the Agency as evidenced by a written notice filed with the Escrow Agent. If the Agency does not appoint a successor escrow agent prior to the expiration of thirty (30) days following receipt of the notice of resignation or removal, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor escrow agent, which court may thereupon as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent.

Section 9. Notices. Any notice, consent or request to be given in connection with any of the terms or provisions of this Escrow Agreement shall be in writing and be given in person, by facsimile transmission, courier delivery service or by mail, and shall become effective (a) on delivery if given in person, (b) on the date of delivery if sent by facsimile or by courier delivery service, or (c) four business days after being deposited in the mails, with proper postage for first-class registered or certified mail, prepaid.

Until notified in writing by the appropriate party of a change to a different address, notices shall be addressed as follows:

if to the Agency:

City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080
Attn: Finance Director
Fax Number: (650) 829-6658

with a copy to:

Meyers Nave
575 Market Street, Suite 2600

San Francisco, California 94105
Attn: Steven T. Mattas, Agency Attorney
Fax Number: (415) 421-3767

if to the Escrow Agent:

The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, CA 94111
Attention: Corporate Trust
Fax Number: (415) 399-1647

Section 10. Amendment, Modification or Waiver. This Escrow Agreement may be amended or modified and any term of this Escrow Agreement may be waived if such amendment, modification or waiver is in writing and signed by all parties hereto.

Section 11. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement 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 this Escrow Agreement.

Section 12. Governing Law; Counterparts. This Escrow Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California. It may be executed in several counterparts, each one of which shall constitute an original and all collectively shall constitute but one instrument.

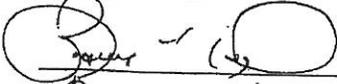
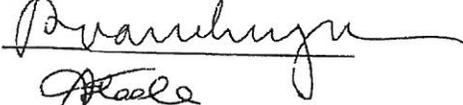
[SIGNATURE PAGE FOLLOWS]

INCUMBENCY AND SIGNATURE CERTIFICATE

The undersigned hereby states and certifies that:

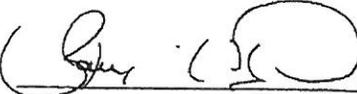
1. I am the duly appointed, qualified and acting City Manager of the City of South San Francisco (the "City"), and, as such, I am familiar with the facts herein certified and am authorized to certify the same on behalf of the South San Francisco Successor Agency (the "Agency").

2. The signatures set forth opposite the names and titles of the following persons are true and correct specimens of the genuine signatures of the officers of the City authorized to provide instructions on behalf of the Agency pursuant to the Escrow Deposit and Trust Agreement, dated as of January 1, 2013 (the "Escrow Agreement"), between the Agency and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent").

<u>Name and Office</u>	<u>Signature</u>
Barry Nagel, City Manager	
Marty Van Duyn, Assistant City Manager	
Jim Steele, Director of Finance	
Steven T. Mattas, City Attorney	

Dated: January 9, 2013

CITY OF SOUTH SAN FRANCISCO, on behalf of
SOUTH SAN FRANCISCO SUCCESSOR AGENCY

By: 
City Manager

The undersigned Director of Finance of the City hereby certifies that the above signature is the true and correct signature of the City Manager of the City.

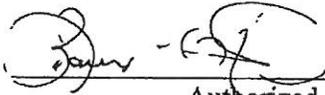
By: 
Director of Finance

IN WITNESS WHEREOF, the Agency and the Escrow Agent have each caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

SOUTH SAN FRANCISCO SUCCESSOR AGENCY

Approved as to form

Date: 1/9/2013

By: 
Authorized Officer

By: 
City Attorney

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N. A., as Escrow Agent

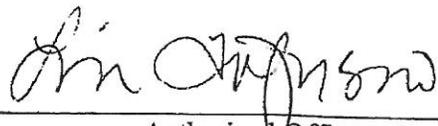
By: 
Authorized Officer

EXHIBIT A

INVESTMENT POLICY

The following investments are authorized:

U.S. TREASURY SECURITIES for which the full faith and credit of the U.S. are pledged for the payment of principal and interest. There is no limit to the percentage of the portfolio that can be invested in U.S. Treasuries. However, their maturities shall be limited to 5 years or less.

FEDERAL AGENCY OR UNITED STATES GOVERNMENT SPONSORED ENTERPRISE OBLIGATIONS, or other instruments, including those issued by federal agencies or United States government-sponsored enterprises. The amount of any one issuer shall not exceed 25 percent of the portfolio, with the maturity not to exceed 5 years. Examples include the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Tennessee Valley Authority (TVA).

FDIC Insured CORPORATE NOTES, issued by a corporation under the Federal Deposit Insurance Corporation's (FDIC) Temporary Liquidity Guarantee Program (TLGP). These notes are backed by the full faith and credit of the United States Government. The amount of any one issuer shall not exceed 25 percent of the portfolio.

COMMERCIAL PAPER must be of prime quality of the highest rating by both Moody's and Standard and Poor's (P-1 by Moody's and A-1 by Standard and Poor's). Eligible paper is limited to corporations organized and operating within the U.S. and having total assets of at least \$500,000,000. There are also limitations as to the total percent (10%) of the portfolio that may be invested in commercial paper, the time of investment (270 days) and the amount of any one issuer shall not exceed 5 percent of the portfolio.

REPURCHASE AGREEMENTS (Repos) allow a purchase of securities by a local agency; by agreement, the seller will repurchase the securities on or before a specified date and for a specified amount. The maturity should not exceed ninety days. Repos should only be purchased when a purchase agreement is executed with a bank in which the underlying security shall have a market value of at least: 102% for U.S. Treasuries or 105% for U.S. Agencies of the funds borrowed. Pledged securities must be held by a third party custodian. The issuing counter party shall be rated in a rating category of "AA" or its equivalent or better by nationally recognized rating services (Standard and Poor's and Moody's).

THE LOCAL AGENCY INVESTMENT FUND is a pooled fund managed by the State Treasurer whose permitted investments are identified in the Government Code Section 164291. LAIF offers high liquidity as deposits and withdrawals can be wired to and from South San Francisco on the same day, provided the request is made before 10:00 A.M. No maximum limit for LAIF is set by this investment policy.

MUTUAL FUNDS are shares of beneficial interest issued by diversified management companies, as defined by Section 23701 M of the Revenue and Taxation Code. To be eligible for investment, these funds must strive to maintain a net asset value of \$1.00 per share at all times and:

- a) Attain the highest ranking in the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services; or
- b) Have an investment advisor registered with the Securities and Exchange Commission with not less than five years experience investing in securities and obligations, and with assets under management in excess of five hundred million dollars; and
- c) Invest solely in those securities and obligations authorized by Sections 53601 and 53635 of the California Government Code. Where the Investment Policy may be more restrictive than the State Code, the Investment Policy authorizes investments in mutual funds that shall have minimal investment in securities otherwise restricted by the Investment Policy. Minimal investment is defined as less than 5 percent of the mutual fund portfolio.

Mutual fund investments shall not exceed 20% of the portfolio, with no more than 10% of the portfolio invested with any one institution. The 20% restriction shall not apply to mutual funds that invest solely in US Treasuries, US Agency securities, and/or repurchase agreements consisting of US Treasuries or US Agency securities. The 10% restriction for any one institution shall not apply if the underlying investments are US Treasuries, US Agency securities, and/or repurchase agreements consisting of US Treasuries or US Agency securities.

EXHIBIT B

FORM OF DISBURSEMENT REQUEST

TO: The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent")

RE: Disbursement from the Escrow Account pursuant to Section 5 of the Escrow Deposit and Trust Agreement, dated as of January 1, 2013 (the "Escrow Agreement"), between the Escrow Agent and the South San Francisco Successor Agency

You are hereby instructed to disburse the following amount(s) from the Escrow Account to the payee(s) as set forth in Schedule A:

Dated: _____

CITY OF SOUTH SAN FRANCISCO, on behalf of
SOUTH SAN FRANCISCO SUCCESSOR AGENCY

By: _____
City Manager

By: _____
City Attorney

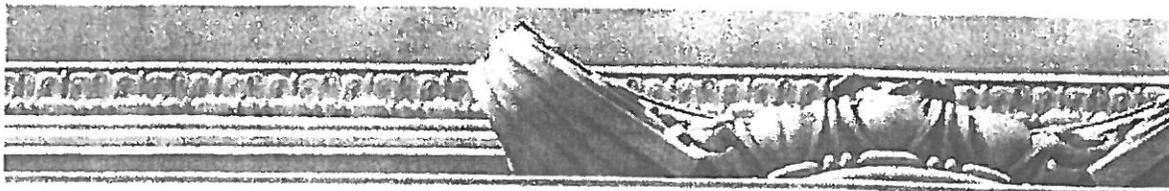
Schedule A

Payee

Amount

EXHIBIT C
SCHEDULE OF ESCROW AGENT FEES
(See Attached)

1890906.4



South San Francisco Successor Agency
Oyster Point Ventures, LLC

Escrow Agent
Fee Schedule
December 28, 2012

Presented By:

Michael Jones

Vice President
The Bank of New York Mellon Trust
Company, N.A.
601 Union Street, Suite 520
Seattle, WA 98101
Phone: 206-336-1616
E-mail:
michael.a.jones@bnymellon.com

Combined Fee Schedule for Services of:

- Escrow Agent



BNY MELLON
CORPORATE TRUST

Fee Schedule

Upon appointment of The Bank of New York Mellon Trust Company N.A. ("BNYM Trust Company, N.A."), as Escrow Agent, South San Francisco Successor Agency shall be responsible for the payment of the fees, expenses and charges as set forth in this Fee Schedule.

General Fees

Acceptance Fee: \$1,000

This one time charge is payable at the time of the closing and includes the review and execution of the Escrow Deposit and Trust Agreement and all documents submitted in support thereof and establishment of accounts.

Annual Administration Fee: \$1,200

The Annual Escrow Agent fee is payable at closing and covers the consideration of documents and the normal administrative duties of the Escrow Agent according to the governing documents, includes the review and execution of the Escrow Deposit and Trust Agreement and all documents submitted in support thereof, account set-up and covers the normal administrative functions of the escrow agent. Based on the information provided, we do not anticipate hiring counsel but reserve the right to do so if required.

Additional Fee:
Per Disbursements from Escrow \$25

Investment Compensation Please see explanation

With respect to investments in money market mutual funds the investment maintenance fee will be -0- basis points. With respect to investments in money market mutual funds for which BNYM Trust Company, N.A. provides shareholder services BNYM Trust Company, N.A. (or its affiliates) may also receive and retain additional fees from the mutual funds (or their affiliates) for shareholder services as set forth in the Authorization and Direction to BNYM Trust Company.

Purchases or sales of securities will incur a \$25 per trade transaction processing fee. Investments held outside of the trust estate require \$35 per trust account per month to reconcile investments. Such trade execution and reconciliation fees do not apply to money market fund investments on our automated "sweep" platform.

Counsel Fees – Internal Waived*

A fee covering the reasonable fees and expenses of Counsel for its services, including review of governing documents, communication with members of the closing party (including representatives of the issuer, investment banker(s), attorney(s) and (BNYM Trust Company, N.A.), attendance at meetings and the closing, and such other services as BNYM Trust Company, N.A. may deem necessary. The Counsel fee will be the actual amount of the reasonable fees and expenses charged by Counsel and is payable at closing. Should closing not occur, you shall still be responsible for payment of reasonable Counsel Fees and expenses. *Should a counsel opinion be needed, outside counsel will need to provide such opinion(s) and an additional fee will be charged.

PRIVILEGED AND CONFIDENTIAL

The information in this document, and any attachment herewith, is confidential and for use by the addressee only.

December 28, 2012

Page 2 of 4



BNY MELLON
CORPORATE TRUST

Out of Pocket Expenses

At Cost

Additional out-of-pocket expenses may include, but are not limited to statutory filing charges, including UCC amendments, continuations, and termination fees; and expenses of BNYM Trust Company, N.A.'s representative(s) and Counsel for travel costs for attending the closing and special meetings. Fees and expenses of BNYM Trust Company, N.A.'s representatives and Counsel will be charged at the actual amount of fees and expenses charged.

Miscellaneous Fees & Services

Please see explanation

The fees for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and will be charged in BNYM Trust Company, N.A.'s sole reasonable discretion. These extraordinary services may include, but are not limited to, supplemental agreements, consent operations, unusual releases, and the preparation of special or interim reports. Counsel, accountants, special agents and others will be charged at the actual amount of reasonable fees and expenses billed.

Default Administration Fees and Expenses

Please see explanation

In the event that a default occurs and is not cured within the appropriate time period required by the governing document, BNYM Trust Company, N.A. shall be paid a Default Administration Fee calculated in accordance with BNYM Trust Company, N.A.'s hourly rate in effect at the time of the default and as may be modified by BNYM Trust Company, N.A. in its sole discretion from time to time thereafter, plus all expenses incurred by BNYM Trust Company, N.A., which expenses will include the fees and expenses of Counsel. In addition, if BNYM Trust Company, N.A. is required to advance any payments, BNYM Trust Company, N.A. shall be entitled to charge interest on such advances at The BNYM Trust Company, N.A.'s (or one of its affiliates) prime rate in effect on the date of the advance.

Terms and Disclosures

TERMS OF PROPOSAL

Final acceptance of the appointment as Escrow Agent is subject to approval of authorized officers of BNYM Trust Company, N.A. and full review and execution of all documentation related hereto. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. Fees may be subject to adjustment during the life of the engagement.

MISCELLANEOUS

The terms of this Fee Schedule shall govern the matters set forth herein and shall not be superseded or modified by the terms of the Escrow Deposit and Trust Agreement. This Fee Schedule shall be governed by the laws of the State of California without reference to laws governing conflicts. BNYM Trust Company, N.A. and the undersigned agree to jurisdiction of the federal and state courts located in the State of California. The Issuer/Obligor shall be responsible for filing any applicable information returns with the U.S. Department of Treasury, Internal Revenue Service in connection with payments made by BNYM Trust Company, N.A. to vendors who have not performed services for BNYM Trust Company, N.A.'s benefit under the various note issuances or other undertakings contemplated by this fee agreement.

CUSTOMER NOTICE REQUIRED BY THE USA PATRIOT ACT

To help the US government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (whether an individual or organization) for which a relationship is established.

PRIVILEGED AND CONFIDENTIAL

The information in this document, and any attachment herewith, is confidential and for use by the addressee only.

December 28, 2012

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BNY MELLON
CORPORATE TRUST

What this means to you: When you establish a relationship with BNYM Trust Company, N.A., we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

We thank you for your assistance.

Accepted By:

For BNYM Trust Company, N.A.:

Signature: [Handwritten Signature]

[Handwritten Signature]

Date: 1/9/13

December 28, 2012

Name: BARREY M. NAOMI

Michael A. Jones

Title: CITY MANAGER

Vice President/Business Development
Officer

Upon acceptance, an authorized representative of the Issuer/Obligor is responsible for signing the fee schedule and returning an original

Approved as to form

Date: 1/9/2013

By: [Handwritten Signature]

City Attorney

PRIVILEGED AND CONFIDENTIAL

The information in this document, and any attachment herewith, is confidential and for use by the addressee only.

December 28, 2012