

REPORT TO CITY COUNCIL

DATE: MAY 8, 2013

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: NATHAN HAMBURGER, ASSISTANT CITY MANAGER

SUBJECT: ADOPT RESOLUTION NO. 13-1699; APPROVING THE ESCROW AGREEMENT WITH THE BANK OF NEW YORK TRUST COMPANY, N.A., REGARDING THE PROPORTIONAL PREPAYMENT OF OUTSTANDING SERIES 2008 SET-ASIDE TAX ALLOCATION BONDS

City staff is presenting this item to the City Council in conjunction with the consideration of the item by the Successor Agency Board. As required by Assembly Bill 1484, the approval of any agreement or enforceable obligation must be approved by the Successor Agency and Oversight Board. Consistent with previous conversations of the outstanding 2008 Housing Set-Aside Bond funds from the previous Agoura Hills Redevelopment Agency, the Successor Agency has determined that there is not a suitable use for the funds and thus, a partial defeasance is being requested. Staff has analyzed the possible utilization of the funds, which is allowed under the Health and Safety Code, but could not find a suitable use due to the fact that any project would require the purchase of land, as well as full construction costs. Thus, there would not be sufficient funds to maintain and operate any affordable housing developments, from a financial standpoint, based on the fact that the funding sources from the former Redevelopment Agency have ceased.

There is, approximately, a total of \$9,791,644 in unspent bond funds, which includes \$627,192 in a Bond Reserve Fund as required by the language set forth in the existing bond agreement. Consistent with the authority provided in Section 34177.5 of AB 1484, it is the desire of the Housing Successor Agency and the Successor Agency to prepay as much of the bond debt as possible with funds on hand. The prepayment is consistent with existing bond covenants, and there are sufficient enough funds to pay off a large portion of the outstanding bonds, which are the two main requirements of AB 1484. The related Bond Pre-payment (defeasance) expenses have already been approved on the Recognized Obligation Payment Schedule (ROPS) 13-14A by the Oversight Board and Department of Finance (DOF).

This agreement was reviewed and approved by the Oversight Board, at a Special Meeting on April 30, 2013. Approval of this escrow agreement will be finalized following DOF review and acceptance. By having this item considered by the Successor Agency Board and the City Council now, it allows staff to insure that this agreement be executed prior to the debt service payment due in October 2013, thus allowing for more funds to be available to the taxing entities in the future, as debt service payments would be significantly reduced. The Successor Agency would

continue to make debt service payments on the portion of the bonds that cannot be retired and will reflect the changes in future ROPS as necessary. It is expected that the new debt service will be approximately \$350,000 a year less than current debt service and again be available for disbursement to the various taxing entities, including the repayment of loans made by the City.

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 13-1699; approving the Escrow Agreement between Bank of New York Trust Company, N.A. and the Successor Agency to the Agoura Hills Redevelopment Agency, relating to the Series 2008 Set-Aside Tax Allocation Bonds.

Attachments: (1) Resolution No. 13-1699
(2) Escrow Agreement

RESOLUTION NO. 13-1699

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, APPROVING AS TO FORM, AND AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT

RECITALS:

A. The former Agoura Hills Redevelopment Agency previously issued its Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (Bank Qualified), of which \$9,415,000 in principal amount remain outstanding (the “Bonds”).

B. The Bonds were issued pursuant to the Indenture, dated as of June 1, 2008 (the “Indenture”), by and between the former Agency and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”).

C. In accordance with the Indenture, if the former Agency will pay or cause to be paid, or will have made provisions to pay, or there will have been set aside in trust funds to pay, to the holders of the Bonds, the principal and interest and premium, if any, to become due thereon, then with respect to such Bonds the lien of the Indenture will thereupon cease, terminate and become void and be discharged and satisfied.

D. Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal. 4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Agoura Hills Redevelopment Agency (the “Agency”) transferred to the control of the Successor Agency to the Agoura Hills Redevelopment Agency (the “Successor Agency”) by operation of law.

E. Pursuant to Health and Safety Code Section 34176(a), the City Council of the City of Agoura Hills (the “City” or “Housing Successor”) adopted Resolution No. 12-1679 electing for the City to retain the housing assets, as allowed by law, and functions previously performed by the former Agency.

F. Health and Safety Code Section 34176(g) provides that the Housing Successor may designate the use of and commit proceeds of the Bonds that remain after the satisfaction of enforceable obligations that have been approved in a recognized obligation payment schedule and that are consistent with the Bonds covenants.

G. As of April 18, 2013, the amount of proceeds from the Bonds that remain after the satisfaction of enforceable obligations is \$9,164,452 (the “Bond Proceeds”).

H. The Housing Successor desires to effect a prepayment of a portion of the Bonds (the “Refunded Bonds”) on the first available call date, which will be October 1, 2018 with the Bond Proceeds.

I. Pursuant to Health and Safety Code Section 34176(g)(1)(B), the Housing Successor provided notice to the Successor Agency designating the use of Bond Proceeds, which use is included on the Recognized Obligation Payment Schedule for the six-month period beginning July 1, 2013 that was approved by the Oversight Board to the Successor Agency (the “Oversight Board”).

J. Pursuant to Health and Safety Code Section 34176(g)(2), the review of designation to prepay the Refunded Bonds with the Bond Proceeds by the Successor Agency, Oversight Board, and the Department of Finance is limited to a determination that the designation is consistent with bond covenants and that there are sufficient funds available.

K. The Housing Successor and the Successor Agency desire to enter into an Escrow Agreement (the “Escrow Agreement”), attached hereto as Exhibit A, and to provide for the proper and timely application of the moneys deposited in said escrow to the payment of the Refunded Bonds.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE AGOURA HILLS REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Mayor, the City Manager and any other officer of the City designated by them in writing (each, an “Authorized Officer”), acting singly, is hereby authorized and directed to enter into the Escrow Agreement, with such changes therein as the Authorized Officer executing the document may require or approve.

Section 3. The staff and the members of the City Council are hereby authorized and directed, jointly and severally, to execute such documents and instruments and to do any and all other things which they may deem necessary or advisable to effectuate this Resolution.

Section 4. PASSED, APPROVED, AND ADOPTED this 8th day of May, 2013, by the following vote to wit:

AYES: ()
NOES: ()
ABSENT: ()
ABSTAIN: ()

Denis Weber, Mayor

ATTEST:

Kimberly M. Rodrigues, City Clerk

EXHIBIT A

ESCROW AGREEMENT
(see attached)

ESCROW AGREEMENT

by and among

THE SUCCESSOR AGENCY TO THE AGOURA HILLS REDEVELOPMENT AGENCY,

THE CITY OF AGOURA HILLS

and

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

Dated as of _____ 1, 2013

Relating to the Optional Redemption and Defeasance of

\$9,415,000

Remaining Principal Amount

Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008
(Bank Qualified)

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ESCROW AGREEMENT

This Escrow Agreement (this “Agreement”) is made and entered into as of _____1, 2013, by and among the Successor Agency to the Agoura Hills Redevelopment Agency, a public body corporate and politic, duly organized and existing under the laws of the State of California (the “Successor Agency”), the City of Agoura Hills, a municipal corporation organized and existing pursuant to the laws of the State of California (the “City”), and The Bank of New York Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, as Trustee and Escrow Agent (the “Escrow Agent”).

RECITALS:

A. The former Agoura Hills Redevelopment Agency (the “Former Agency”) was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the “Law”), and the powers of the Former Agency included the power to issue Bonds for any of its corporate purposes; and

B. The former Agency previously issued its Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (Bank Qualified), of which \$9,415,000 in principal amount remain outstanding (the “Bonds”).

C. The Bonds were issued pursuant to the Indenture, dated as of June 1, 2008 (the “Indenture”), by and between the former Agency and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”).

D. In accordance with the Indenture, if the former Agency will pay or cause to be paid, or will have made provisions to pay, or there will have been set aside in trust funds to pay, to the holders of the Bonds, the principal and interest and premium, if any, to become due thereon, then with respect to such Bonds the lien of the Indenture will thereupon cease, terminate and become void and be discharged and satisfied.

E. Pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), on February 1, 2012, all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Agency transferred to the control of the Successor Agency by operation of law.

F. Pursuant to Health and Safety Code Section 34176(a), the City Council of the City adopted Resolution No. _____ electing for the City (the “Housing Successor”) to retain the housing assets, as allowed by law, and functions previously performed by the former Agency.

G. Health and Safety Code Section 34176(g) provides that the Housing Successor may designate the use of and commit proceeds of the Bonds that remain after the satisfaction of enforceable obligations that have been approved in a recognized obligation

payment schedule and that are consistent with the Bonds covenants.

H. As of April 18, 2013, the amount of proceeds from the Bonds that remain after the satisfaction of enforceable obligations is \$9,164,452 (the “Bond Proceeds”).

I. The Housing Successor desires to effect a prepayment of a portion of the Bonds maturing on October 1, 2013, and thereafter on a pro rata basis (the “Defeased Bonds”) on the first available call date, which is October 1, 2018.

J. Pursuant to Health and Safety Code Section 34176(g)(1)(B), the Housing Successor provided notice to the Successor Agency designating the use of Bond Proceeds, which use is included on the Recognized Obligation Payment Schedule for the six-month period beginning July 1, 2013 that was approved by the Oversight Board to the Successor Agency (the “Oversight Board”).

K. The Housing Successor and the Successor Agency desire to enter into this Agreement to acknowledge the foregoing recitals and to provide for the proper and timely application of the moneys deposited in said escrow to the payment of the Defeased Bonds, it is necessary to enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Definitions. Unless the context clearly requires otherwise, capitalized terms used in this Agreement shall have the meanings ascribed to them in the introductory paragraph and the Recitals hereof. In addition, as used herein, the following terms shall have the following meanings:

“Code” means the Internal Revenue Code of 1986, as amended.

“Defeased Bonds” means a pro rata share of the Bonds maturing on October 1, 2013 and thereafter.

“Escrow Fund” means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3.

“Escrow Securities” means the Initial Escrow Securities and Reinvestment Escrow Securities.

“Initial Escrow Securities” means the Investment Securities set forth in Table 1 of Schedule B attached hereto.

“Investment Securities” means noncallable direct obligations of the United States of America, or bonds or other obligations which are noncallable and the payment of principal and interest of which are unconditionally and fully guaranteed by the United States of America, to mature or be withdrawable, as the case may be, not later than the time when needed for the payment or redemption of the Bonds in order to discharge the pledge and lien securing the Defeased Bonds.

“Debt Service Fund” means the Debt Service Fund established under the Indenture.

“Redemption Date” means October 1, 2018.

“Reserve Fund” means the Reserve Fund established under the Indenture.

“Refunding Requirements” means an amount sufficient to pay all installments of, principal, interest and the redemption premium, if any, of the Defeased Bonds on the Redemption Date as set forth in Schedule A attached hereto.

“Reinvestment Escrow Securities” means the Investment Securities set forth in Table 2 of Schedule B hereto.

Section 2. Appointment of Escrow Agent. The Successor Agency and the City hereby appoint The Bank of New York Trust Company, N.A., as Escrow Agent under this Agreement for the benefit of the holders of the Defeased Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Indenture, including particularly redemption provisions set forth in Article II thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

Section 3. Escrow Fund. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the “Escrow Fund” to be held by the Escrow Agent separate and apart from all other funds of the Successor Agency, the City or the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

Section 4. Deposit to Escrow Fund. On _____, 2013, the Successor Agency and the City shall cause to be deposited with the Escrow Agent in the Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Escrow Agreement, an amount of \$_____.

Section 5. Maintenance of Escrow Fund. The Escrow Agent, upon receipt of the moneys described in Section 4, shall immediately invest \$_____ of such moneys in the Escrow Securities described in Table 1 of Schedule B and deposit such Initial Escrow Securities in the Escrow Fund, and deposit the remaining \$_____ in the Escrow Fund to hold uninvested. The Escrow Agent is hereby authorized and empowered to deposit uninvested monies held hereunder from time to time in demand deposit accounts, without payment of interest thereon as provided hereunder, established at commercial banks that are corporate affiliates of the Escrow Agent.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, at the written request of the Successor Agency and upon compliance with the conditions hereinafter set forth, the Escrow Agent shall have the power to sell, transfer, request the redemption of or otherwise dispose of some or all of the Escrow Securities in the Escrow Fund and to substitute Investment Securities. The foregoing may be effected only if: (a) the substitution of Investment Securities for the substituted Escrow Securities occurs simultaneously; (b) the amounts of and dates on which the anticipated transfers from the Escrow Fund to the Bonds Trustee for the payment of the principal of, or interest on the Defeased Bonds will not be diminished or postponed thereby, as shown in the certification (described below) of an independent certified public accountant; (c) the Escrow Agent shall receive the unqualified opinion of counsel to the effect that the Successor Agency has the right and power to effect such disposition and substitution; and (d) the Escrow Agent shall receive from an independent certified public accountant a certification that, immediately after such transaction, the principal of and interest on the Investment Securities in the Escrow Fund will, together with other moneys available for such purpose, be sufficient to pay the Refunding Requirements. Any cash received from the disposition and substitution of Escrow Securities pursuant to this Section to the extent that, as shown in such certification, such cash will not be required, in accordance with the Indenture and this Agreement, at any time for the payment when due as provided in Section 6, shall be transferred to the Successor Agency.

Section 6. Payment of Refunding Requirements. On the Redemption Date, the Trustee shall disburse from the Escrow Fund an amount sufficient to pay the Refunding Requirement and apply such moneys to redeem the Defeased Bonds for the equal and ratable benefit of the holders of the Defeased Bonds.

Section 7. Verification. The Successor Agency has caused schedules to be prepared relating to the sufficiency of the anticipated receipts from the Escrow Securities, together with other moneys deposited in the Escrow Fund, to pay the Refunding Requirements. The Successor Agency shall furnish the Escrow Agent with the report of _____ verifying the mathematical accuracy of the computations contained in such schedules.

Section 8. Compliance with Agreement and Indenture. The Successor Agency and the City hereby direct, and the Escrow Agent, in its capacities as escrow agent hereunder and as the Trustee, hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, including the timely transfer of moneys for the payment of principal, interest and redemption premium with respect to the Bonds, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Refunding Requirements, pursuant to this Section and, in its capacity as Bonds Trustee under the Indenture, shall be limited to the application, in accordance with this Agreement, of moneys and the Escrow Securities in the Escrow Fund (including interest earnings thereon, if any) available for the purposes of and in accordance with this Agreement.

Section 9. Transfer of Escrow Securities. None of the Successor Agency, the City nor the Escrow Agent shall, except as set forth in this Agreement, sell, transfer or otherwise dispose of the Escrow Securities; provided that the Escrow Agent may effectuate the transfer of

such Escrow Securities to a successor escrow agent in accordance with the provisions of Section 15 relating to the transfer of rights and property to successor escrow agents.

Section 10. Notices. The Escrow Agent, in its capacity as the Trustee, shall send to the registered owners of the Defeased Bonds, as soon as practicable, upon receipt of the deposit of moneys in the Escrow Fund pursuant to Section 4, a notice substantially in the form set forth in Exhibit 1 attached hereto. The Successor Agency hereby instructs the Escrow Agent, in its capacity as the Trustee, to send redemption notices pursuant to Section 2.4(c) of the Indenture at least 30 days but not more than 60 days before October 1, 2018, to the registered owners of the Defeased Bonds maturing on or after June 1, 2019, the Securities Depositories and one or more Information Services (as defined in the Indenture). The Escrow Agent shall provide copies of the notices described in this Section 10 to Ambac Assurance Corporation as the insurer of the Bonds.

Section 11. Defeasance of Bonds. The Successor Agency and the City represent and agree that, concurrently with the initial deposit of the moneys and the Escrow Securities in the Escrow Fund pursuant to Sections 4 and 5, the Defeased Bonds will no longer be deemed to be outstanding and unpaid within the meaning and with the effect expressed in the Indenture.

Section 12. Nature of Lien. The trust hereby created shall be irrevocable and the holders of the Bonds shall have an express lien on all of the moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

Section 13. Amendments. This Agreement is made pursuant to and in furtherance of the Indenture and for the benefit of the Successor Agency, the City and the holders from time to time of the Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent, the Successor Agency and the City; provided, however, that the Successor Agency, the City and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreement supplemental to this Agreement as shall not materially adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Agreement;
- (b) To grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Defeased Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent;
- (c) To transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties;
- (d) To conform the Escrow Agreement to the provisions of any law or regulations governing the tax-exempt status of the Defeased Bonds and the Series 2007 Bonds in order to maintain their tax-exempt status; and

(e) To make any other change determined by the Successor Agency and the City to be not materially adverse to the holders of the Bonds.

The Escrow Agent shall be entitled to rely exclusively upon an opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Defeased Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 14. Compensation of Escrow Agent. In consideration of the services rendered by the Escrow Agent under this Agreement, the City agrees to and shall pay to the Escrow Agent its proper fees and expenses in accordance with the agreement therefor reached by the Escrow Agent and the City, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, from any moneys of the City lawfully available therefor and the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

Section 15. Resignation or Removal of Escrow Agent; Appointment of Successor. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving written notice to the Successor Agency, the City and the Trustee (if different from the Escrow Agent) specifying the date when such resignation will take effect, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Bonds or by the Successor Agency as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent, the Successor Agency and the City and signed by the registered holders of a majority in principal amount of the Defeased Bonds. The Escrow Agent may also be removed at any time by the Successor Agency with not less than 30 days' written notice to the Escrow Agent, the City, the Bonds Trustee (if different from the Escrow Agent) and the registered holders of the Defeased Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in principal amount of the Defeased Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the Successor Agency shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Defeased Bonds, and any such temporary Escrow Agent so appointed by the Successor Agency shall immediately

and without further act be superseded by the Escrow Agent so appointed by such holders. The Successor Agency shall give written notice of any such appointment made by it to the City and the Bonds Trustee.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the Successor Agency pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the City, the holder of any of the Defeased Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$75,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Successor Agency, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Successor Agency execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the Successor Agency be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency.

Any entity into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any entity resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, and if it is otherwise satisfactory to the Successor Agency, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 16. Limitation of Powers and Duties. The Escrow Agent shall have no power or duty to invest any funds held under this Agreement except as provided in Sections 5 and 6. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

Section 17. Indemnification. To the extent permitted by law, the City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the City shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's employees. In no event shall the Successor Agency, the City or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and removal or resignation of the Escrow Agent.

Section 18. Limitation of Liability. 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 this Agreement, the establishment of the 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 uninvested moneys held hereunder to accomplish the payment and redemption of the Defeased Bonds, or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement 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 Escrow Agent shall incur no liability for losses arising from any investment made in accordance with this Agreement. The recitals of fact contained in the Recitals of this Agreement shall be taken as the statements of the Successor Agency or the City, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the payment and redemption of the Defeased Bonds pursuant to the Indenture or to the validity of this Agreement as to the Successor Agency or the City and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement 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 this Agreement. Anything in this Agreement notwithstanding, the Escrow Agent shall not be liable for any consequential (i.e., special or indirect) losses or damages in performing its duties or in exercising its rights or power pursuant to this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Successor Agency or the City. Whenever the Escrow Agent shall deem it

necessary or desirable that a matter be proved or established to taking, suffering, or omitting any action under this Agreement, 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 nationally recognized bond counsel) may be deemed to be conclusively established by a written certification of the Successor Agency or the City, as applicable. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized bond counsel be proved or established to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. No provision of this Agreement 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 in accordance with this Agreement, or in the exercise of its rights or powers.

Section 19. Termination. This Agreement shall terminate when moneys have been transferred pursuant to Section 6 to the Bonds Trustee sufficient to pay all Bonds. Upon such termination, all moneys remaining in the Escrow Fund after payment of any amounts due the Escrow Agent hereunder shall be transferred to the “Debt Service Fund” held under the Indenture.

Section 20. Governing Law. This Agreement shall be governed by the law of the State of California.

Section 21. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Successor Agency, the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the Successor Agency, the City or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 22. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

(Escrow Agreement)

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and appointed or elected officials as of the date first written above.

SUCCESSOR AGENCY TO THE AGOURA HILLS REDEVELOPMENT AGENCY

By: _____
Executive Director

CITY OF AGOURA HILLS

By: _____
Mayor

ATTEST:

By _____
City Clerk

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

By: _____
Authorized Officer

SCHEDULE A

REFUNDING REQUIREMENTS

| <u>Payment/ Redemption Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Redemption Premium</u> | <u>Escrow Requirement</u> |
|-------------------------------------|------------------|-----------------|-------------------------------|-------------------------------|
|-------------------------------------|------------------|-----------------|-------------------------------|-------------------------------|

[All remaining outstanding bonds will be redeemed unless insufficient funds are available, in such case, a proportional amount of the bonds will be refunded.]

SCHEDULE B
ESCROW SECURITIES

| <u>Type of Security</u> | <u>Maturity Date</u> | <u>Par Amount</u> | <u>Rate</u> |
|------------------------------------|---------------------------------|------------------------------|--------------------|
|------------------------------------|---------------------------------|------------------------------|--------------------|

EXHIBIT 1

FORM OF NOTICE OF DEFEASANCE

NOTICE OF DEFEASANCE

to the Holders of

Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008
(the "Series 2008 Bonds")

[CUSIP Nos. _____]

NOTICE IS HEREBY GIVEN on behalf of the Successor Agency to the Agoura Hills Redevelopment Agency (the "Agency") to all holders of the above-referenced Series 2008 Bonds that, pursuant to Section 10.1 of the Indenture, dated as of June 1, 2008, by and between the former Agoura Hills Redevelopment Agency and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), the lien pursuant to such Indenture has been discharged through the irrevocable deposit of cash and certain Federal Securities (as defined in the Indenture, the payment of principal and interest on which are guaranteed by the full faith and credit of the United States of America) in an escrow fund (the "Escrow Fund"). The Escrow Fund is established and held pursuant to the Escrow Agreement, dated as of _____ 1, 2013, by and among the Agency, the City of Agoura Hills and The Bank of New York Trust Company, N.A, as Trustee and Escrow Agent.

Amounts of cash and Federal Securities deposited in the Escrow Fund have been calculated to provide sufficient money to pay the principal, unpaid accrued interest and redemption premium (as applicable) due on a portion of the Series 2008 Bonds (the "Defeased Bonds") through October 1, 2018 (the "Redemption Date"). On the Redemption Date, the Defeased Bonds with maturity dates on or after October 1, 2019 shall be redeemed at the redemption price of 100 percent of the principal thereof, plus accrued interest to the Redemption Date.

As a result of such deposit in the Escrow Fund, the Defeased Bonds are deemed to have been paid and defeased in accordance with the Indenture. Obligations of the Successor Agency to the holders of the Defeased Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the principal and interest payment, and redemption premium (as applicable), on the Defeased Bonds due and payable on or before the Redemption Date, as described above.

DATED this ___ day of _____, 2013

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