



CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

Chairman Mark D. Radecki
Vice Chair Cory C. Moss
Board Member Abraham N. Cruz
Board Member Roy Haber, III
Board Member Newell W. Ruggles

REGULAR MEETING AGENDA
NOVEMBER 12, 2015 AT 9:00 A.M.*
(Immediately following the conclusion of the City Council Meeting)

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California 91744

Addressing the Authority:

- ▶ **Agenda Items:** *Members of the public may address the Authority on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the Authority.*
- ▶ **Public Comments (Non-Agenda Items):** *Anyone wishing to address the Authority on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the Authority from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called by the City Clerk and prior to the individual being heard by the Authority.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- ▶ *In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.*

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1. Call to Order
 2. Flag Salute
 3. Roll Call
 4. Public Comments

5. **BOARD MATTERS**

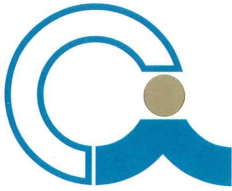
- 5.1 Consideration of Resolution No. PFA 2015-03 - A RESOLUTION OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY AUTHORIZING THE PURCHASE OF THE CITY OF INDUSTRY SUBORDINATE SALES TAX REVENUE BONDS, SERIES 2015B, AND APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND A BOND PURCHASE AGREEMENT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

RECOMMENDED ACTION: Adopt Resolution No. PFA 2015-03.

6. Adjournment.

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.1



INDUSTRY PUBLIC FACILITIES AUTHORITY

P.O. BOX 3366 • CITY OF INDUSTRY • CALIFORNIA 91744
(626) 333-2211 • Fax (626) 961-6795 • www.cityofindustry.org

Mark D. Radecki, Chairman
Cory C. Moss, Vice Chairman
Abraham N. Cruz, Board Member
Roy M. Haber, III, Board Member
Newell W. Ruggles, Board Member

Paul J. Philips, Executive Director
James M. Casso, General Counsel
Phyllis Tucker, Treasurer
Cecelia Dunlap, Assistant Secretary

MEMORANDUM

Date: November 12, 2015
To: The Honorable Chairman and Members of the Board
From: Paul Philips, City Manager *Paul J. Philips*
Staff Support: Eric Scriven, City Financial Advisor

RECOMMENDED ACTION

That the City of Industry Public Facilities Authority (the "Authority") adopt:

A RESOLUTION OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY AUTHORIZING THE PURCHASE OF THE CITY OF INDUSTRY SUBORDINATE SALES TAX REVENUE BONDS, SERIES 2015B, AND APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND A BOND PURCHASE AGREEMENT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

BACKGROUND

The Bonds referenced by the above resolution (and defined below) are being issued under (i) the powers reserved to the City under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California (the "State"); (ii) the Charter of the City (the "Charter"); (iii) the City of Industry Sales and Use Tax Financing Law, constituting Chapter 3.60 of Title 3 of the Industry Municipal Code (the "Bond Law"); (iv) and a vote of more than two-thirds of the voters of the City at an election held for that purpose on September 26, 2000 authorizing the issuance of up to \$500 million of bonds (the "Bond Authorization Amount").

On April 5, 2005 the City issued and delivered its Taxable Sales Tax Revenue Bonds Issue of 2005 (the "2005 Sales Tax Revenue Bonds") in the aggregate principal amount of \$113,420,000 of which \$72,735,000 are outstanding and on April 8, 2008 the City issued and delivered its Sales Tax Revenue Bonds Issue of 2008 (the "2008 Sales Tax Revenue Bonds") (collectively, the "Prior Bonds") in the aggregate principal amount of \$77,540,000 of which \$57,600,000 are outstanding. Additionally, on April 13, 2010 the City issued its 2010 Taxable Sales Tax Revenue Bonds (the "2010 Sales Tax Revenue Bonds") in the aggregate principal amount of \$45,380,000 of which

\$36,665,000 are outstanding. Prior Bonds and 2010 Bonds were issued to finance various public capital improvements in the City. The 2005 Sales Tax Revenue Bonds and the 2008 Sales Tax Revenue Bonds are presently candidates for refunding. The 2010 Sales Tax Revenue Bonds are not presently a candidate for refunding.

City staff has recommended that the City issue its Senior Sales Tax Revenue Refunding Bonds, Series 2015 (Taxable) in an aggregate principal amount not to exceed \$380,000,000 (the "2015A Senior Bonds") on a negotiated basis to refund all of the outstanding Prior Bonds and raise additional proceeds to finance public capital improvements in the City. Current interest rates are such that a refinancing of the Prior Bonds achieves significant savings.

Given the most recent figures presented to City staff by its underwriter for the 2015A Senior Bonds, Stifel Nicolaus & Company, Incorporated, it is estimated that approximately \$450 million of the Bond Authorization will be utilized by the issuance of the 2015A Senior Bonds.

Additionally, City staff has recommended that Subordinate Sales Tax Revenue Bonds, Series 2015 (Taxable) (the "2015B Subordinate Bonds") be issued in an amount that utilizes the remainder of the Bond Authorization. Current figures presented by the underwriter suggest that the 2015B Subordinate Bond issuance will be approximately \$50 million par amount of bonds. Combined, it is estimated that the 2015A Senior Bonds and the 2015B Subordinate Bonds will raise approximately \$250 million of proceeds that can be used by the City for additional public capital projects.

The City, under the laws of the State of California and the Charter of City, including Sections 200 and 201 thereof, is permitted to loan funds to other governmental agencies, including the City of Industry Public Facilities Authority (the "Authority"). The Authority, pursuant to Section 6584 *et. seq.* of the Government Code and the powers granted to the Authority under the joint exercise of powers agreement under which it was formed, is authorized to purchase bonds issued by the City.

RECOMMENDATIONS

It is RECOMMENDED by Authority staff that the Authority enter into a loan agreement with the City, under which a loan from available City funds will be made to the Authority for purpose of purchasing the 2015B Subordinate Bonds. The Authority would purchase the 2015B Subordinate Bonds from the City at market interest rates pursuant to a bond purchase agreement. The Authority's purchase of the 2015B Subordinate Bonds would assist the City in achieving its objective of securing the full amount of the Bond Authorization in this very low interest rate environment. Bond Counsel advises that this City loan to the Authority, which then purchases the 2015B Subordinate Bonds, is permitted under laws pertaining to such issuances.

RESOLUTION AND DOCUMENTS TO BE APPROVED

Approval of the attached **Resolution** will approve, as to form, documents that provide for the Authority's purchase of the 2015B Subordinate Bonds. The City will be obligated to pay the principal of and interest and premium (if any) on the 2015B Subordinate Bonds from a lien upon

its Sales Tax Revenue receipts, amounts deposited in the Debt Service Account, debt service reserve account and other accounts established under Trust Indenture relating to the 2015B Subordinate Bonds.

The Resolution, if adopted, would authorize the execution and delivery of the following documents in connection with the 2015B Subordinate Bonds:

2015B Bond Purchase Agreement (2015B Subordinate Bonds) – Pursuant to the Bond Purchase Agreement between the City and the Authority, the City will make certain representations and agree to the final pricing terms when the 2015B Subordinate Bonds are sold. Under the Bond Purchase Agreement, the Authority will agree to purchase all of the 2015B Bonds from the City at an established price, together with any premium or discount.

Loan Agreement – The Loan Agreement describes the terms of the loan from the City to the Authority in connection with the Authority’s purchase of the 2015B Subordinate Bonds from the City.

FISCAL IMPACT

Approving the documents referenced above should have no fiscal impact on the Authority.
[NOTE: THIS WILL NEED TO BE REVISED IF IT IS INTENDED THAT THE AUTHORITY WILL RETAIN ANY AMOUNT RECEIVED FROM THE 2015B SUBORDINATE BONDS]

SCHEDULE

If City Council approves the resolutions, it is expected that the bond structure for both the 2015B Subordinate Bonds will be finalized within a day. Depending upon bond market conditions, expected pricing of the 2015B Subordinate Bonds would then occur on November 18, 2015 and closing would occur on or about December 3, 2015.

ATTACHMENTS

- A. Bond Purchase Agreement – 2015B Subordinate Bonds
- B. Loan Agreement

RESOLUTION NO. PFA 2015-03

A RESOLUTION OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY AUTHORIZING THE PURCHASE OF THE CITY OF INDUSTRY SUBORDINATE SALES TAX REVENUE BONDS, SERIES 2015B, AND APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND A BOND PURCHASE AGREEMENT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Industrial Development Agency of the City of Industry (“IDA”) and the City of Industry (the “City”) have previously authorized the creation of the City of Industry Public Facilities Authority (the “Authority”), pursuant to the laws of the State of California, which Authority is empowered by that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of July 28, 2005, by and between the City and the IDA, to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations and to purchase obligations of a City pursuant to a bond purchase agreement; and

WHEREAS, the City has determined to issue its Senior Sales Tax Revenue Refunding Bonds, Series 2015A and its Subordinate Sales Tax Revenue Bonds, Series 2015B (the “2015B Bonds”); and

WHEREAS, the City intends to use the proceeds of 2015B to finance capital improvements and working capital expenditures for the benefit of the City; and

WHEREAS, the Authority has requested that the City make a loan to the Authority pursuant to a loan agreement to allow the Authority to purchase the 2015B Bonds from the City as an investment; and

WHEREAS the City is authorized pursuant to the laws of the State of California and the Charter of the City, including Section 200 and Section 201 thereof, to make such loan to the Authority and desires to assist the Authority by making such loan; and

NOW, THEREFORE, THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY DOES FIND, DETERMINE AND RESOLVE AS FOLLOWS:

Section 1. The foregoing recitals are true and correct and the Authority hereby so finds and determines.

Section 2. The Authority hereby authorizes the purchase of the 2015B Bonds from the City pursuant to a Bond Purchase Agreement (hereinafter defined) as an investment of the Authority.

Section 3. The form of the Loan Agreement (the “Loan Agreement”) between the City and the Authority in substantially the form filed with the Assistant Secretary, is approved and adopted. The Chairman or the Executive Director, and each of them, and any designee of either of them (each, an “Authorized Officer”) is authorized and directed to approve by manual signature

the Loan Agreement in substantially such form, with such changes, additions, amendments or modifications, which are approved by the Authorized Officer, such approval to be evidenced conclusively by such execution.

Section 4. The form of Bond Purchase Agreement (the “Bond Purchase Agreement”) between the City and the Authority, relating to the purchase of the 2015B Bonds, in substantially the form filed with the Assistant Secretary, is approved and adopted. The Authorized Officer is authorized and directed to approve by manual signature the Bond Purchase Agreement in substantially such form, with such changes, additions, amendments or modifications, which are approved by the Authorized Officer, such approval to be evidenced conclusively by such execution.

Section 5. The Chairman, Executive Director, the Assistant Secretary and any other officer of the Authority and their duly authorized deputies and agents are authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful purchase of the 2015B Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution.

Section 6. The Assistant Secretary shall certify to the adoption of this Resolution, which shall be in full force and effect immediately upon its adoption. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Assistant Secretary pursuant to this Resolution may be performed by an a Secretary, an interim Secretary or an interim Assistant Secretary with the same force and effect as if performed by the Secretary hereunder.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City of Industry Public Facilities Authority, held on the 12th day of November, 2015 by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

CITY OF INDUSTRY PUBLIC
FACILITIES AUTHORITY

By _____
Mark D. Radecki, Chairman

ATTEST:

By _____
Cecelia Dunlap, Assistant Secretary

ATTACHMENT A

BOND PURCHASE AGREEMENT

\$ _____
City of Industry
Subordinate Sales Tax Revenue Bonds
Series 2015B (Taxable)

THIS PURCHASE AGREEMENT, dated _____, 2015 (the “Purchase Agreement”), is by and between the CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the “Authority”), and the CITY OF INDUSTRY, CALIFORNIA, a charter city and municipal corporation organized and existing under the Constitution and the laws of the State of California (the “City”).

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated July 28, 2005, between the City and the Industrial Development Agency of the City of Industry (the “IDA”), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), and is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations and to purchase obligations of the City pursuant to a bond purchase agreement; and;

WHEREAS, pursuant to this Purchase Agreement, the Authority intends to purchase from the City, as an investment, the City’s \$_____ aggregate principal amount of Subordinate Sales Tax Revenue Bonds (the “Bonds”);

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority and the City agree as follows:

1. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the City hereby agrees to sell to the Authority, and the Authority hereby agrees to purchase from the City all of the aggregate principal amount of the Bonds, such Bonds to bear the interest rates and to be sold to the Authority at the purchase price set forth in Exhibit A attached hereto and hereby made a part hereof, plus accrued interest, if any, from the dated date of the Bonds to the date of delivery of the Bonds to the Authority (the “Closing Date”).

2. The City hereby specifies December 3, 2015 (or as soon thereafter as shall be feasible), as the Closing Date and the City hereby confirms that it reasonably expects to deliver the Bonds to the Authority on such date.

3. Any action under this Purchase Agreement taken by the Authority, including payment for and acceptance of the Bonds, and delivery and execution of any receipt for the Bonds and any other instruments in connection with the closing on the Closing Date, shall be valid and sufficient for all purposes and binding upon the Authority, provided that any such action shall not impose any obligation or liability upon the Authority other than as may arise as expressly set forth in this Purchase Agreement.

4. It is a condition to the City’s sale of the Bonds and the obligation of the City to deliver the Bonds to the Authority, and to the Authority’s purchase of the Bonds and the obligations of the

Authority to accept delivery of and to pay for the Bonds, that the entire aggregate principal amount of the Bonds of \$_____ shall be delivered by the City, and accepted and paid for by the Authority, on the Closing Date.

5. The City represents and warrants to the Authority that:

(a) The City is a charter city duly organized and validly existing under its charter, the Constitution and the laws of the State of California (the "State"), with the full legal right, power and authority to enter into, execute, deliver and perform this Purchase Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Purchase Agreement. The City has taken all necessary action and has complied with all provisions of the law required to make this Purchase Agreement a valid and binding limited obligation of the City, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) To the best knowledge of the City, the execution, delivery and performance of this Purchase Agreement, and compliance with the provisions hereof do not conflict with or constitute on the part of the City a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by which it is bound or to which it is subject.

(d) To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the City which affects or seeks to prohibit, restrain or enjoin the delivery of the Bonds or the execution and delivery of this Purchase Agreement, affects or questions the ability to perform under this Purchase Agreement or questions the existence or status of the City.

6. The Authority represents and warrants to the City that:

(a) The Authority is a joint exercise of powers agency duly organized and validly existing under the Constitution and the laws of the State, with the full legal right, power and authority to enter into, execute, deliver and perform this Purchase Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Purchase Agreement. The Authority has taken all necessary action and has complied with all provisions of the law required to make this Purchase Agreement a valid and binding limited obligation of the Authority, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) To the best knowledge of the Authority, the execution, delivery and performance of this Purchase Agreement, and compliance with the provisions hereof do not conflict with or constitute on the part of the Authority a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture,

mortgage, lease or other instrument to which the Authority is a party or by which it is bound or to which it is subject.

(d) To the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Authority which affects or seeks to prohibit, restrain or enjoin the acceptance of the Bonds or the execution and delivery of this Purchase Agreement, affects or questions the ability to perform under this Purchase Agreement or questions the existence or status of the Authority.

7. At 8:00 a.m., Los Angeles Time, on the Closing Date, or at such other time or on such other date as is mutually agreed by the City and the Authority, the City will deliver the Bonds to the Authority in definitive form, duly executed, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Authority will accept such delivery and pay or cause to be paid the purchase price of the Bonds as referenced in paragraph 1 hereof by certified or bank cashier's check or wire transfer or other funds which are good funds on the Closing Date. Delivery and payment, as aforesaid, shall be made at such place as shall have been mutually agreed upon by the City and the Authority.

8. The Authority and the City have each entered into this Purchase Agreement in reliance upon the representations, warranties and agreements contained herein and to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the parties of their obligations hereunder, both as of the date hereof and as of the Closing Date. The Authority's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject to the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the City contained herein shall be true and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) On the Closing Date, the Indenture of Trust, dated as of December 1, 2015 (the "Indenture", by and between the City and U.S. Bank National Association, as trustee, relating to the Bonds shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by both the Authority and the City;

(c) As of the Closing Date, all official action of the City relating to the Indenture shall be in full force and effect, and there shall have been taken all such actions as, in the opinion of Norton Rose Fulbright US LLP ("Bond Counsel"), shall be necessary or appropriate in connection therewith, with the issuance of the Bonds and with the transactions contemplated hereby;

(d) On or prior to the Closing Date, the Authority shall have received each of the following documents:

(1) The resolution relating to the Bonds adopted by the City and certified by an authorized official of the City authorizing the execution and delivery of the Bonds, the Indenture, a continuing disclosure agreement, dated December 3, 2015 (the "Continuing Disclosure Agreement"), by and between the City and Digital Assurance Certification LLC and the Official Statement, dated November __, 2015 (the "Official Statement") relating to the Bonds;

(2) The Indenture and Continuing Disclosure Agreement, each duly executed and delivered by the respective parties thereto;

(3) The Official Statement manually executed by the Mayor or the City Manager;

(4) An opinion, in form and substance satisfactory to the City and the Authority, dated as of the Closing Date, of Bond Counsel regarding the validity of the Bonds;

(5) A supplementary opinion, dated the date of the Closing and addressed to the Authority, of Bond Counsel to the effect that (i) this Purchase Agreement has been duly authorized, executed and delivered by, and, assuming due authorization, execution and delivery by, the Authority, constitutes a legal, valid and binding agreement of the City enforceable in accordance with its terms, except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought; and (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bonds Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(6) A certificate dated the Closing Date, addressed to the Authority, signed by the City Manager, to the effect that:

(i) The representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) There is no action, suit, proceeding or investigation before or by any court, public board or body pending, with service of process completed, or to the knowledge of the City, threatened, wherein an unfavorable decision, ruling or finding would: (A) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices, (B) enjoin or restrain the issuance, sale and delivery of the Bonds, (C) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the Subordinate Sales Tax Revenues or moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds, (D) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds or the Indenture, or (E) in any way question or affect this Purchase Agreement or the transactions contemplated by this Purchase Agreement or the Indenture; and

(iii) The City has complied with all agreements, covenants and arrangements, and satisfied all conditions, on its part to be complied with or satisfied on or prior to the Closing Date;

(7) An opinion, dated the date of Closing and addressed to the City, of Casso & Sparks, LLP, as City Attorney, that there is no action, suit, proceeding or investigation before or by any court, public board or body pending, with service of process completed, or to the knowledge of such counsel threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or

the titles of its members and officers to their respective offices; (ii) enjoin or restrain the issuance, sale and delivery of the Bonds, the receipt of any other moneys or property pledged or to be pledged under the Indenture or the pledge thereof; (iii) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the Subordinate Sales Tax Revenues or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds; (iv) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds; or (v) in any way question or affect this Purchase Agreement or the transactions contemplated by this Purchase Agreement or the Bonds Indenture; and

(8) Such additional legal opinions, certificates, instruments and documents as the Authority may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the City's representations and warranties contained herein.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Authority, but the approval of the Authority shall not be unreasonably withheld. Receipt of, and payment for, the Bonds shall constitute evidence of the satisfactory nature of such as to the Authority. The performance of any and all obligations of the City hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Authority in its sole discretion.

If the City shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Authority to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate, and neither the Authority nor the City shall be under further obligation hereunder, except that the respective obligations of the City and the Authority set forth in paragraphs 9 and 10 hereof shall continue in full force and effect.

9. The Authority shall be under no obligation to pay, and the City shall pay the following expenses, if any, incident to the performance of the City's obligations hereunder: (i) the cost of the preparation of the Bonds and all legal documentation related thereto; and (ii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the City and the Authority.

10. This Purchase Agreement is made solely for the benefit of the City and the Authority (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Authority or (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement. The agreements contained in this paragraph and in paragraph 10 shall survive any termination of this Purchase Agreement.

11. This Purchase Agreement shall become effective upon the execution of the acceptance hereof by the signatures of the City Manager of the City and the Executive Director of the Authority, and shall be valid and enforceable as of the time of such execution.

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

13. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

14. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of California applicable to contracts made and performed in such State.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Authority and the City have each caused this Purchase Agreement to be executed by their duly authorized officers all as of the date first above written.

CITY OF INDUSTRY PUBLIC FACILITIES
AUTHORITY

By: _____
Chairperson

CITY OF INDUSTRY

By: _____
Mayor

EXHIBIT A

\$ _____

City of Industry
Subordinate Sales Tax Revenue Bonds
Series 2015B (Taxable)

Annual Interest Rates
and Purchase Price

PURCHASE PRICE - \$ _____

Maturity Date
(April 1)

Principal
Amount

Interest
Rate

Total

ATTACHMENT B

LOAN AGREEMENT

By and between

CITY OF INDUSTRY

and

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

Dated as of [Dated Date]

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EXHIBIT A - LOAN AMORTIZATION SCHEDULE

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of [Dated Date] (this “Agreement”), is made by and between the CITY OF INDUSTRY (the “City”), a charter city and municipal corporation organized and existing under the Constitution and the laws of the State of California, and the CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY (the “Authority”), a joint exercise of powers authority and organized under the laws of the State of California,

WITNESSETH:

WHEREAS, the Authority has requested that the City make a loan to the Authority as provided herein so the Authority may purchase Subordinate Sales Tax Revenue Bonds (as defined herein) as an investment; and

WHEREAS, the City desires to assist the Authority by making the loan herein to the Authority; and

WHEREAS, the City is authorized pursuant to the laws of the State of California and the Charter of the City, including Section 200 and Section 201 thereof, to make a loan to the Authority; and

WHEREAS, the City and the Authority have each duly authorized the execution, delivery and performance of this Agreement;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definition of Terms. The following terms shall have the defined meanings set forth in this Section 1.1.

“Act of Bankruptcy” means, with respect to the Authority, the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by the Authority as debtor, other than any involuntary proceeding which has been finally dismissed without entry of an order for relief or similar order as to which all appeal periods have expired.

“Authorized Representative” means the Mayor or City Manager or their respective designees.

“Business Day” means a day which is not a Saturday, a Sunday or a day on which banks located in the City are required or authorized to remained closed.

“Electronic Notice” means notice given through means of telecopy, facsimile transmission, or other similar electronic means of communication confirmed by writing or written transmission.

“State” means the State of California.

“Subordinate Sales Tax Revenue Bonds” means the \$_____ aggregate principal amount of City of Industry Subordinate Sales Tax Revenue Bonds, Series 2015B (Taxable).

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

Section 1.2 Number, Gender and Variant. The singular form of any word used herein shall include the plural and *vice-a-versa*. The use herein of a word of any gender shall include all genders. The terms defined for purposes of this Agreement shall include all variants of such terms.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions in this Agreement are to the designated Articles, Sections and other subdivisions of this Agreement. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Authority. The Authority makes the following representations and warranties to the City:

(a) The Authority is a joint exercise of powers agency duly organized and validly existing under the Constitution and the laws of the State, with the full legal right, power and authority to enter into, execute, deliver and perform this Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Agreement. The Authority has taken all necessary action and has complied with all provisions of the law required to make this Agreement a valid and binding limited obligation of the Authority, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) To the best knowledge of the Authority, the execution, delivery and performance of this Agreement, and compliance with the provisions hereof do not

conflict with or constitute on the part of the Authority a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the Authority is a party or by which it is bound or to which it is subject.

(d) To the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Authority which affects or seeks to prohibit, restrain or enjoin the origination of the loan or the execution and delivery of this Agreement, affects or questions the ability to perform under this Agreement or questions the existence or status of the Authority.

Section 2.2 Representations and Warranties of the City. The Borrower represents and warrants to the Authority that, as of the date of execution of this Agreement:

(a) The City is a charter city duly organized and validly existing under its Charter, the Constitution and the laws of the State, with the full legal right, power and authority to enter into, execute, deliver and perform this Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Agreement. The City has taken all necessary action and has complied with all provisions of the law required to make this Agreement a valid and binding limited obligation of the City, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) To the best knowledge of the City, the execution, delivery and performance of this Agreement, and compliance with the provisions hereof do not conflict with or constitute on the part of the City a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by which it is bound or to which it is subject.

(d) To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the City which affects or seeks to prohibit, restrain or enjoin the origination of the loan or the execution and delivery of this Agreement, affects or questions the ability to perform under this Agreement or questions the existence or status of the City.

ARTICLE 3

LOAN TO AUTHORITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Authority. The City covenants and agrees, upon the terms and conditions in this Agreement, to make a loan to the Authority in the aggregate principal amount of \$_____. The City acknowledges that the Authority's [primary] source of funds to repay the loan hereunder will be from amounts received from the Subordinate Sales Tax Revenue Bonds. The Authority covenants and agrees, upon the terms and conditions in this Agreement, to repay the loan from the City.

Section 3.2 Loan Payments and Other Amounts Payable. The Authority hereby agrees to repay the principal amount of the loan set forth in Section 3.1 on each February 1 according to the schedule set forth in Exhibit A hereto. Interest on such loan shall be made on each February 1 and August 1, commencing August 1, 2016, at the rate(s) set forth in Exhibit A hereto. Both the principal of and interest on the loan shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months.

Section 3.3 Unconditional Obligation. The obligations of the Authority to make the payments required by Section 3.2 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the City and the Authority shall pay absolutely the payments to be made on account of the loan hereunder as prescribed hereunder, free of any deductions, diminution or setoff.

ARTICLE 4

PREPAYMENT

Section 4.1 Option to Prepay Loan Payments. The Authority shall have the option to prepay all or any portion of the loan at any time. The Authority shall pay any prepayment of the loan hereunder directly to the City following two (2) Business Days' notice of such intended prepayment to the City, specifying the amount of such prepayment. Prepayment shall be made to the City only pursuant to instructions of the City set forth in a Written Certificate.

ARTICLE 5

COVENANTS AND AGREEMENTS

Section 5.1 Records and Financial Statements of the Authority. The City shall be permitted (but shall have no duty) at all reasonable times upon reasonable notice during the term of this Agreement to examine the books and records of the Authority. Upon the request of the City, the Authority shall promptly furnish such other information regarding the financial position, results of operations, business or prospects of the Authority as the City may reasonably request from time to time.

Section 5.2 Compliance with Laws. The Authority will comply in all material respects with all laws, statutes, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Authority or its operations, and it will not commit, suffer or permit any act to be done in violation of any law, ordinance or regulation, except, in each case, where such noncompliance or act would not have a material adverse effect upon the Authority's assets, operations or financial condition.

Section 5.3 Limitations on Indebtedness. The Authority covenants and agrees that it will not incur any indebtedness or financial obligations by borrowing money, by assuming or guaranteeing the obligations of others, without the prior written consent of the City, as evidenced in a Written Certificate.

ARTICLE 6

EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs shall constitute an "Event of Default" under this Agreement:

(a) failure by the Authority to pay or cause to be paid any amounts required to be paid under Section 3.2 hereof when due within five (5) days of the day when such payment was due; or

(b) failure of the Authority to observe and perform any covenant, condition or agreement on its part required to be observed or performed under this Agreement, other than making the payments referred to in (a) above, which continues for a period of thirty (30) days after written notice from the City, which notice shall specify such failure and request that it be remedied, unless the City and the Authority shall agree in writing to an extension of such time period; or

(c) any of the representations or warranties of the Authority made herein was false or incorrect in any material respect when made; or

(d) an Act of Bankruptcy occurs with respect to the Authority.

Section 6.2 Remedies on Default. Whenever any Event of Default hereunder shall have occurred and shall continue, the City may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments then due under Section 3.2 or the enforcement of the performance and observance of any obligation, agreement or covenant of the Authority under this Agreement, including but not limited to: (i) instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the Authority and collect in the manner provided by law moneys decreed to be payable; and (ii) by injunctive and other equitable relief, to require the Authority to perform each of its obligations hereunder and to otherwise protect the City's rights hereunder.

Section 6.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given

under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the City to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 6.4 No Additional Waiver Implied by One Waiver. If any agreement or covenant contained in this Agreement should be breached by the Authority and thereafter waived by the City, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE 7

NO LIABILITY OF CITY; EXPENSES; INDEMNIFICATION

Section 7.1 No liability of City. Neither the City nor its members, officers, directors, agents or employees or their successors or assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement or the loan made hereunder.

Section 7.2 Expenses. The Authority covenants and agrees to pay and indemnify the City against all fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith and arising out of or in connection with this Agreement. These obligations and those in Section 7.3 shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Agreement.

Section 7.3 Indemnification. To the fullest extent permitted by law, the Authority agrees to indemnify, hold harmless and defend the City and its respective officers, governing members, directors, officials, employees, and attorneys (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

- (i) this Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby; or
- (ii) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained herein or relating hereto.

Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Authority shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Authority if in the

judgment of such Indemnified Party, and agreed to by the Authority, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel. The provisions of this Section shall survive the termination of this Agreement.

ARTICLE 8

MISCELLANEOUS

Section 8.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given upon actual receipt thereof when the same have been mailed by first class mail or by overnight mail, postage prepaid, addressed to the Authority or the City, as the case may be, at the addresses set forth below. Unless otherwise requested by the City, any notice required to be given hereunder in writing may be given by any form of Electronic Notice capable of making a written record. The Authority or the City may by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

If to the City:

City of Industry
15625 East Stafford Street, Suite 100
City of Industry, California 91774
Attention: City Manager
Telephone: (626) 333-2211

If to the Authority:

City of Industry Public Facilities Authority
c/of City of Industry
15625 East Stafford Street, Suite 100
City of Industry, California 91774
Attention: City Manager
Telephone: (626) 333-2211

Section 8.2 Limitation of Rights. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority and/or the City any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority and/or the City.

Section 8.3 Severability. If any provision of this Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 8.4 Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.5 Agreement Represents Complete Agreement; Amendments. This Agreement represents the entire contract between the City and the Authority with respect to the loan hereunder. This Agreement may be amended, changed, modified, altered or terminated only pursuant to a written agreement signed by the parties.

Section 8.6 Governing Law; Venue. This Agreement is a contract made under the laws of the State and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State, including the Charter of the City. This Agreement shall be enforceable in the State, and any action arising out of this Agreement shall be filed and maintained in the County of Los Angeles, unless the City waives this requirement.

Section 8.7 Term of the Agreement. This Agreement shall be and remain in full force and effect as long as any payment with respect to the loan made under Section 3.2 remains outstanding and unpaid.

Section 8.8 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns. The Authority shall not assign this Agreement or any obligation hereunder without the prior written consent of the City, as evidenced by a Written Certificate of the City.

[Signatures to follow on the next page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names, all as of the date first above written.

CITY OF INDUSTRY

By: _____
City Manager

CITY OF INDUSTRY PUBLIC FACILITIES
AUTHORITY

By: _____
Executive Director

EXHIBIT A
LOAN AMORTIZATION SCHEDULE