

PUBLIC IMPROVEMENTS REIMBURSEMENT AGREEMENT

THIS PUBLIC IMPROVEMENTS REIMBURSEMENT AGREEMENT (“**Agreement**”) is entered into this 28th day of June, 2011, by and between the OC PUBLIC WORKS, a department of the County of Orange, a political subdivision of the State of California (“**County**”) and the ORANGE COUNTY DEVELOPMENT AGENCY, a public body, corporate and politic (“**Agency**”). Hereinafter, County and Agency shall be referred to collectively as the “**Parties**” and singularly as the “**Party**.”

RECITALS

A. Agency has prepared a Redevelopment Plan (“**Redevelopment Plan**”) for the Neighborhood Development and Preservation Project Target Areas (“**Target Areas**”), which result in the allocation of property taxes from the Target Areas to the Agency (“**Tax Increment**”) pursuant to Section 33670(b) of the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.) (“**CRL**”) for purposes of redevelopment.

B. The intent of the Redevelopment Plan is, in part, to provide for the construction and installation of necessary public infrastructure and facilities; to facilitate the restoration and/or replacement of existing public facilities; and to take all other necessary actions to implement the Redevelopment Plan for the respective Project Areas and to expend Tax Increment to accomplish the goals and objectives of the respective Redevelopment Plans.

C. The Agency has adopted a Five-Year Implementation Plan for the Project Area (“**Implementation Plan**”) establishing goals for elimination of blight, production of affordable housing, and construction of infrastructure and public improvements. To implement the programs and activities associated with each goal, the Agency has committed redevelopment funds from the Project Area based on estimated available Tax Increment revenue and debt financing structures. The Redevelopment Plan and the Implementation Plan and all official records of the Agency, as amended from time to time, are incorporated herein by reference.

D. Pursuant to Section 33220 of the CRL, certain public bodies, including the County may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. Agency desires assistance and cooperation of the County to carry out the public infrastructure improvements projects listed in Attachment A attached hereto and incorporated herein by this reference (collectively, “**Projects**”). The programs and activities associated with the Projects include but are not limited to acquisition of property, development of design criteria, design, planning, preparation of construction bid documents, financial analysis, financing, project administration and new construction or rehabilitation, as applicable.

E. The County is willing to aid and cooperate with the Agency to expeditiously implement the Projects in accordance with the Redevelopment Plan and Implementation Plan on the condition that Agency pledge Net Available Tax Increment, as defined in Recital F below, to finance the Projects in this current fiscal year and in forthcoming fiscal years.

F. For purposes of this Agreement, "**Net Available Tax Increment**" means any all Tax Increment revenues, including (1) any and all Tax Increment funds currently held by the Agency, which are not budgeted or appropriated for payment of other indebtedness or obligations of the Agency; (2) any and all net proceeds of bonded indebtedness currently or hereafter held by the Agency or any lawful successor of Agency (except to the extent otherwise determined by the Agency's Executive Director on behalf of the Agency); and (3) future Tax Increment revenues allocable to the Agency, or any lawful successor of Agency, pursuant to the Redevelopment Plan and the CRL or other applicable law, to pay indebtedness of the Agency after the Agency or its successor has made all necessary annual payments with respect to other outstanding debt obligations of the Agency, including without limitation bonded indebtedness, pass-through payments owed to affected taxing entities under written agreement or Sections 33607.5 or 33607.7 of the CRL, written agreements with other persons or entities, and any other statutorily required payment obligations of the Agency; provided, however, with respect to those Projects that are not affordable housing related, the Agency's pledge of Net Available Tax Increment shall only include those Tax Increment revenues which Agency is not required pursuant to Section 33334.3 of the CRL to deposit into the Agency's Low and Moderate Income Housing Fund.

G. On April 5, 2011, the Board of Supervisors ("**Board of Supervisors**") and the Agency Board by resolution have each found that the use of Agency's Net Available Tax Increment for the Projects described in Attachment A are in accordance with Section 33445 and 33445.1 of the CRL and other applicable law. Said Board of Supervisors and Agency resolutions are each based on the authority of the Agency, with the consent of the Board of Supervisors, to pay all or part of the cost of the land for and the installation and construction of any facility, structure, or other improvements either inside or contiguous, or outside of a project area, if the Board of Supervisors makes certain determinations.

H. By approving and entering into this Agreement, the Agency has approved the pledge of Net Available Tax Increment from the Project Areas to pay for the Projects. The obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plans for the Project Areas and a pledge of Net Available Tax Increment received by the Agency from the Project Areas to pay such indebtedness under the provisions of Article XVI, Section 16 of the Constitution of the State of California, the CRL and the Redevelopment Plans.

I. This Agreement is in addition to, and does not supersede any other cooperative, repayment or reimbursement agreements entered into between the Agency and the County.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

I. INTRODUCTORY PROVISIONS

1.1 The recitals above are an integral part of this Agreement and set forth the intentions of the parties and the premises on which the parties have decided to enter into this Agreement and are incorporated into the terms and conditions of this Agreement.

2. AGENCY'S OBLIGATIONS

2.1 The Agency agrees to pay to OC Public Works the amounts set forth in Attachment A, or such lesser amounts to the extent the costs incurred by OC Public Works to carry out the Projects are less than the budgeted amounts set forth in Attachment A, to reimburse OC Public Works for all costs incurred in connection with the Projects, including without limitation all costs of planning, land acquisition, financing, development, permitting, design, site testing, bidding, project administration, construction and construction management. The Agency's obligations under this Agreement, including without limitation the Agency's obligation to make the payments to the OC Public Works required hereunder, shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment of the Project Area and are obligations to make payments authorized and incurred pursuant to Section 33445 and 33445.1 of the CRL and other applicable statutes. The obligations of the Agency set forth in this Agreement are contractual obligations that, if breached, will subject the Agency to damages and other liabilities or remedies.

2.2 The obligations of Agency under this Agreement shall be payable out of Net Available Tax Increment, as defined in Recital F above allocated or to be allocated to the Agency or any lawful successor of the Agency to carry out the Redevelopment Plans and/or pay indebtedness of the Agency pursuant to Section 33670 *et seq.* of the CRL, Article XVI, Section 16 of the Constitution of the State of California, and any other applicable constitutional provision, statute or other provision of law now existing or adopted in the future.

2.3 The indebtedness of Agency under this Agreement shall be subordinate to the rights of the holder or holders of any outstanding bonds, notes or other instruments of indebtedness (all referred to herein as "indebtedness") of the Agency incurred or issued to finance redevelopment of the Project Areas, including without limitation any pledge of Net Available Tax Increment revenues from the Project Areas to pay any portion of the principal and interest (and otherwise comply with the obligations and covenants) of any bond or bonds heretofore issued or sold or issued or sold in the future by the Agency with respect to the Project Areas.

2.4 The Agency and OC Public Works shall cooperate to design payment procedures for the Agency's funding of the Project. Those procedures shall provide for OC Public Works' submittal to the Agency of detailed documentation of expenditures or expected expenditures and for the Agency's payment of such costs within 60 days of receipt from OC Public Works of an invoice or appropriate documentation. The Parties understand and agree that OC Public Works may periodically request advance funding from the Agency for any large expenditures (whether arising from one invoice or multiple invoices collectively) totaling in excess of Twenty-Five Thousand Dollars (\$25,000.00).

3. OC PUBLIC WORKS'S OBLIGATIONS

3.1 OC Public Works shall accept and devote any and all funds offered by the Agency pursuant to this Agreement solely to completion of the Projects by (i) reimbursing OC Public Works' accounts or using such funds to make OC Public Works expenditures to perform the work required to carry out and complete the Projects in Attachment A.

3.2 Prior to commencement of work on any of the listed Projects, all necessary environmental review required by CEQA shall be completed. Additionally, OC Public Works will provide the Agency with a Scope of Work and Line Item Budget detailing all project related costs including Administrative Overhead prior to seeking any reimbursement. This Agreement in no way limits the discretion of the Planning Commission, the Agency Board or the Board of Supervisors in completing environmental review of the Projects.

3.3 The OC Public Works shall perform its obligations hereunder in accordance with the applicable provisions of federal, state and local laws, and shall timely complete the work required for each Project within the times set forth in Attachment A.

4. MODIFICATION OF PROJECTS

4.1 The Agency's Executive Director or designee may modify the list of Projects set forth in Attachment A, as needed, to account for unexpected changes in available revenues; to modify, add, or delete a particular project; to modify the cost estimate for individual projects; or to take into consideration unforeseen circumstances. Any such modifications shall be in writing, and maybe subject to approval by the Board of Supervisors and Agency Board if the modifications exceed \$3 million.

5. TERMINATION OF AGREEMENT

5.1 This Agreement and the obligations of the County and Agency hereunder shall terminate upon the completion of the Projects by the OC Public Works and Agency's reimbursement of costs incurred in connection therewith.

6. MISCELLANEOUS

6.1 This Agreement may be executed in multiple originals, each of which is deemed to be an original.

6.2 This Agreement is intended solely for the benefit of the County and the Agency. Notwithstanding any reference in this Agreement to persons or entities other than the County and the Agency, there shall be no third party beneficiaries under this Agreement.

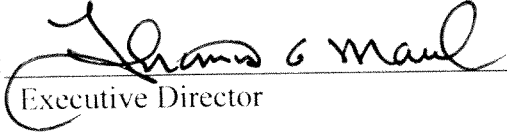
6.3 All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representatives of the parties.

6.4 If any term, provisions, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect.

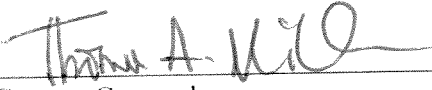
6.5 This Agreement shall be binding on and shall inure to the benefit of all successors and assigns of the parties, whether by agreement or operation of law.

IN WITNESS WHEREOF, the County and Agency have approved the foregoing Agreement and caused the same to be executed by their duly authorized officers as set forth below.

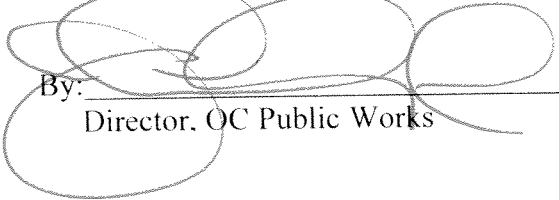
**ORANGE COUNTY DEVELOPMENT
AGENCY**

By: 
Executive Director

APPROVED AS TO FORM

By: 
County Counsel

OC PUBLIC WORKS

By: 
Director, OC Public Works

Attachment A

List of Projects and Schedule for Performance and Payment

[Note: This list should include a description of each Project, the amount of the funding reimbursement commitment and a time schedule for performance of each project. A general statement should be included at the end of the list of Projects indicating that the costs of each Project in this list, includes all activities needed to carry out implementation of the Project (e.g., acquisition of property, planning and design costs, administrative costs, etc.)

**OC Public Works
NDAPP Infrastructure Projects
Estimated Project Funding Schedule
As of June 27, 2011**

	<u>FY 2010-11 Projection</u>	<u>FY 2011-12 Budget</u>	<u>FY 2012-13 Forecast</u>	<u>FY 2013-14 Forecast</u>	<u>FY 2014-15 Forecast</u>	<u>TOTAL</u>
CAPITAL PROJECTS						
1 Black Star Canyon Road Bridges Replacement, on Black Star Canyon Road n/o Silverado Canyon Road	200,000	800,000	1,000,000	-	-	2,000,000
2 Olive Heights Alleys Street Improvements, n/o Lincoln in Olive Heights	-	540,000	-	-	-	540,000
3 Modjeska Cyn. Road -Site 2, Mile post .005	-	-	-	-	750,000	750,000
3 Modjeska Cyn. Road -Site 3, Mile post.2	-	800,000	-	-	750,000	1,550,000
4 Trabuco Creek Road, Trabuco Cyn Rd to Entrance of Cleveland National Forest	-	-	3,600,000	-	-	3,600,000
5 Midway City Street & Drainage Improvement - Phase III, Edinger Channel to Bolisa Ave	-	-	4,000,000	-	-	4,000,000
6 Colonia Independencia Storm Drain Project, Stanton Storm Drain Channel to Garza Avenue	-	-	-	1,100,000	-	1,100,000
7 Modjeska Grade Road Drainage Improvements, Modjeska Canyon Road to n/o Canyon Heights Dr	-	-	-	-	5,262,500	5,262,500
7 Modjeska Grade Rd Improvements, Santiago Cyn Rd to Modjeska Canyon Road	-	388,410	-	-	-	388,410
8 Maintenance of Various Bridges in Orange County Phase I	-	-	100,000	-	-	100,000
9 Olive Island - Main Street, between Orange Olive Road and Olive Avenue	-	-	1,500,000	-	-	1,500,000
10 Stonybrook Storm Drain & Pavement Repair, Gilbert St 500' n/o Ball Rd to Stonybrook Dr & Stonybrook Dr, Gilbert St to Campus Dr	-	-	-	3,000	-	3,000
11 Magnolia Ave Access Ramps	200,000	2,528,410	10,200,000	1,103,000	6,762,500	20,793,910
TOTALS:						
						3,000,000
						180,000
						23,973,910

DOES NOT INCLUDE -
El Modena Community Center Acq/Rehab
Eastside Water Association
TOTAL APPROVED BY BOARD ON 4/5/11

EXHIBIT A

Orange County Development Agency Project List

Lead Agency: OC Parks			6/27/11 Revised	
District	Project Area	Estimated Costs	Estimated Costs	Variance
	<i>Inter-Canyons</i>			
3	Silverado Community Center/Library (Acq./Rehab)	\$12,000,000		
3	Silverado Trail Head/Parking Lot	\$3,000,000		
	Sub-Total	\$15,000,000		
Lead Agency: OC Community Resources				
All	Homeless Shelter	\$5,000,000		
5	The Ranch Project	\$315,500,000		
All	Affordable Housing	\$22,413,318		
All	Community Stabilization Program	\$191,977,736		
All	Animal Control Facility*	\$763,239		
	Sub-Total	\$535,654,293		
* Project previously approved by the Board on December 8, 2009				
Lead Agency: OC Public Works				
	<i>Anaheim/Brookhurst</i>			
4	Stonybrook Storm Drain & Pavement Repair, Gilbert St 500' n/o Ball Rd to Stonybrook Dr & Stonybr	\$2,500,000	\$1,500,000	(\$1,000,000)
	<i>Anaheim/Colonia</i>			
4	Colonia Independencia Storm Drain Project, Stanton Storm Drain Channel to Garza Avenue	\$4,000,000	\$4,000,000	\$0
	<i>El Modena (NOT OCPW)</i>			
3	El Modena Community Center (Acq./Rehab)	\$3,000,000	\$3,000,000	\$0
	<i>Orange-Olive</i>			
3	Olive Heights Alleys Street Improvements, n/o Lincoln in Olive Heights	\$540,000	\$540,000	\$0
3	Olive Island - Main Street, between Orange Olive Road and Olive Avenue	\$100,000	\$100,000	\$0
	<i>Inter-Canyons</i>			
3	Modjeska Olive Storm Drain	\$1,500,000	\$750,000	\$0
	<i>Modjeska Cy Road - Site 2</i>		\$750,000	
	<i>Modjeska Cy Road - Site 3</i>			
3	Modjeska Grade Road Improvements	\$6,362,500	\$1,100,000	\$0
	<i>Modjeska Cyn Rd to n/o Canyon Hgts Dr.</i>		\$5,262,500	
	<i>Santiago Cyn Rd to Modjeska Canyon Rd.</i>			
3	Inter-Canyon Bridge Improvements	\$1,388,410	\$2,000,000	\$1,000,000
	<i>BlackStar Canyon</i>		\$388,410	
	<i>Various Other Bridges</i>		\$800,000	
3	Trabuco Creek Road, Trabuco Cyn Rd to Entrance of Cleveland National Forest	\$800,000	\$800,000	\$0
	<i>Mac Island</i>			
2	Magnolia Ave. Access Ramps	\$3,000	\$3,000	\$0
	<i>Midway City</i>			
1	Midway City Street & Drainage Improvement - Phase III, Edinger Channel to Bolsa Ave	\$3,600,000	\$3,600,000	\$0
1	Eastside Water Association (FY 2011-12) (NOT OCPW)	\$180,000	\$180,000	\$0
	Sub-Total	\$23,973,910	\$23,973,910	\$0
Other				
		\$10,000,000		
All	ATS/PTMS Loan			
	Sub-Total	\$10,000,000		
	Grand Total	584,628,203		

EXHIBIT A