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**LOAN AGREEMENT  
(Redevelopment Project-1987)**

**by and between the**

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF PERRIS**

**and the**

**PERRIS PUBLIC FINANCING AUTHORITY**

**Dated as of April 1, 2015**

**Relating to**

**\$ \_\_\_\_\_  
Perris Public Financing Authority  
Tax Allocation Revenue Refunding Bonds 2015 Series A**

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## **LOAN AGREEMENT**

This LOAN AGREEMENT (the “Loan Agreement”) is dated as of April 1, 2015, by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “Agency”), and the PERRIS PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”);

### **WITNESSETH:**

**WHEREAS**, the Redevelopment Agency of the City of Perris (the “Former Agency”) was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California (the “Redevelopment Law”) a redevelopment project known and designated as the “Redevelopment Project-1987” (the “Redevelopment Project”) has heretofore been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

**WHEREAS**, the Authority has previously issued its Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series A (the “Prior Bonds”), currently outstanding in the amount of \$3,100,000, the proceeds of which were used to fund a loan (the “Prior Loan”) to the Former Agency under that certain loan agreement, dated as of \_\_\_\_\_ (the “Prior Loan Agreement”), with respect to the Redevelopment Project; and

**WHEREAS**, the Authority has previously issued its Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds, currently outstanding in the amount of \$4,815,000 (the “Prior Subordinate Bonds”), the proceeds of which were used to fund a loan (the “Prior Subordinate Loan”) to the Former Agency under that certain loan agreement, dated as of \_\_\_\_\_ (the “Prior Subordinate Loan Agreement”), with respect to the Redevelopment Project; and

**WHEREAS**, the Prior Loan was secured by certain tax increment revenues on a senior basis to the Prior Subordinate Loan, and is senior to any debt issued on a parity with, or to refund such Prior Subordinate Loan (collectively, “Subordinate Debt”); and

**WHEREAS**, on June 27, 2012, after adopting California Assembly Bill No. 26 (“AB1X 26”) on June 29, 2011, which dissolved all redevelopment agencies in existence in the State of California as of February 1, 2012, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies, the California State Legislature adopted Assembly Bill No. 1484, a follow on bill to AB1X 26, to provide a mechanism to refund tax allocation bonds under certain circumstances; and

**WHEREAS**, the City agreed to serve as the successor agency (referred to herein as the “Agency”) to the Former Agency commencing upon the dissolution of the Former Agency on February 1, 2012 pursuant to Assembly Bill (AB) XI 26 (“AB 26”); and

**WHEREAS**, on June 27, 2012 as part of the Fiscal Year 2012-2013 State of California budget bill, the Governor signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of AB 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010; and

**WHEREAS**, Health & Safety Code Section 34177.5 authorizes successor agencies to refund outstanding bonds provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

**WHEREAS**, if the Refunding Test is met, the pledge for such refunding debt shall have the same lien priority as the pledge of the debt to be refunding; and

**WHEREAS**, the Agency has requested the Authority to make a loan (the “Loan”) to the Agency hereunder to refinance the Prior Loan, on a senior basis to the Subordinate Debt, for the purpose of providing funds to assist in refinancing redevelopment activities within and of benefit to the Project Area and otherwise as provided herein, and the Agency hereby finds and determines that there will be significant public benefits accruing from such borrowing, consisting of demonstrable savings in effective interest rates and financing costs associated with the issuance of bonds as described herein; and

**WHEREAS**, concurrent with the execution and delivery of this Loan Agreement the Authority will issue its \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A (the “Bonds”), which amount shall be used for the purpose of making the Loan hereunder in addition to other loans; and

**WHEREAS**, the Authority will also concurrently issue its \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B (the “Series B Bonds”), to refund, among other outstanding debt, the Prior Subordinate Bonds, issue new loans, and cancel the Prior Subordinate Loan, which loans shall be issued on a basis subordinate to the Loan secured by certain revenues generated pursuant to loan agreements, by and between the Agency and the Authority, made on a basis subordinate to the Loan; and

**WHEREAS**, in order to establish and declare the terms and conditions upon which the Loan is to be made and secured, the Agency and the Authority wish to enter into this Loan Agreement; and

**WHEREAS**, all acts and proceedings required by law necessary to make this Loan Agreement, when executed by the Agency and the Authority, the valid, binding and legal obligations of the Agency and the Authority, and to constitute this Loan Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Loan Agreement have been in all respects duly authorized;

**NOW, THEREFORE**, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

## **ARTICLE I DEFINITIONS**

**Section 1.01 Definitions.** Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Loan Agreement shall have the respective meanings which such terms are given in Section 1.01 of the Indenture. In addition, the following terms defined in this Section 1.01 shall, for all purposes of this Loan Agreement, have the respective meanings herein specified.

“Agency” means the Successor Agency to the Redevelopment Agency of the City of Perris.

“Annual Loan Payments” means, for any Bond Year, the total amount of principal and interest payable on the Loan in such Bond Year.

“Bonds” means the \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A, issued and at any time Outstanding under the Indenture, the proceeds of which have been used to make the Loan hereunder.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584), of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“Business Day” shall have the meaning given thereto in the Indenture.

“City” means the City of Perris, a general law city and municipal corporation organized and existing under the laws of the State.

“County” means the County of Riverside, a county duly organized and existing under the State Constitution and laws of the State.

“Dissolution Act” means Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended.

“Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of April 1, 2015, relating to the defeasance of the Prior Bonds and cancellation of the Prior Loan.

“Escrow Fund” means the Escrow Fund created under the Escrow Agreement.

“Event of Default” means any of the events described in Section 5.01.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period pursuant to a Written Certificate of the Agency filed with the Trustee.

“Gross Tax Revenues” means taxes for each Bond Year (including all payments and reimbursements, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) previously eligible for allocation to the Agency pursuant to the Redevelopment Law as provided in the Redevelopment Plan.

“Housing Loans” means (i) the \$7,180,000 Housing Fund Loan, issued pursuant to the Housing Fund Loan Agreement, dated as of April 1, 2010, by and between the Authority and the Former Agency, relating to the Authority’s Tax Allocation Revenue Bonds (Housing Loan), 2010 Series A, (ii) the \$\_\_\_\_\_ Housing Fund Loan, issued pursuant to the Housing Loan Agreement, dated as of April 1, 2015, by and between the Agency and the Authority relating to the Bonds, and (iii) any debt issued to refund such loans, or other refunding debt thereof, similarly secured by amounts which, prior to the adoption of the Dissolution Act, were required to be deposited into the Redevelopment Agency’s low and moderate income housing fund pursuant to Sections 33334.2, 33334.3, and 33334.6 of the Redevelopment Law.

“Housing Set-Aside Revenues” means, for each Bond Year beginning with the Bond Year commencing on the Closing Date, the amount of taxes (including all payments and reimbursements, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations) previously eligible for allocation to the Agency as provided in the Redevelopment Plan which are required to be deposited in the Agency’s Low and Moderate Income Housing Fund pursuant to Section 33334.3 of the Redevelopment Law.

“Indenture” means the Indenture of Trust, dated as of April 1, 2015, by and between the Authority and the Trustee, authorizing the issuance of the Bonds, as originally executed or as it may from time to time be supplemented, modified or amended.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State appointed by the Agency, and who, or each of whom: (a) is in fact independent and not under the domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by or acceptable to the Agency, and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under the domination of the Agency; (c) does not have any substantial interest, direct or

indirect, with the Agency; and (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Law” means the Redevelopment Law, together with Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended.

“Loan” means the loan made by the Authority to the Agency in the aggregate principal amount of \$\_\_\_\_\_ pursuant to Section 2.01 hereof.

“Loan Agreement” means this Loan Agreement by and between the Agency and the Authority, as originally executed or as it may from time to time be amended, modified or supplemented.

“Loan Disbursement Fund” means the fund by that name established and held by the Trustee pursuant to Section 2.02 hereof.

“Loan Interest Payment Date” means April 1 and October 1 of each year, beginning October 1, 2015, and continuing thereafter so long as any Bonds remain Outstanding.

“Loan Principal Payment Date” means October 1 of each year.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the amount of interest payable on the Loan and all outstanding Parity Debt in such Bond Year, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments are made as scheduled, and (b) the amount of principal payable on the Loan and on all outstanding Parity Debt in such Bond Year, including any principal required to be prepaid or redeemed by operation of mandatory sinking fund payments.

“Parity Debt” means any loans, bonds, notes, advances or indebtedness payable from Tax Revenues on a parity with the Loan, issued or incurred pursuant to and in accordance with Section 2.06 hereof and a Parity Debt Instrument.

“Parity Debt Instrument” means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt.

“Plan Limitations” means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, and (c) the period of time for establishing or repaying indebtedness payable from Tax Revenues.

“Prior Housing Deposit” means the Gross Tax Revenues previously required to be deposited in the Housing Fund established pursuant to Section 33334.3 of the Law.

“Project Area” means the area of the Redevelopment Project-1987 as described in the Redevelopment Plan.

“Recognized Obligation Payment Schedule” or “ROPS” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the Law.

“Redevelopment Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

“Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Project-1987, approved by Ordinance No. 687 enacted by the City Council of the City on June 29, 1987, as amended by Ordinance No. 996, adopted on December 12, 1994 and Ordinance No. 1171, adopted on September 27, 2005, as amended by Ordinance No. 1181, adopted on February 14, 2006, and as amended by Ordinance No. 1247, adopted on September 30, 2008, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

“Redevelopment Project” means the undertaking of the Agency pursuant to the Redevelopment Plan and the Redevelopment Law for the redevelopment of the Project Area.

“Redevelopment Obligation Retirement Fund” means the fund by that name established pursuant to Section 34170.5(b) of the Law and administered by the Agency.

“Redevelopment Property Tax Trust Fund” or “RPTTF” means the fund by that name established pursuant to Section 34170.5(a) of the Law and administered by the County auditor-controller.

“Report” means a document in writing signed by an Independent Redevelopment Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Loan Agreement to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

“Special Fund” means the fund continued and held by the Agency pursuant to Section 3.02 hereof.

“Special Subventions” means all amounts payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State.

“Subordinate Debt” shall have the meaning given to such term in the preambles hereto, and shall also include any bonds, notes, or other indebtedness issued for the purpose of refunding such Subordinate Debt, or refunding bonds, notes, or other indebtedness thereof.

“Subordinate Loan Agreement” shall have the meaning given to such term in the preambles hereto.

“Tax Revenues” means, with respect to any Bond Year, the (a) monies deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subsection (b) of Section 34170.5 of the Law and administered pursuant to subsections (c) and (d) of Section 34172(d), as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law that constitutes all taxes formerly annually allocated and paid to the Agency with respect to the Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations; but excluding the Housing Set-Aside Revenues, amounts payable to entities other than the Agency under and pursuant to Tax Sharing Agreements, any amounts payable by the Agency pursuant to Section 33607.5 or Section 33607.7 of the Redevelopment Law and the Special Subventions.

[Potentially Remove][Tax Revenues additionally include monies deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in (a) paragraph (2) of subdivision (a) of Section 34183 of the Law. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution and as limited or otherwise provided for in the Indenture.

Pursuant to the Law, the Agency is no longer required to make the Prior Housing Deposit from Gross Tax Revenues. Accordingly, Tax Revenues shall be reduced by the amount not greater than the portion of the Prior Housing Deposit required to pay Housing Loans. ]

“Tax Sharing Agreements” means those certain agreements relating to the payment of certain amounts which would otherwise constitute Tax Revenues.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns acting as trustee under the Indenture.

“Prior Bonds” shall have the meaning given to such term in the preambles hereto.

“Prior Loan Agreement” shall have the meaning given to such term in the preambles hereto.

“Undertaking To Provide Continuing Disclosure” shall mean the agreement described in Section 4.12 hereof, by the Agency.

“Written Request of the Agency” or “Certificate of the Agency” means a request or certificate, in writing, signed by the Chairman, Vice Chairman, Executive Director, Assistant Executive Director, Deputy Executive Director, or Treasurer of the Agency, or by any other officer of the Agency duly authorized by the Agency for that purpose.

**Section 1.02 Rules of Construction.** All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

## **ARTICLE II THE LOAN; APPLICATION OF LOAN PROCEEDS; PARITY DEBT**

**Section 2.01 Authorization.** The Authority hereby agrees to lend to the Agency from the proceeds of sale of the Bonds, the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) under and subject to the terms of this Loan Agreement, the Bond Law and the Law. This Loan Agreement constitutes a continuing agreement with the Authority to secure the full and final payment of the Loan, subject to the covenants, agreements, provisions and conditions herein contained.

**Section 2.02 Disbursement and Application of Loan Proceeds and Other Moneys.** On the Closing Date, the Authority shall cause to be deposited into the Loan Disbursement Fund, which fund is hereby created, the amount of \$\_\_\_\_\_, which amount constitutes Loan proceeds of \$\_\_\_\_\_, less a loan discount of \$\_\_\_\_\_, which shall be held by the Trustee and which shall be disbursed as follows:

(a) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the Agency for deposit in the Escrow Fund under the Escrow Agreement, for [pre-payment and cancellation] of the Prior Loan.

(b) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the Costs of Issuance Fund.

Following the transfer pursuant to Sections (a) and (b) hereof, the Trustee, on behalf of the Authority, shall close the Loan Disbursement Fund.

**Section 2.03 Repayment of Loan.** The Agency shall repay the principal of the Loan in installments on each Loan Principal Payment Date and in the amounts, and shall pay interest on the unpaid principal balance of the Loan on each Loan Interest Payment Date and in the amounts, as set forth in Exhibit A attached hereto and by this reference incorporated herein. Any installment of principal or interest which is not paid when due shall continue to accrue interest at the net effective rate of interest then borne by the Loan from and including the date on which such principal or interest is payable to but not including the date of actual payment.

In the event that the Tax Revenues and other moneys pledged for the payment of the Loan are insufficient to pay the principal and interest on the Loan coming due on any Loan Interest Payment Date, the amount of such insufficiency shall be payable from any lawfully available funds of the Agency, including but not limited to existing project funds or reserve funds, but excluding the proceeds of any bonds or notes issued by the Agency and any investment earnings thereon and excluding any special assessments or other revenues required to pay debt service on special assessment bonds or revenue bonds of the Agency.

In the event the unpaid principal installments of the Loan shall be prepaid in whole or in part pursuant to Section 2.04, or in the event the Bonds shall be redeemed pursuant to Section 2.02 of the Indenture, the schedule of principal installments set forth in Exhibit B hereto shall be reduced on a pro rata basis in integral multiples of \$5,000 corresponding to the principal amount of the Bonds redeemed pursuant to the Indenture. The Authority shall provide the Trustee with a new payment schedule.

Principal of and interest on the Loan shall be payable by the Agency to the Trustee, as assignee of the Authority under the Indenture, in immediately available funds which constitute lawful money of the United States of America. Payment of such principal and interest shall be secured, and amounts for the payment thereof shall be deposited with the Trustee at the times, as set forth in Article III.

#### **Section 2.04 Prepayment of the Loan.**

(a) **Optional Prepayment.** The Agency shall have the right to prepay the unpaid principal installments of the Loan, in whole or in part in any integral multiple of \$5,000, on any date on which the Bonds are subject to Mandatory Redemption from Optional Loan Prepayment for the Bonds pursuant to Section 2.02(a) of the Indenture, by depositing with the Trustee in the Revenue Fund an amount sufficient to redeem a like aggregate principal amount of Bonds pursuant to Section 2.02(a) of the Indenture, together with the amount of accrued interest and premium (if any) required to be paid upon such redemption. The Authority agrees that upon payment by the Agency to the Trustee of such amount, the Authority shall take or cause to be taken any and all steps required under the Indenture to redeem such Outstanding Bonds on the redemption date designated pursuant to a Written Request of the Agency filed with the Authority and the Trustee; provided, however, that such date shall be a date of redemption of Bonds for which notice has been timely given pursuant to the Indenture.

(b) **Mandatory Prepayment.** The principal of the Loan is subject to mandatory prepayment upon acceleration of the principal pursuant to an event of default and acceleration of the Loan under Section 5.01 of this Loan Agreement on any date by depositing with the Trustee in the Revenue Fund under the Indenture the amount described in the Indenture under Section 2.02(c) as necessary to pay off the Loan hereunder and redeem a like aggregate principal amount of the Bonds, including accrued interest thereon until the redemption date. The Authority agrees that upon payment by the Agency to the Trustee of such amount, the Authority shall take or cause to be taken any and all steps required under the Indenture to redeem such Outstanding Bonds on the redemption date designated pursuant to a Written Request of the Agency filed with the Authority and the Trustee; provided, however, that such date shall be a date of redemption of Bonds for which notice has been timely given pursuant to the Indenture.

#### **Section 2.05 Reserved.**

**Section 2.06 Parity Debt.** Except for debt issued to refund the Bonds, the Agency may not issue or incur Parity Debt secured by Tax Revenues. Any document authorizing such Parity Debt must provide that (i) interest is payable on April 1 and October 1 in

each year of the term of such refunding bonds except the first twelvemonth period, during which interest may be payable on either April 1 or October 1; (ii) the principal of such refunding bonds is payable only on October 1 in any year; and (iii) the final maturity of any refunding bonds does not exceed the final maturity of the Bonds being refunded. Annual debt service on the refunding bonds must be lower than annual debt service on the Bonds being refunded during every year the refunding bonds will be outstanding.

**Section 2.07 Issuance of Subordinate Debt.** In addition to the Loan and any Parity Debt, from time to time the Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency, provided that the issuance of such Subordinate Debt shall not cause the Agency to exceed any applicable Plan Limitations.

**Section 2.08 Validity of Loan.** The validity of the Loan shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project.

**Section 2.09 Senior Debt.** The Agency covenants that except for refunding obligations, it shall not enter into any obligations secured by Tax Revenues on a basis senior to the Loan and any Parity Debt.

**Section 2.10 Costs of Issuance Fund.** There is hereby established a fund to be held by the Trustee known as the “Costs of Issuance Fund” into which shall be deposited a portion of the proceeds of the Loan. The moneys in the Costs of Issuance Fund shall be used to pay costs of issuance from time to time upon receipt of a written request of the Agency. On the date which is one hundred eighty (180) days following the closing date, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Agency for deposit in the Redevelopment Fund.

### **ARTICLE III PLEDGE AND APPLICATION OF TAX REVENUES**

**Section 3.01 Pledge of Tax Revenues.** The Loan and any Parity Debt shall be equally secured for the benefit of the Authority and the Owners of the Bonds by a pledge of, security interest in and first lien on all Tax Revenues and all of the moneys on deposit in the Special Fund (as hereinafter defined), without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Tax Revenues and the Special Fund are hereby allocated to the payment of principal and interest on the Loan. Except for the Tax Revenues and the Special Fund, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or premium (if any) on the Loan and Parity Debt.

**Section 3.02 Special Fund; Deposit of Tax Revenues.** Prior to the Dissolution Law, the Agency previously established a separate fund known as the “Redevelopment Project - 1987 Special Fund.” Pursuant to Section 34170.5 (b) of the Law, there is established a special fund to be known as the “Redevelopment Obligation Retirement Fund” which is held by the Agency in a separate bank account as a separate fund apart from all other funds and Accounts of the Agency. The “Redevelopment Project-1987 Special Fund constitute part of the

Redevelopment Obligation Retirement Fund, said part to be referred to herein as the “Special Fund”. The Agency shall deposit all Tax Revenues received in any Bond Year in the Special Fund promptly upon the receipt thereof, until such time (if any) during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee pursuant to Section 3.03 herein, the Subordinate Loan Agreement, and any Parity Debt Instruments. Any Tax Revenues received during such Bond Year in excess of such amounts shall be released from the pledge and lien hereunder and be used for any lawful purposes of the Agency, including the payment of any Subordinate Debt.

Prior to the payment in full of the principal of and interest and prepayment premium (if any) on the Loan and all Parity Debt and the payment in full of all other amounts payable hereunder and under any Parity Debt Instrument, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except only as provided in this Loan Agreement, the Subordinate Loan Agreement and in any Parity Debt Instruments.

**Section 3.03 Transfer of Tax Revenues From Special Fund.** The Agency shall withdraw from the Special Fund and transfer to the Trustee, to the extent necessary to make payments on the Loan hereunder, the following amounts at the following times and in the following order of priority:

(a) **Interest and Principal Deposits.** No later than the fifth (5<sup>th</sup>) Business Day preceding each date on which the principal of or interest on the Loan or any Parity Debt shall become due and payable, including but not limited to the principal amount of the Loan to be prepaid hereunder together with any prepayment premium thereon, the Agency shall withdraw from the Special Fund and transfer to the Trustee an amount which, together with the amounts then held on deposit in the Interest Account, the Principal Account and the Revenue Fund, is equal to the aggregate amount of such principal, interest and prepayment premium coming due on such Loan Interest Payment Date or such Loan Principal Payment Date.

(b) **Reserve Fund Deposits.** In the event the balance in the Reserve Fund for the Bonds, related to the Loan, is less than the Reserve Requirement, the Agency shall immediately withdraw from the Special Fund and transfer to the Trustee for deposit in the Reserve Fund an amount of money necessary to maintain the Reserve Requirement in the Reserve Fund. No such transfer and deposit need be made to the Reserve Fund so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement.

(c) **Surplus.** Subject to Section 4.14 hereof, the Agency shall not be obligated to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required in such Bond Year pursuant to this Section 3.03; and all Tax Revenues which are received by the Agency during any Bond Year in excess of the amounts required to be deposited in the Special Fund in such Bond Year shall be released from the pledge thereof and lien thereon which is established pursuant hereto. In the event that for any reason whatsoever any amounts shall remain on deposit in the Special Fund on any October 2 after making all of the transfers theretofore required to be made pursuant to the preceding clauses (a) and (b) and any Parity Debt Instruments, the Agency may withdraw

such amounts from the Special Fund, to be used for any lawful purposes of the Agency, including but not limited to the payment of any Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to Section 4.11.

**Section 3.04 Investment of Moneys; Valuation of Investments.** All moneys in the Special Fund and the Redevelopment Fund shall be invested by the Agency in any investments authorized for the investment of Agency funds under the laws of the State. Obligations purchased as an investment of moneys in any fund or account established hereunder shall be credited to and deemed to be part of such fund or account. The Agency may commingle any amounts in any of the funds and accounts held hereunder with any other amounts held by the Agency for purposes of making any investment, provided that the Agency shall maintain separate accounting procedures for the investment of all funds and accounts held hereunder.

All interest, profits and other income received from the investment of moneys in any fund or account established hereunder shall be deposited in such fund or account. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment shall be credited to the fund from which such accrued interest was paid.

Except as otherwise provided in the next sentence, the Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Loan Agreement or the Code) at fair market value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code).

## **ARTICLE IV OTHER COVENANTS OF THE AGENCY**

**Section 4.01 Punctual Payment; Extension of Payments.** The Agency will punctually pay or cause to be paid the principal of and interest and prepayment premium (if any) on the Loan in strict conformity with the terms of this Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Loan Agreement. The Agency will take all actions required under the Law to include on the Recognized Obligation Payment Schedules for each six-month period all payments to the Authority to satisfy the requirements of this Loan Agreement, including any amounts required under the Indenture to replenish the Reserve Account to the full amount of the Reserve Requirement with respect to the Bonds, as those terms are defined therein. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any installment of principal of or interest or premium (if any) on the Loan, and in case the principal of or interest or premium (if any) on the Loan or the time of payment of any such claims therefor shall be extended, such principal, interest, premium or claims for interest shall not be entitled, in case of any Event of Default hereunder, to the benefits of this Loan Agreement except for payment of all amounts which shall not have been so extended.

**Section 4.02 Limitation on Additional Indebtedness.** The Agency hereby covenants that, except as necessary to refund outstanding bonds, so long as the Loan remains unpaid, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only the Loan and any Parity Debt and Subordinate Debt as authorized herein.

**Section 4.03 Payment of Claims.** The Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Loan. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

**Section 4.04 Books and Accounts; Financial Statements.** The Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Authority, the Trustee and the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements from the Special Fund, and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year which statement shall be accompanied by a Certificate of the Agency stating that the Agency is in compliance with its obligations under this Loan Agreement. The Agency will furnish a copy of such statements, upon reasonable request, to any Bond Owner.

**Section 4.05 Protection of Security and Rights.** The Agency will preserve and protect the security of the Loan and the rights of the Trustee and the Bond Owners with respect to the Loan. From and after the Closing Date, the Loan shall be incontestable by the Agency. The Loan and the provisions of this Loan Agreement are and will be the legal, valid and binding special obligations of the Agency in accordance with their terms, and the Agency shall at all times, to the extent permitted by law, defend, preserve and protect all the rights of the Trustee and the Bond Owners under this Loan Agreement against all claims and demands of all persons whomsoever.

**Section 4.06 Payments of Taxes and Other Charges.** The Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Project Area, when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The

Agency will duly observe and comply with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

**Section 4.07 Taxation of Leased Property.** All *ad valorem* property taxes derived by the Agency pursuant to Section 33673 of the Redevelopment Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of this Loan Agreement.

**Section 4.08 Disposition of Property.** The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of this Loan Agreement) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area. Furthermore, the Agency shall provide a certificate of an Independent Redevelopment Consultant to the effect that the Tax Revenues for the then current Fiscal Year, based on assessed valuation of property in the Project Area following such disposition as evidenced in the written records of the County, shall be at least equal to one hundred ten percent (110%) of maximum annual debt service with respect to the Loan, all Parity Debt and Subordinate Debt payable from Tax Revenues.

**Section 4.09 Maintenance of Tax Revenues.** The Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State. The Agency will not enter into any agreement with the City or any other governmental unit which would have the effect of reducing the amount of Tax Revenues available to the Agency for payment of the Loan. The Agency represents, covenants and agrees that it has not and will not incur any loans, obligations or indebtedness payable from Tax Revenues such that the total aggregate debt service on said loans, obligations or indebtedness incurred from and after the date of adoption of the Redevelopment Plan, when added to any Parity Debt, the Loan, or Subordinate Debt, will exceed the maximum amount of Tax Revenues to be divided and allocated to the Agency pursuant to the Redevelopment Plan. Subject to the preceding sentences, nothing in this Loan Agreement is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Loan and any Parity Debt.

**Section 4.10 Payment of Expenses; Indemnification.** The Agency shall pay to the Trustee from time to time all compensation for all services rendered under this Loan Agreement and under the Indenture in connection with the Bonds, including but not limited to all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder and thereunder. Upon the occurrence of an Event of Default, the Trustee shall have a first lien on the funds held by it under the Indenture and hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts,

attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article V hereof.

The Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any losses, costs, claims, expenses and liabilities whatsoever which it may incur arising out of or in connection with the exercise and performance of its powers and duties hereunder, and under the Indenture including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Agency under this paragraph shall survive the resignation or removal of the Trustee under the Indenture or this Loan Agreement and payment of the Loan and the discharge of this Loan Agreement.

#### **Section 4.11 Tax Matters.**

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

“Bonds” means, unless otherwise qualified, the Bonds.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in Section 1.148-1(c) of the Tax Regulations, of the Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“Issue” shall refer to any Bond or group of Bonds constituting an “issue” within the meaning of Section 1.150-1 of the Tax Regulations. Unless otherwise indicated or made necessary by the context, each of the covenants and representations set forth below is intended to be made, and is made, separately with respect to each Issue of Bonds.

“Nonpurpose Investment” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to Sections 103 and 141 through 150 of the Code, or Section 103 of the 1954 Code, as applicable.

“Yield”

(i) of any Investment has the meaning set forth in Section 1.148-5 of the Tax Regulations; and

(ii) of any issue of governmental obligations has the meaning set forth in Section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. Neither the Agency nor the Authority shall use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Agency or the Authority receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond from the gross income of the owner thereof for federal income tax purposes, the Agency and the Authority, respectively, shall comply with each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations, the Agency shall at all times prior to the final cancellation of the last of the Bonds to be retired:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a State or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within its jurisdiction.

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state

or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) [Not to Invest at Higher Yield.](#) Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of Section 148 of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall, at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said Section 148.

(f) [Not Federally Guaranteed.](#) Except to the extent permitted by Section 149(b) of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall take or omit to take any action that would cause any Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) [Information Report.](#) The Authority shall timely file any information required by Section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) [Rebate of Arbitrage Profits.](#) Except to the extent otherwise provided in Section 148(f) of the Code and the Tax Regulations, with respect to the Bonds:

(i) The Agency and Authority, as the case may be, shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond of the series is discharged. However, to the extent permitted by law, each of the Agency and the Authority may commingle Gross Proceeds of Bonds with its other moneys, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Agency shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Agency promptly shall report to the Authority the results of such calculation, including the

basis therefor, in sufficient detail and on a timely basis in order that the Authority be able to comply with its covenants herein. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) In order to assure the excludability, pursuant to Section 103(a) of the Code, of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority has agreed pursuant to the Indenture to pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (A) in the case of the Final Computation Date as defined in Section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (B) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority.

(iv) The Agency shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (b) and (c), and if an error is made, to discover, report to the Authority and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) or other provision of the Tax Regulations.

(i) [Not to Divert Arbitrage Profits](#). Except to the extent permitted by Section 148 of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(j) [Bonds Not Hedge Bonds](#). The Agency reasonably expects that:

(i) The Agency represents that the Bonds will not be "hedge bonds" within the meaning of Section 149(g) of the Code.

(ii) Without limitation of clause (i) above, (A) on the date of issuance of the Bonds, the Agency reasonably expects that at least 85% of the spendable proceeds of that Issue will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds

will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

For purposes of the foregoing, “spendable proceeds” is intended to refer to all proceeds of sale of the Bonds other than those proceeds used to fund the Reserve Fund.

(k) **Elections.** The Agency hereby directs and authorizes any Authority Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(l) **Closing Certificate.** Each of the Agency and the Authority agrees, as requested, to execute and deliver in connection with the issuance of the Bonds a Tax and NonArbitrage Certificate, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

**Section 4.12 Continuing Disclosure.** The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of its Undertaking To Provide Continuing Disclosure with respect to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this Loan Agreement, failure of the Agency to comply with such Undertaking to Provide Continuing Disclosure shall not be considered an Event of Default; however, any Owner may take such actions, as provided in such Undertaking to Provide Continuing Disclosure, as may be necessary and appropriate to cause the Agency to comply with its obligations under such Undertaking To Provide Continuing Disclosure.

**Section 4.13 Redevelopment of Project Area.** The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Law.

**Section 4.14 Annual Review of Tax Revenues.** The Agency shall annually review, prior to the release of surplus Tax Revenues, tax increment revenues allocable to it under then current Redevelopment Law that have been received since the inception of the Redevelopment Plan and measure such revenues against the Agency’s then effective cumulative tax increment limitation. If remaining revenues allocable with the plan limit are less than 105% of all future debt service and other obligations, all revenues not needed to pay debt service or replenish the reserve account shall be deposited into a Trustee-held escrow account and invested in Defeasance Securities (as defined in the Indenture). Such account shall be sufficient to and shall be used to call bonds or pay debt service without regard to interest earnings thereon.

**Section 4.15 Further Assurances.** The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Loan

Agreement and for the better assuring and confirming unto the Trustee, the Authority and the Owners of the Bonds of the rights and benefits provided in this Loan Agreement.

**Section 4.16 Compliance with the Law.** The Agency covenants that in addition to complying with the second sentence of Section 4.01 hereof, it will comply with all other requirements of the Law as it relates to the dissolution of redevelopment agencies. Without limiting the generality of the foregoing, the Agency covenants and agrees to file all required statements and hold all public hearings required under the Law to assure compliance by the Agency with its covenants under this Loan Agreement. Pursuant to Section 34177 of the Health and Safety Code, not less than 90-days prior to each January 2 and June 1 (or such other dates as are specified in the Health and Safety Code or other applicable law), the Agency shall prepare and submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule, pursuant to which enforceable obligations of the Agency are listed including, with respect to the Loan and any outstanding Parity Debt. The Agency shall take all actions necessary or advisable under the Dissolution Act to include on each applicable Recognized Obligation Payment Schedule all payments required for payment of any Subordinate Debt and as required under this Loan Agreement and for Parity Debt, including without limitation (i) all amounts required under Section 2.03 hereof and (ii) any amount necessary to cure a deficiency in the Reserve Account under the Indenture. The Recognized Obligation Payment Schedule submitted 90-days prior to each January 2 shall include the full amount of pledged Tax Revenues required to be deposited pursuant to Section 2.03. In order to fulfil the obligation in the previous sentence, the Agency shall, to the extent necessary, include the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law, that are necessary to provide for the deposits required under this Loan Agreement.

Pursuant to the Law, money in the Redevelopment Property Tax Trust Fund distributed to the Agency is deposited in the Redevelopment Obligation Retirement Fund of the Agency. Pursuant to the priority listed in Health and Safety Code Section 34183(a)(2)(A)-(C) and 34183(a)(3) or 34183(a)(4), Tax Revenues transferred by the County Auditor for deposit in the Redevelopment Obligation Retirement Fund on June 1 and January 2 of each year shall immediately be transferred to the Special Fund in accordance with the Loan Agreement with respect to the Loan and any Parity Debt.

## **ARTICLE V EVENTS OF DEFAULT AND REMEDIES**

**Section 5.01 Events of Default and Acceleration of Maturities.** The following events shall constitute Events of Default hereunder:

- (a) Failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan or any Parity Debt when and as the same shall become due and payable.
- (b) Failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Loan Agreement, other than as referred to in the preceding clause (a), for a period of thirty (30) days after written notice,

specifying such failure and requesting that it be remedied, has been given to the Agency by the Trustee; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Agency within such thirty (30) day period and thereafter is diligently pursued until such failure is corrected.

(c) The filing by the Agency of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

(d) The default in the payment of any Subordinate Debt.

If an Event of Default has occurred and is continuing, the Trustee may (a) declare the principal of the Loan, together with accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Loan Agreement to the contrary notwithstanding, and (b) subject to receipt of satisfactory indemnity, exercise any other remedies available to the Trustee in law or equity arising hereunder. Immediately upon becoming aware of the occurrence of an Event of Default under this Loan Agreement, the Trustee shall give notice of such Event of Default to the Agency by telephone, telecopier or other telecommunication device, promptly confirmed in writing. This provision, however, is subject to the condition that if, at any time after the principal of the Loan has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Agency will deposit with the Trustee a sum sufficient to pay all installments of principal of the Loan matured prior to such declaration and all accrued interest thereon, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, by written notice to the Authority and the Agency, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust the right or power consequent thereon.

**Section 5.02 Application of Revenues and Other Funds After Default.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of Article V of this Loan Agreement, or otherwise held by the Trustee upon the occurrence of an Event of Default, shall be applied by the Trustee in the following order:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article V, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Loan and any Parity Debt then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Loan and such Parity Debt; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Loan and any Parity Debt then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full;

(b) second, to the payment of all installments of principal of the Loan and any Parity Debt then due and payable, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full;

(c) third, to the payment of the prepayment price (including principal and interest accrued to the prepayment date, but excluding any premium) of the Loan and any Parity Debt to be redeemed pursuant to this Loan Agreement or Parity Debt Instrument, on a pro rata basis in the event that the available amounts are insufficient to pay all such prepayment price in full; and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Loan and any Parity Debt, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

**Section 5.03 No Waiver.** Nothing in this Article V or in any other provision of this Loan Agreement, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Loan and any Parity Debt to the Trustee when due, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Trustee to institute suit to enforce such payment by virtue of the contract embodied in this Loan Agreement.

A waiver of any default by the Trustee at the direction of the Owners of the Bonds pursuant to Section 5.01 shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Trustee 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 of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee by the Redevelopment Law or by this Article V may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, the Agency and the Trustee shall be restored

to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

**Section 5.04 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

## **ARTICLE VI MISCELLANEOUS**

**Section 6.01 Benefits Limited to Parties.** Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the Agency, the Trustee and the Authority, any right, remedy or claim under or by reason of this Loan Agreement. All covenants, stipulations, promises or agreements in this Loan Agreement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Authority and of the Trustee acting as trustee for the benefit of the Owners of the Bonds.

**Section 6.02 Successor is Deemed Included in All References to Predecessor.** Whenever in this Loan Agreement either the Agency, the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement contained by or on behalf of the Agency, the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 6.03 Discharge of Loan Agreement.** If the Agency shall pay and discharge the indebtedness on the Loan or any portion thereof in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) on the Loan or such portion thereof, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee, in trust, at or before maturity, cash in an amount which, together with the available amounts then on deposit in any of the funds and accounts established pursuant to the Indenture or this Loan Agreement, is fully sufficient in the opinion of Bond Counsel or an Independent Accountant to pay all principal of and interest and prepayment premiums (if any) on the Loan or such portion thereof; or
- (c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities (as defined in the Indenture) in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture or a Supplemental Indenture or this Loan Agreement, be fully sufficient in the opinion of Bond Counsel or any Independent Accountant to pay and discharge the indebtedness on

the Loan or such portion thereof (including all principal, interest and prepayment premiums) at or before maturity;

then, at the election of the Agency but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment made, the pledge of and lien upon the Tax Revenues and other funds provided for in this Loan Agreement and all other obligations of the Trustee, the Authority and the Agency under this Loan Agreement with respect to the Loan or such portion thereof shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Trustee, from the amounts so deposited with the Trustee or such other fiduciary, all sums due with respect to the Loan or such portion thereof, and to pay all expenses and costs of the Trustee when and as such expenses and costs become due and payable. Notice of such election shall be filed with the Authority and the Trustee. In the case of a discharge of the entire indebtedness on the Loan, any funds thereafter held by the Trustee hereunder, which are not required for said purpose, shall be paid over to the Agency.

Notwithstanding the foregoing provisions of this Section 6.03, this Loan Agreement and the obligations of the Agency hereunder shall not be discharged under this Section 6.03 unless and to the extent that the Bonds shall have been discharged in whole or in part pursuant to the provisions of Section 10.03 of the Indenture.

**Section 6.04 Amendment.** This Loan Agreement may be amended by the parties hereto, but only under the circumstances set forth in, and in accordance with, the provisions of Section 7.01 of the Indenture. The Indenture shall not be amended, nor shall the Authority agree or consent to any amendment of the Indenture, without the prior written consent of the Agency (except that such consent shall not be required in the event that an Event of Default shall have occurred and be continuing hereunder).

**Section 6.05 Waiver of Personal Liability.** No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest on the Loan; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 6.06 Payment on Business Days.** Whenever in this Loan Agreement any amount is required to be paid on a day which is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day, provided that interest on such payment shall not accrue from and after such day.

**Section 6.07 Notices.** Any notice, request, complaint, demand or other communication under this Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Perris Public Financing Authority  
101 North "D" Street  
Perris, California 92570  
Attention: Executive Director

If to the Agency: Successor Agency to the  
Redevelopment Agency of the City of Perris  
101 North "D" Street  
Perris, California 92570  
Attention: Executive Director

If to the Trustee: U.S. Bank National Association  
Global Corporate Trust Services  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attn: \_\_\_\_\_  
Tel: 213/615-6051  
Fax: 213/615-6199

**Section 6.08 Partial Invalidity.** If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The Agency hereby declares that it would have adopted this Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the Loan irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.

**Section 6.09 Article and Section Headings and References.** The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Loan Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

**Section 6.10 Execution of Counterparts.** This Loan Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

**Section 6.11 Governing Law.** This Loan Agreement shall be construed and governed in accordance with the laws of the State of California.

**Section 6.12 No Additional Trustee Duties.** Nothing contained herein shall in any way be construed to impose any duties upon the Trustee beyond those contained in the Indenture. All immunities, indemnities, exceptions from liability and other provisions of the

Indenture insofar as they relate to the Trustee shall apply to this Loan Agreement. The immunities of the Trustee also extend to its directors, officers, employees and agents.

**Section 6.13 Assignment.** Pursuant to Section 4.01 of the Indenture, the Authority has assigned its right, title and interest (but not its duties or obligations) in this Agreement (other than its rights under Section 4.10 and 5.04 hereof) to the Trustee, for the benefit of the Owners from time to time of the Bonds. The Agency hereby consents to such assignment.

The Agency shall not assign its interest in this Loan Agreement without the prior written consent of the Authority and the Trustee.

The assignment of this Loan Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VI thereof.

The Trustee shall be considered a third party beneficiary for the purpose of enforcing its own rights hereunder.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS and the PERRIS PUBLIC FINANCING AUTHORITY have caused this Loan Agreement to be signed by their respective officers all as of the day and year first above written.

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF  
THE CITY OF PERRIS

By \_\_\_\_\_  
Mayor

ATTEST

By \_\_\_\_\_  
City Clerk

PERRIS PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Executive Director

ATTEST

By \_\_\_\_\_  
Secretary

[Signature Page to Loan Agreement (1987 Project Loan)]

**EXHIBIT A**

**LOAN AGREEMENT  
SCHEDULE OF LOAN PAYMENTS**

<b><u>Interest Payment Date</u></b>	<b><u>Principal</u></b>	<b><u>Coupon</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>
October 1, 2015				
April 1, 2016				
October 1, 2016				
April 1, 2017				
October 1, 2017				
April 1, 2018				
October 1, 2018				
April 1, 2019				
October 1, 2019				
April 1, 2020				
October 1, 2020				
April 1, 2021				
October 1, 2021				
April 1, 2022				
October 1, 2022				
April 1, 2023				
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April 1, 2029				
October 1, 2029				
April 1, 2030				
October 1, 2030				
April 1, 2031				
October 1, 2031				
April 1, 2032				
October 1, 2032				
April 1, 2033				
October 1, 2033				
April 1, 2034				

October 1, 2034  
April 1, 2035  
October 1, 2035  
April 1, 2036  
October 1, 2036  
April, 1, 2037  
October 1, 2037

EXHIBIT B

SCHEDULE OF PRINCIPAL INSTALLMENTS

<u>Interest Payment Date</u>	<u>Principal</u>	<u>Coupon</u>
October 1, 2015		
October 1, 2016		
October 1, 2017		
October 1, 2018		
October 1, 2019		
October 1, 2020		
October 1, 2021		
October 1, 2022		
October 1, 2023		
October 1, 2024		
October 1, 2025		
October 1, 2026		
October 1, 2027		
October 1, 2028		
October 1, 2029		
October 1, 2030		
October 1, 2031		
October 1, 2032		
October 1, 2033		
October 1, 2034		
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October 1, 2036		
October 1, 2037		

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**LOAN AGREEMENT  
(Redevelopment Project-1987)**

**by and between the**

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF PERRIS**

**and the**

**PERRIS PUBLIC FINANCING AUTHORITY**

**Dated as of April 1, 2015**

**Relating to**

**\$\_\_\_\_\_**

**Perris Public Financing Authority  
Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B**

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## LOAN AGREEMENT

This LOAN AGREEMENT (the “Loan Agreement”) is dated as of April 1, 2015, by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “Agency”), and the PERRIS PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”);

### WITNESSETH:

**WHEREAS**, the Redevelopment Agency of the City of Perris (the “Former Agency”) was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California (the “Redevelopment Law”) a redevelopment project known and designated as the “Redevelopment Project-1987” (the “Redevelopment Project”) has heretofore been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with; and

**WHEREAS**, the Authority has previously issued its Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series A (the “Prior Senior Bonds”), currently outstanding in the amount of \$3,100,000, the proceeds of which were used to fund a loan (the “Prior Senior Loan”) to the Former Agency under that certain loan agreement, dated as of \_\_\_\_\_ (the “Prior Senior Loan Agreement”), with respect to the Redevelopment Project; and

**WHEREAS**, the Authority has previously issued its Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds, currently outstanding in the amount of \$4,815,000 (the “Prior Bonds”), the proceeds of which were used to fund a loan (the “Prior Loan”) to the Former Agency under that certain loan agreement, dated as of \_\_\_\_\_ (the “Prior Loan Agreement”), with respect to the Redevelopment Project; and

**WHEREAS**, the Prior Loan was secured by certain tax increment revenues on a basis subordinate to the Prior Senior Loan, and will be subordinated to any debt issued to refund such Prior Senior Loan; and

**WHEREAS**, on June 27, 2012, after adopting California Assembly Bill No. 26 (“AB1X 26”) on June 29, 2011, which dissolved all redevelopment agencies in existence in the State of California as of February 1, 2012, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies, the California State Legislature adopted Assembly Bill No. 1484, a follow on bill to AB1X 26, to provide a mechanism to refund tax allocation bonds under certain circumstances; and

**WHEREAS**, the City agreed to serve as the successor agency (referred to herein as the “Agency”) to the Former Agency commencing upon the dissolution of the Former Agency on February 1, 2012 pursuant to Assembly Bill (AB) XI 26 (“AB 26”); and

**WHEREAS**, on June 27, 2012 as part of the Fiscal Year 2012-2013 State of California budget bill, the Governor signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of AB 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010; and

**WHEREAS**, Health & Safety Code Section 34177.5 authorizes successor agencies to refund outstanding bonds provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

**WHEREAS**, if the Refunding Test is met, the pledge for such refunding debt shall have the same lien priority as the pledge of the debt to be refunding; and

**WHEREAS**, the Agency has requested the Authority to make a loan (the “Loan”) to the Agency hereunder on a parity basis with its obligations under the Prior Loan and on a subordinate basis to the Senior Debt (as defined below) for the purpose of providing funds to assist in refinancing redevelopment activities within and of benefit to the Project Area and otherwise as provided herein, and the Agency hereby finds and determines that there will be significant public benefits accruing from such borrowing, consisting of demonstrable savings in effective interest rates and financing costs associated with the issuance of bonds as described herein; and

**WHEREAS**, the Loan will constitute “Parity Debt” within the meaning of the Prior Loan Agreement; and

**WHEREAS**, concurrent with the execution and delivery of this Loan Agreement the Authority will issue its \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B (the “Bonds”), which amount shall be used for the purpose of making the Loan hereunder; and

**WHEREAS**, the Authority will also concurrently issue its \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A (the “Senior Bonds”) to refund, among other outstanding debt, the Prior Senior Bonds, issue new loans, and cancel the Prior Senior Loan, which loans shall be issued on a basis senior to the Loan, secured by certain revenues generated pursuant to loan agreements, by and between the Agency and the Authority, made on a basis senior to the Loan Agreement (the “Senior Debt”); and

**WHEREAS**, in order to establish and declare the terms and conditions upon which the Loan is to be made and secured, the Agency and the Authority wish to enter into this Loan Agreement; and

**WHEREAS**, all acts and proceedings required by law necessary to make this Loan Agreement, when executed by the Agency and the Authority, the valid, binding and legal obligations of the Agency and the Authority, and to constitute this Loan Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Loan Agreement have been in all respects duly authorized;

**NOW, THEREFORE**, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

## **ARTICLE I DEFINITIONS**

**Section 1.01 Definitions.** Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Loan Agreement shall have the respective meanings which such terms are given in Section 1.01 of the Indenture. In addition, the following terms defined in this Section 1.01 shall, for all purposes of this Loan Agreement, have the respective meanings herein specified.

“Agency” means the Successor Agency to the Redevelopment Agency of the City of Perris.

“Annual Loan Payments” means, for any Bond Year, the total amount of principal and interest payable on the Loan in such Bond Year.

“Bonds” means the \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B, issued and at any time Outstanding under the Indenture, the proceeds of which have been used to make the Loan hereunder.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584), of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“Business Day” shall have the meaning given thereto in the Indenture.

“City” means the City of Perris, a general law city and municipal corporation organized and existing under the laws of the State.

“County” means the County of Riverside, a county duly organized and existing under the State Constitution and laws of the State.

“Dissolution Act” means Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended.

“Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of April 1, 2015, relating to the defeasance of the Prior Bonds and cancellation of the Prior Loan.

“Escrow Fund” means the Escrow Fund created under the Escrow Agreement.

“Event of Default” means any of the events described in Section 5.01.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period pursuant to a Written Certificate of the Agency filed with the Trustee.

“Gross Tax Revenues” means taxes for each Bond Year (including all payments and reimbursements, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) previously eligible for allocation to the Agency pursuant to the Redevelopment Law as provided in the Redevelopment Plan.

“Housing Loans” means (i) the \$7,180,000 Housing Fund Loan, issued pursuant to the Housing Fund Loan Agreement, dated as of April 1, 2010, by and between the Authority and the Former Agency, relating to the Authority’s Tax Allocation Revenue Bonds (Housing Loan), 2010 Series A, (ii) the \$\_\_\_\_\_ Housing Fund Loan, issued pursuant to the Housing Loan Agreement, dated as of April 1, 2015, by and between the Agency and the Authority relating to the Senior Debt, and (iii) any debt issued to refund such loans, or other refunding debt thereof, similarly secured by amounts which, prior to the adoption of the Dissolution Act, were required to be deposited into the Redevelopment Agency’s low and moderate income housing fund pursuant to Sections 33334.2, 33334.3, and 33334.6 of the Redevelopment Law.

“Housing Set-Aside Revenues” means, for each Bond Year beginning with the Bond Year commencing on the Closing Date, the amount of taxes (including all payments and reimbursements, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations) previously eligible for allocation to the Agency as provided in the Redevelopment Plan which are required to be deposited in the Agency’s Low and Moderate Income Housing Fund pursuant to Section 33334.3 of the Redevelopment Law.

“Indenture” means the Subordinate Indenture of Trust, dated as of April 1, 2015, by and between the Authority and the Trustee, authorizing the issuance of the Bonds, as originally executed or as it may from time to time be supplemented, modified or amended.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State appointed by the Agency, and who, or each of whom: (a) is in fact independent and not under the domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by or acceptable to the Agency, and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or

otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under the domination of the Agency; (c) does not have any substantial interest, direct or indirect, with the Agency; and (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Law” means the Redevelopment Law, together with Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended.

“Loan” means the loan made by the Authority to the Agency in the aggregate principal amount of \$\_\_\_\_\_ pursuant to Section 2.01 hereof.

“Loan Agreement” means this Loan Agreement by and between the Agency and the Authority, as originally executed or as it may from time to time be amended, modified or supplemented.

“Loan Disbursement Fund” means the fund by that name established and held by the Trustee pursuant to Section 2.02 hereof.

“Loan Interest Payment Date” means April 1 and October 1 of each year, beginning October 1, 2015, and continuing thereafter so long as any Bonds remain Outstanding.

“Loan Principal Payment Date” means October 1 of each year.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the amount of interest payable on the Loan and all outstanding Parity Debt in such Bond Year, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments are made as scheduled, and (b) the amount of principal payable on the Loan and on all outstanding Parity Debt in such Bond Year, including any principal required to be prepaid or redeemed by operation of mandatory sinking fund payments.

“Parity Debt” means any loans, bonds, notes, advances or indebtedness payable from Tax Revenues on a parity with the Loan, issued or incurred pursuant to and in accordance with Section 2.06 hereof and a Parity Debt Instrument, including 2009 1987 Redevelopment Project Loan, dated as of October 28, 2008, relating to the Perris Public Financing Authority Tax Allocation Revenue Bonds (1987 Project Loan), 2009 Series A.

“Parity Debt Instrument” means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt.

“Plan Limitations” means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, and (c) the period of time for establishing or repaying indebtedness payable from Tax Revenues.

[“Prior Housing Deposit” means the Gross Tax Revenues previously required to be deposited in the Housing Fund established pursuant to Section 33334.3 of the Law. ]

“Project Area” means the area of the Redevelopment Project-1987 as described in the Redevelopment Plan.

“Recognized Obligation Payment Schedule” or “ROPS” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the Law.

“Redevelopment Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

“Redevelopment Obligation Retirement Fund” means the fund by that name established pursuant to Section 34170.5(b) of the Law and administered by the Agency.

“Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Project-1987, approved by Ordinance No. 687 enacted by the City Council of the City on June 29, 1987, as amended by Ordinance No. 996, adopted on December 12, 1994 and Ordinance No. 1171, adopted on September 27, 2005, as amended by Ordinance No. 1181, adopted on February 14, 2006, and as amended by Ordinance No. 1247, adopted on September 30, 2008, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

“Redevelopment Project” means the undertaking of the Agency pursuant to the Redevelopment Plan and the Redevelopment Law for the redevelopment of the Project Area.

“Redevelopment Property Tax Trust Fund” or “RPTTF” means the fund by that name established pursuant to Section 34170.5(a) of the Law and administered by the County auditor-controller.

“Report” means a document in writing signed by an Independent Redevelopment Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Loan Agreement to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

“Senior Debt” shall have the meaning given to such term in the preambles hereto, and shall also include any bonds, notes, or other indebtedness issued for the purpose of refunding such Senior Debt, or refunding bonds, notes, or other indebtedness thereof.

“Senior Loan Agreement” shall have the meaning given to such term in the preambles hereto.

“Special Fund” means the fund continued and held by the Agency pursuant to Section 3.02 hereof.

“Special Subventions” means all amounts payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State.

“Subordinate Debt” means any loans, advances or indebtedness issued or incurred by the Agency in accordance with the requirements of Section 2.07, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the Loan and any Parity Debt.

“Tax Revenues” means, with respect to any Bond Year, the (a) monies deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subsection (b) of Section 34170.5 of the Law and administered pursuant to subsections (c) and (d) of Section 34172(d), as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law that constitutes all taxes formerly annually allocated and paid to the Agency with respect to the Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations; but excluding the Housing Set-Aside Revenues, amounts payable to entities other than the Agency under and pursuant to Tax Sharing Agreements, any amounts payable by the Agency pursuant to Section 33607.5 or Section 33607.7 of the Redevelopment Law and the Special Subventions.

[Potentially Remove][Tax Revenues additionally include monies deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in (a) paragraph (2) of subdivision (a) of Section 34183 of the Law. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution and as limited or otherwise provided for in the Indenture.

Pursuant to the Law, the Agency is no longer required to make the Prior Housing Deposit from Gross Tax Revenues. Accordingly, Tax Revenues shall be reduced by the amount not greater than the portion of the Prior Housing Deposit required to pay Housing Loans. ]

“Tax Sharing Agreements” means those certain agreements relating to the payment of certain amounts which would otherwise constitute Tax Revenues.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns acting as trustee under the Indenture.

“Prior Bonds” shall have the meaning given to such term in the preambles hereto.

“Prior Loan Agreement” shall have the meaning given to such term in the preambles hereto.

“Undertaking To Provide Continuing Disclosure” shall mean the agreement described in Section 4.12 hereof, by the Agency.

“Written Request of the Agency” or “Certificate of the Agency” means a request or certificate, in writing, signed by the Chairman, Vice Chairman, Executive Director, Assistant Executive Director, Deputy Executive Director, or Treasurer of the Agency, or by any other officer of the Agency duly authorized by the Agency for that purpose.

**Section 1.02 Rules of Construction.** All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

## **ARTICLE II THE LOAN; APPLICATION OF LOAN PROCEEDS; PARITY DEBT**

**Section 2.01 Authorization.** The Authority hereby agrees to lend to the Agency from the proceeds of sale of the Bonds, the aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) under and subject to the terms of this Loan Agreement, the Bond Law and the Law. This Loan Agreement constitutes a continuing agreement with the Authority to secure the full and final payment of the Loan, subject to the covenants, agreements, provisions and conditions herein contained.

**Section 2.02 Disbursement and Application of Loan Proceeds and Other Moneys.** On the Closing Date, the Authority shall cause to be deposited into the Loan Disbursement Fund, which fund is hereby created, the amount of \$\_\_\_\_\_, which amount constitutes Loan proceeds of \$\_\_\_\_\_, less a loan discount of \$\_\_\_\_\_, which shall be held by the Trustee and which shall be disbursed as follows:

(a) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the Agency for deposit in the Escrow Fund under the Escrow Agreement, for [pre-payment and cancellation] of the Prior Loan.

(b) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the Costs of Issuance Fund.

Following the transfer pursuant to Sections (a) and (b) hereof, the Trustee, on behalf of the Authority, shall close the Loan Disbursement Fund.

**Section 2.03 Repayment of Loan.** The Agency shall repay the principal of the Loan in installments on each Loan Principal Payment Date and in the amounts, and shall pay interest on the unpaid principal balance of the Loan on each Loan Interest Payment Date and in the amounts, as set forth in Exhibit A attached hereto and by this reference incorporated herein. Any installment of principal or interest which is not paid when due shall continue to accrue

interest at the net effective rate of interest then borne by the Loan from and including the date on which such principal or interest is payable to but not including the date of actual payment.

In the event that the Tax Revenues and other moneys pledged for the payment of the Loan are insufficient to pay the principal and interest on the Loan coming due on any Loan Interest Payment Date, the amount of such insufficiency shall be payable from any lawfully available funds of the Agency, including but not limited to existing project funds or reserve funds, but excluding the proceeds of any bonds or notes issued by the Agency and any investment earnings thereon and excluding any special assessments or other revenues required to pay debt service on special assessment bonds or revenue bonds of the Agency.

In the event the unpaid principal installments of the Loan shall be prepaid in whole or in part pursuant to Section 2.04, or in the event the Bonds shall be redeemed pursuant to Section 2.02 of the Indenture, the schedule of principal installments set forth in Exhibit B hereto shall be reduced on a pro rata basis in integral multiples of \$5,000 corresponding to the principal amount of the Bonds redeemed pursuant to the Indenture. The Authority shall provide the Trustee with a new payment schedule.

Principal of and interest on the Loan shall be payable by the Agency to the Trustee, as assignee of the Authority under the Indenture, in immediately available funds which constitute lawful money of the United States of America. Payment of such principal and interest shall be secured, and amounts for the payment thereof shall be deposited with the Trustee at the times, as set forth in Article III.

#### **Section 2.04 Prepayment of the Loan.**

(a) **Optional Prepayment.** The Agency shall have the right to prepay the unpaid principal installments of the Loan, in whole or in part in any integral multiple of \$5,000, on any date on which the Bonds are subject to Mandatory Redemption from Optional Loan Prepayment for the Bonds pursuant to Section 2.02(a) of the Indenture, by depositing with the Trustee in the Revenue Fund an amount sufficient to redeem a like aggregate principal amount of Bonds pursuant to Section 2.02(a) of the Indenture, together with the amount of accrued interest and premium (if any) required to be paid upon such redemption. The Authority agrees that upon payment by the Agency to the Trustee of such amount, the Authority shall take or cause to be taken any and all steps required under the Indenture to redeem such Outstanding Bonds on the redemption date designated pursuant to a Written Request of the Agency filed with the Authority and the Trustee; provided, however, that such date shall be a date of redemption of Bonds for which notice has been timely given pursuant to the Indenture.

(b) **Mandatory Prepayment.** The principal of the Loan is subject to mandatory prepayment upon acceleration of the principal pursuant to an event of default and acceleration of the Loan under Section 5.01 of this Loan Agreement on any date by depositing with the Trustee in the Revenue Fund under the Indenture the amount described in the Indenture under Section 2.02(c) as necessary to pay off the Loan hereunder and redeem a like aggregate principal amount of the Bonds, including accrued interest thereon until the redemption date. The Authority agrees that upon payment by

the Agency to the Trustee of such amount, the Authority shall take or cause to be taken any and all steps required under the Indenture to redeem such Outstanding Bonds on the redemption date designated pursuant to a Written Request of the Agency filed with the Authority and the Trustee; provided, however, that such date shall be a date of redemption of Bonds for which notice has been timely given pursuant to the Indenture.

**Section 2.05 Reserved.**

**Section 2.06 Parity Debt.** Except for debt issued to refund the Loan, any Parity Debt, or any Senior Debt, the Agency may not issue or incur Parity Debt secured by Tax Revenues. Any document authorizing such Parity Debt must provide that (i) interest is payable on April 1 and October 1 in each year of the term of such refunding bonds except the first twelvemonth period, during which interest may be payable on either April 1 or October 1; (ii) the principal of such refunding bonds is payable only on October 1 in any year; and (iii) the final maturity of any refunding bonds does not exceed the final maturity of the Bonds being refunded. Annual debt service on the refunding bonds must be lower than annual debt service on the Bonds being refunded during every year the refunding bonds will be outstanding.

**Section 2.07 Issuance of Subordinate Debt.** In addition to the Loan and any Parity Debt, from time to time the Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency, provided that the issuance of such Subordinate Debt shall not cause the Agency to exceed any applicable Plan Limitations.

**Section 2.08 Validity of Loan.** The validity of the Loan shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project.

**Section 2.09 Senior Debt.** The Agency covenants that except for refunding obligations, it shall not enter into any obligations secured by Tax Revenues on a basis senior to the Loan and any Parity Debt.

**Section 2.10 Costs of Issuance Fund.** There is hereby established a fund to be held by the Trustee known as the "Costs of Issuance Fund" into which shall be deposited a portion of the proceeds of the Loan. The moneys in the Costs of Issuance Fund shall be used to pay costs of issuance from time to time upon receipt of a written request of the Agency. On the date which is one hundred eighty (180) days following the closing date, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Agency for deposit in the Redevelopment Fund.

**ARTICLE III  
PLEDGE AND APPLICATION OF TAX REVENUES**

**Section 3.01 Pledge of Tax Revenues.** Subject to the senior pledge of and lien on Tax Revenues securing payment of the Senior Debt pursuant to the Senior Loan Agreement, the Loan and all Parity Debt shall be equally secured for the benefit of the Authority and the Owners of the Bonds by a pledge of, security interest in and lien on all Tax Revenues and all of the moneys on deposit in the Special Fund (as hereinafter defined), without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Subject in

all respects to the obligations of the Agency under the Senior Loan Agreement, the Tax Revenues and the Special Fund are hereby allocated to the payment of principal and interest on the Loan. Except for the Tax Revenues and the Special Fund, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or premium (if any) on the Loan and Parity Debt.

**Section 3.02 Special Fund; Deposit of Tax Revenues.** Prior to the Dissolution Law, the Agency previously established a separate fund known as the “Redevelopment Project - 1987 Special Fund.” Pursuant to Section 34170.5 (b) of the Law, there is established a special fund to be known as the “Redevelopment Obligation Retirement Fund” which is held by the Agency in a separate bank account as a separate fund apart from all other funds and Accounts of the Agency. The “Redevelopment Project-1987 Special Fund constitute part of the Redevelopment Obligation Retirement Fund, said part to be referred to herein as the “Special Fund”. The Agency shall deposit all Tax Revenues received in any Bond Year in the Special Fund promptly upon the receipt thereof, until such time (if any) during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee pursuant to the Senior Loan Agreement, Section 3.03 and any Parity Debt Instruments. Except as provided in the Senior Loan Agreement and any Parity Debt Instruments, any Tax Revenues received during such Bond Year in excess of such amounts shall be released from the pledge and lien hereunder and be used for any lawful purposes of the Agency, including the payment of any Subordinate Debt.

Prior to the payment in full of the principal of and interest and prepayment premium (if any) on the Loan and all Parity Debt and the payment in full of all other amounts payable hereunder and under any Parity Debt Instrument, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except only as provided in the Senior Loan Agreement, this Loan Agreement and in any Parity Debt Instruments.

**Section 3.03 Transfer of Tax Revenues From Special Fund.** Subject to the Senior Loan Agreement, and in addition to the transfers required to be made pursuant to any Parity Debt Instruments, the Agency shall withdraw from the Special Fund and transfer to the Trustee, to the extent necessary to make payments on the Loan hereunder, the following amounts at the following times and in the following order of priority:

(a) **Interest and Principal Deposits.** No later than the fifth (5<sup>th</sup>) Business Day preceding each date on which the principal of or interest on the Loan or any Parity Debt shall become due and payable, including but not limited to the principal amount of the Loan to be prepaid hereunder together with any prepayment premium thereon, the Agency shall withdraw from the Special Fund and transfer to the Trustee an amount which, together with the amounts then held on deposit in the Interest Account, the Principal Account and the Revenue Fund, is equal to the aggregate amount of such principal, interest and prepayment premium coming due on such Loan Interest Payment Date or such Loan Principal Payment Date.

(b) **Reserve Fund Deposits.** In the event the balance in the Reserve Fund for the Bonds, related to the Loan, is less than the Reserve Requirement, the Agency shall immediately withdraw from the Special Fund and transfer to the Trustee for deposit in the

Reserve Fund an amount of money necessary to maintain the Reserve Requirement in the Reserve Fund. No such transfer and deposit need be made to the Reserve Fund so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement.

(c) **Surplus.** Except as may be otherwise provided in the Senior Loan Agreement and any Parity Debt Instruments, and subject to Section 4.14 hereof, the Agency shall not be obligated to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required in such Bond Year pursuant to this Section 3.03; and all Tax Revenues which are received by the Agency during any Bond Year in excess of the amounts required to be deposited in the Special Fund in such Bond Year shall be released from the pledge thereof and lien thereon which is established pursuant hereto. In the event that for any reason whatsoever any amounts shall remain on deposit in the Special Fund on any October 2 after making all of the transfers theretofore required to be made pursuant to the preceding clauses (a) and (b) and pursuant to the Senior Loan Agreement and any Parity Debt Instruments, the Agency may withdraw such amounts from the Special Fund, to be used for any lawful purposes of the Agency, including but not limited to the payment of any Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to Section 4.11.

**Section 3.04 Investment of Moneys; Valuation of Investments.** All moneys in the Special Fund and the Redevelopment Fund shall be invested by the Agency in any investments authorized for the investment of Agency funds under the laws of the State. Obligations purchased as an investment of moneys in any fund or account established hereunder shall be credited to and deemed to be part of such fund or account. The Agency may commingle any amounts in any of the funds and accounts held hereunder with any other amounts held by the Agency for purposes of making any investment, provided that the Agency shall maintain separate accounting procedures for the investment of all funds and accounts held hereunder.

All interest, profits and other income received from the investment of moneys in any fund or account established hereunder shall be deposited in such fund or account. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment shall be credited to the fund from which such accrued interest was paid.

Except as otherwise provided in the next sentence, the Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Loan Agreement or the Code) at fair market value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code).

## **ARTICLE IV OTHER COVENANTS OF THE AGENCY**

**Section 4.01 Punctual Payment; Extension of Payments.** The Agency will punctually pay or cause to be paid the principal of and interest and prepayment premium (if any) on the Loan in strict conformity with the terms of this Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Loan Agreement. The Agency will take all actions required under the Law to include on the Recognized Obligation Payment Schedules for each six-month period all payments to the Authority to satisfy the requirements of this Loan Agreement, including any amounts required under the Indenture to replenish the Reserve Account to the full amount of the Reserve Requirement with respect to the Bonds, as those terms are defined therein. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any installment of principal of or interest or premium (if any) on the Loan, and in case the principal of or interest or premium (if any) on the Loan or the time of payment of any such claims therefor shall be extended, such principal, interest, premium or claims for interest shall not be entitled, in case of any Event of Default hereunder, to the benefits of this Loan Agreement except for payment of all amounts which shall not have been so extended.

**Section 4.02 Limitation on Additional Indebtedness.** The Agency hereby covenants that, except as necessary to refund outstanding bonds, so long as the Loan remains unpaid, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only the Senior Debt, the Loan and any Parity Debt and Subordinate Debt as authorized herein.

**Section 4.03 Payment of Claims.** The Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Loan. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

**Section 4.04 Books and Accounts; Financial Statements.** The Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Authority, the Trustee and the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements from the Special Fund, and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the

end of such Fiscal Year which statement shall be accompanied by a Certificate of the Agency stating that the Agency is in compliance with its obligations under this Loan Agreement. The Agency will furnish a copy of such statements, upon reasonable request, to any Bond Owner.

**Section 4.05 Protection of Security and Rights.** The Agency will preserve and protect the security of the Loan and the rights of the Trustee and the Bond Owners with respect to the Loan. From and after the Closing Date, the Loan shall be incontestable by the Agency. The Loan and the provisions of this Loan Agreement are and will be the legal, valid and binding special obligations of the Agency in accordance with their terms, and the Agency shall at all times, to the extent permitted by law, defend, preserve and protect all the rights of the Trustee and the Bond Owners under this Loan Agreement against all claims and demands of all persons whomsoever.

**Section 4.06 Payments of Taxes and Other Charges.** The Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Project Area, when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The Agency will duly observe and comply with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

**Section 4.07 Taxation of Leased Property.** All *ad valorem* property taxes derived by the Agency pursuant to Section 33673 of the Redevelopment Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of this Loan Agreement.

**Section 4.08 Disposition of Property.** The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of this Loan Agreement) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area. Furthermore, the Agency shall provide a certificate of an Independent Redevelopment Consultant to the effect that the Tax Revenues for the then current Fiscal Year, based on assessed valuation of property in the Project Area following such disposition as evidenced in the written records of the County, shall be at least equal to one hundred ten percent (110%) of maximum annual debt service with respect to the Loan, all Parity Debt and Senior Debt payable from Tax Revenues.

**Section 4.09 Maintenance of Tax Revenues.** The Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State. The Agency will not enter into any agreement with the City or any other governmental unit which would have the effect of reducing the amount of Tax Revenues available to the Agency for payment of the Loan.

The Agency represents, covenants and agrees that it has not and will not incur any loans, obligations or indebtedness payable from Tax Revenues such that the total aggregate debt service on said loans, obligations or indebtedness incurred from and after the date of adoption of the Redevelopment Plan, when added to any Parity Debt, the Loan, the Senior Debt and the Prior Loan, will exceed the maximum amount of Tax Revenues to be divided and allocated to the Agency pursuant to the Redevelopment Plan. Subject to the preceding sentences, nothing in this Loan Agreement is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Loan and any Parity Debt.

**Section 4.10 Payment of Expenses; Indemnification.** The Agency shall pay to the Trustee from time to time all compensation for all services rendered under this Loan Agreement and under the Indenture in connection with the Bonds, including but not limited to all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder and thereunder. Upon the occurrence of an Event of Default, the Trustee shall have a first lien on the funds held by it under the Indenture and hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article V hereof.

The Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any losses, costs, claims, expenses and liabilities whatsoever which it may incur arising out of or in connection with the exercise and performance of its powers and duties hereunder, and under the Indenture including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Agency under this paragraph shall survive the resignation or removal of the Trustee under the Indenture or this Loan Agreement and payment of the Loan and the discharge of this Loan Agreement.

**Section 4.11 Tax Matters.**

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

“Bonds” means, unless otherwise qualified, the Bonds.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in Section 1.148-1(c) of the Tax Regulations, of the Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“Issue” shall refer to any Bond or group of Bonds constituting an “issue” within the meaning of Section 1.150-1 of the Tax Regulations. Unless otherwise indicated or made necessary by the context, each of the covenants and representations set forth below is intended to be made, and is made, separately with respect to each Issue of Bonds.

“Nonpurpose Investment” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to Sections 103 and 141 through 150 of the Code, or Section 103 of the 1954 Code, as applicable.

“Yield”

(i) of any Investment has the meaning set forth in Section 1.148-5 of the Tax Regulations; and

(ii) of any issue of governmental obligations has the meaning set forth in Section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. Neither the Agency nor the Authority shall use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Agency or the Authority receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond from the gross income of the owner thereof for federal income tax purposes, the Agency and the Authority, respectively, shall comply with each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations, the Agency shall at all times prior to the final cancellation of the last of the Bonds to be retired:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by

any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a State or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within its jurisdiction.

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of Section 148 of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall, at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said Section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall take or omit to take any action that would cause any Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The Authority shall timely file any information required by Section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Tax Regulations, with respect to the Bonds:

(i) The Agency and Authority, as the case may be, shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond of the series is discharged. However, to the extent permitted by law, each of the Agency and the Authority may commingle Gross Proceeds of Bonds with its other moneys, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Agency shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Agency promptly shall report to the Authority the results of such calculation, including the basis therefor, in sufficient detail and on a timely basis in order that the Authority be able to comply with its covenants herein. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) In order to assure the excludability, pursuant to Section 103(a) of the Code, of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority has agreed pursuant to the Indenture to pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (A) in the case of the Final Computation Date as defined in Section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (B) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority.

(iv) The Agency shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (b) and (c), and if an error is made, to discover, report to the Authority and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) or other provision of the Tax Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the

United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds. The Agency reasonably expects that:

(i) The Agency represents that the Bonds will not be “hedge bonds” within the meaning of Section 149(g) of the Code.

(ii) Without limitation of clause (i) above, (A) on the date of issuance of the Bonds, the Agency reasonably expects that at least 85% of the spendable proceeds of that Issue will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

For purposes of the foregoing, “spendable proceeds” is intended to refer to all proceeds of sale of the Bonds other than those proceeds used to fund the Reserve Fund.

(k) Elections. The Agency hereby directs and authorizes any Authority Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(l) Closing Certificate. Each of the Agency and the Authority agrees, as requested, to execute and deliver in connection with the issuance of the Bonds a Tax and NonArbitrage Certificate, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

**Section 4.12 Continuing Disclosure.** The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of its Undertaking To Provide Continuing Disclosure with respect to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this Loan Agreement, failure of the Agency to comply with such Undertaking to Provide Continuing Disclosure shall not be considered an Event of Default; however, any Owner may take such actions, as provided in such Undertaking to Provide Continuing Disclosure, as may be necessary and appropriate to cause the Agency to comply with its obligations under such Undertaking To Provide Continuing Disclosure.

**Section 4.13 Redevelopment of Project Area.** The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Law.

**Section 4.14 Annual Review of Tax Revenues.** The Agency shall annually review, prior to the release of surplus Tax Revenues, tax increment revenues allocable to it under then current Redevelopment Law that have been received since the inception of the Redevelopment Plan and measure such revenues against the Agency's then effective cumulative tax increment limitation. Subject to the Senior Debt, if remaining revenues allocable with the plan limit are less than 105% of all future debt service and other obligations, all revenues not needed to pay debt service or replenish the reserve account shall be deposited into a Trustee-held escrow account and invested in Defeasance Securities (as defined in the Indenture). Such account shall be sufficient to and shall be used to call bonds or pay debt service without regard to interest earnings thereon.

**Section 4.15 Further Assurances.** The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Loan Agreement and for the better assuring and confirming unto the Trustee, the Authority and the Owners of the Bonds of the rights and benefits provided in this Loan Agreement.

**Section 4.16 Compliance with the Law.** The Agency covenants that in addition to complying with the second sentence of Section 4.01 hereof, it will comply with all other requirements of the Law as it relates to the dissolution of redevelopment agencies. Without limiting the generality of the foregoing, the Agency covenants and agrees to file all required statements and hold all public hearings required under the Law to assure compliance by the Agency with its covenants under this Loan Agreement. Pursuant to Section 34177 of the Health and Safety Code, not less than 90-days prior to each January 2 and June 1 (or such other dates as are specified in the Health and Safety Code or other applicable law), the Agency shall prepare and submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule, pursuant to which enforceable obligations of the Agency are listed including, with respect to the Loan and any outstanding Parity Debt. The Agency shall take all actions necessary or advisable under the Dissolution Act to include on each applicable Recognized Obligation Payment Schedule all payments required for payment of any Senior Debt, and as required under this Loan Agreement and for Parity Debt, including without limitation (i) all amounts required under Section 2.03 hereof and (ii) any amount necessary to cure a deficiency in the Reserve Account under the Indenture. The Recognized Obligation Payment Schedule submitted 90-days prior to each January 2 shall include the full amount of pledged Tax Revenues required to be deposited pursuant to Section 2.03. In order to fulfil the obligation in the previous sentence, the Agency shall, to the extent necessary, include the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law, that are necessary to provide for the deposits required under this Loan Agreement.

Pursuant to the Law, money in the Redevelopment Property Tax Trust Fund distributed to the Agency is deposited in the Redevelopment Obligation Retirement Fund of the Agency. Pursuant to the priority listed in Health and Safety Code Section 34183(a)(2)(A)-(C) and 34183(a)(3) or 34183(a)(4), Tax Revenues transferred by the County Auditor for deposit in the Redevelopment Obligation Retirement Fund on June 1 and January 2 of each year shall immediately be transferred to the Special Fund in accordance with the Loan Agreement with respect to the Loan and any Parity Debt.

**ARTICLE V**  
**EVENTS OF DEFAULT AND REMEDIES**

**Section 5.01 Events of Default and Acceleration of Maturities.** The following events shall constitute Events of Default hereunder:

(a) Failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan or any Parity Debt when and as the same shall become due and payable.

(b) Failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Loan Agreement, other than as referred to in the preceding clause (a), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Agency by the Trustee; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Agency within such thirty (30) day period and thereafter is diligently pursued until such failure is corrected.

(c) The filing by the Agency of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

(d) The default in the payment of any Senior Debt.

Subject to the rights and obligations under the Senior Loan Agreement, if an Event of Default has occurred and is continuing, the Trustee may (a) declare the principal of the Loan, together with accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Loan Agreement to the contrary notwithstanding, and (b) subject to receipt of satisfactory indemnity, exercise any other remedies available to the Trustee in law or equity arising hereunder. Immediately upon becoming aware of the occurrence of an Event of Default under this Loan Agreement, the Trustee shall give notice of such Event of Default to the Agency by telephone, telecopier or other telecommunication device, promptly confirmed in writing. This provision, however, is subject to the condition that if, at any time after the principal of the Loan has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Agency will deposit with the Trustee a sum sufficient to pay all installments of principal of the Loan matured prior to such declaration and all accrued interest thereon, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of

principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, by written notice to the Authority and the Agency, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust the right or power consequent thereon.

**Section 5.02 Application of Revenues and Other Funds After Default.**

Subject to the Senior Loan Agreement, all amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of Article V of this Loan Agreement, or otherwise held by the Trustee upon the occurrence of an Event of Default, shall be applied by the Trustee in the following order:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article V, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Loan and any Parity Debt then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Loan and such Parity Debt; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Loan and any Parity Debt then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full;

(b) second, to the payment of all installments of principal of the Loan and any Parity Debt then due and payable, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full;

(c) third, to the payment of the prepayment price (including principal and interest accrued to the prepayment date, but excluding any premium) of the Loan and any Parity Debt to be redeemed pursuant to this Loan Agreement or Parity Debt Instrument, on a pro rata basis in the event that the available amounts are insufficient to pay all such prepayment price in full; and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Loan and any Parity Debt, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

**Section 5.03 No Waiver.** Nothing in this Article V or in any other provision of this Loan Agreement, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Loan and any Parity Debt to the Trustee when due, as herein provided, or affect or impair the right of action, which is also absolute and unconditional,

of the Trustee to institute suit to enforce such payment by virtue of the contract embodied in this Loan Agreement.

A waiver of any default by the Trustee at the direction of the Owners of the Bonds pursuant to Section 5.01 shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Trustee 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 of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee by the Redevelopment Law or by this Article V may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, the Agency and the Trustee shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

**Section 5.04 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

## **ARTICLE VI MISCELLANEOUS**

**Section 6.01 Benefits Limited to Parties.** Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the Agency, the Trustee and the Authority, any right, remedy or claim under or by reason of this Loan Agreement. All covenants, stipulations, promises or agreements in this Loan Agreement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Authority and of the Trustee acting as trustee for the benefit of the Owners of the Bonds.

**Section 6.02 Successor is Deemed Included in All References to Predecessor.** Whenever in this Loan Agreement either the Agency, the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement contained by or on behalf of the Agency, the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 6.03 Discharge of Loan Agreement.** If the Agency shall pay and discharge the indebtedness on the Loan or any portion thereof in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) on the Loan or such portion thereof, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, cash in an amount which, together with the available amounts then on deposit in any of the funds and accounts established pursuant to the Indenture or this Loan Agreement, is fully sufficient in the opinion of Bond Counsel or an Independent Accountant to pay all principal of and interest and prepayment premiums (if any) on the Loan or such portion thereof; or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities (as defined in the Indenture) in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture or a Supplemental Indenture or this Loan Agreement, be fully sufficient in the opinion of Bond Counsel or any Independent Accountant to pay and discharge the indebtedness on the Loan or such portion thereof (including all principal, interest and prepayment premiums) at or before maturity;

then, at the election of the Agency but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment made, the pledge of and lien upon the Tax Revenues and other funds provided for in this Loan Agreement and all other obligations of the Trustee, the Authority and the Agency under this Loan Agreement with respect to the Loan or such portion thereof shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Trustee, from the amounts so deposited with the Trustee or such other fiduciary, all sums due with respect to the Loan or such portion thereof, and to pay all expenses and costs of the Trustee when and as such expenses and costs become due and payable. Notice of such election shall be filed with the Authority and the Trustee. In the case of a discharge of the entire indebtedness on the Loan, any funds thereafter held by the Trustee hereunder, which are not required for said purpose, shall be paid over to the Agency.

Notwithstanding the foregoing provisions of this Section 6.03, this Loan Agreement and the obligations of the Agency hereunder shall not be discharged under this Section 6.03 unless and to the extent that the Bonds shall have been discharged in whole or in part pursuant to the provisions of Section 10.03 of the Indenture.

**Section 6.04 Amendment.** This Loan Agreement may be amended by the parties hereto, but only under the circumstances set forth in, and in accordance with, the provisions of Section 7.01 of the Indenture. The Indenture shall not be amended, nor shall the Authority agree or consent to any amendment of the Indenture, without the prior written consent of the Agency (except that such consent shall not be required in the event that an Event of Default shall have occurred and be continuing hereunder).

**Section 6.05 Waiver of Personal Liability.** No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest on the Loan; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 6.06 Payment on Business Days.** Whenever in this Loan Agreement any amount is required to be paid on a day which is not a Business Day, such payment shall be

required to be made on the Business Day immediately following such day, provided that interest on such payment shall not accrue from and after such day.

**Section 6.07 Notices.** Any notice, request, complaint, demand or other communication under this Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Perris Public Financing Authority  
101 North "D" Street  
Perris, California 92570  
Attention: Executive Director

If to the Agency: Successor Agency to the  
Redevelopment Agency of the City of Perris  
101 North "D" Street  
Perris, California 92570  
Attention: Executive Director

If to the Trustee: U.S. Bank National Association  
Global Corporate Trust Services  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attn: \_\_\_\_\_  
Tel: 213/615-6051  
Fax: 213/615-6199

**Section 6.08 Partial Invalidity.** If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The Agency hereby declares that it would have adopted this Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the Loan irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.

**Section 6.09 Article and Section Headings and References.** The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Loan Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to

this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

**Section 6.10 Execution of Counterparts.** This Loan Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

**Section 6.11 Governing Law.** This Loan Agreement shall be construed and governed in accordance with the laws of the State of California.

**Section 6.12 No Additional Trustee Duties.** Nothing contained herein shall in any way be construed to impose any duties upon the Trustee beyond those contained in the Indenture. All immunities, indemnities, exceptions from liability and other provisions of the Indenture insofar as they relate to the Trustee shall apply to this Loan Agreement. The immunities of the Trustee also extend to its directors, officers, employees and agents.

**Section 6.13 Assignment.** Pursuant to Section 4.01 of the Indenture, the Authority has assigned its right, title and interest (but not its duties or obligations) in this Agreement (other than its rights under Section 4.10 and 5.04 hereof) to the Trustee, for the benefit of the Owners from time to time of the Bonds. The Agency hereby consents to such assignment.

The Agency shall not assign its interest in this Loan Agreement without the prior written consent of the Authority and the Trustee.

The assignment of this Loan Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VI thereof.

The Trustee shall be considered a third party beneficiary for the purpose of enforcing its own rights hereunder.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS and the PERRIS PUBLIC FINANCING AUTHORITY have caused this Loan Agreement to be signed by their respective officers all as of the day and year first above written.

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF  
THE CITY OF PERRIS

By \_\_\_\_\_  
Executive Director

ATTEST

By \_\_\_\_\_  
Secretary

PERRIS PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Executive Director

ATTEST

By \_\_\_\_\_  
Secretary

[Signature Page to Loan Agreement (1987 Project Loan)]

**EXHIBIT A**

**LOAN AGREEMENT  
SCHEDULE OF LOAN PAYMENTS**

<b><u>Interest Payment Date</u></b>	<b><u>Principal</u></b>	<b><u>Coupon</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>
October 1, 2015				
April 1, 2016				
October 1, 2016				
April 1, 2017				
October 1, 2017				
April 1, 2018				
October 1, 2018				
April 1, 2019				
October 1, 2019				
April 1, 2020				
October 1, 2020				
April 1, 2021				
October 1, 2021				
April 1, 2022				
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October 1, 2030				
April 1, 2031				
October 1, 2031				
April 1, 2032				
October 1, 2032				
April 1, 2033				
October 1, 2033				
April 1, 2034				

October 1, 2034  
April 1, 2035  
October 1, 2035  
April 1, 2036  
October 1, 2036  
April, 1, 2037  
October 1, 2037

EXHIBIT B

SCHEDULE OF PRINCIPAL INSTALLMENTS

<u>Interest Payment Date</u>	<u>Principal</u>	<u>Coupon</u>
October 1, 2015		
October 1, 2016		
October 1, 2017		
October 1, 2018		
October 1, 2019		
October 1, 2020		
October 1, 2021		
October 1, 2022		
October 1, 2023		
October 1, 2024		
October 1, 2025		
October 1, 2026		
October 1, 2027		
October 1, 2028		
October 1, 2029		
October 1, 2030		
October 1, 2031		
October 1, 2032		
October 1, 2033		
October 1, 2034		
October 1, 2035		
October 1, 2036		
October 1, 2037		

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**HOUSING FUND LOAN AGREEMENT**

**by and between the**

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF PERRIS**

**and the**

**PERRIS PUBLIC FINANCING AUTHORITY**

**Dated as of April 1, 2015**

**Relating to**

**\$ \_\_\_\_\_**

**Perris Public Financing Authority  
Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series A**

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## **LOAN AGREEMENT**

This HOUSING FUND LOAN AGREEMENT (the "Loan Agreement") is dated as of April 1, 2015, by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), and the PERRIS PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority");

### **WITNESSETH:**

**WHEREAS**, the Redevelopment Agency of the City of Perris (the "Former Agency") is a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"), and has the power under Section 33601 of the Redevelopment Law to borrow money for any of its corporate purposes; and

**WHEREAS**, the redevelopment plans for the Redevelopment Agency's three redevelopment projects known and designated as the "1987 Redevelopment Project," the "1994 Redevelopment Project" and the "Central Perris and North Perris Redevelopment Project" (collectively, the "Project Areas") have heretofore been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plans have been duly complied with; and

**WHEREAS**, the Authority has previously issued its Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series A (the "2001 Bonds"), currently outstanding in the amount of \$\_\_\_\_\_, the proceeds of which were used, in part, to fund a 2001 housing loan (the "2001 Loan") to the Former Agency under that certain loan agreement, dated as of \_\_\_\_\_ (the "2001 Loan Agreement")

**WHEREAS**, the Authority has previously issued its Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds (the "2006 Bonds" and, together with the 2001 Bonds, the "Prior Bonds"), currently outstanding in the amount of \$6,915,000, the proceeds of which were used to fund a 2006 housing loan (the "2006 Loan" and, together with the 2001 Loan, the "Prior Loans") to the Former Agency under that certain loan agreement, dated as of \_\_\_\_\_ (the "2006 Loan Agreement" and, together with the 2001 Loan Agreement, the "Prior Loan Agreement"), with respect to the Project Areas; and

**WHEREAS**, the Authority has also previously issued its Perris Public Financing Authority Tax Allocation Revenue Bonds (Housing Loan), 2010 Series A (the "2010 Housing Bonds"), currently outstanding in the amount of \$7,035,000, a portion of the proceeds of which were used for the purpose of funding a loan (the "2010 Housing Loan") to the Agency under that certain Housing Fund Loan Agreement, dated as of April 1, 2010 (the "2010 Housing Loan Agreement") between the Agency and the Authority; and

**WHEREAS**, on June 27, 2012, after adopting California Assembly Bill No. 26 (“AB1X 26”) on June 29, 2011, which dissolved all redevelopment agencies in existence in the State of California as of February 1, 2012, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies, the California State Legislature adopted Assembly Bill No. 1484, a follow on bill to AB1X 26, to provide a mechanism to refund tax allocation bonds under certain circumstances; and

**WHEREAS**, the City agreed to serve as the successor agency (referred to herein as the “Agency”) to the Former Agency commencing upon the dissolution of the Former Agency on February 1, 2012 pursuant to Assembly Bill (AB) XI 26 (“AB 26”); and

**WHEREAS**, on June 27, 2012 as part of the Fiscal Year 2012-2013 State of California budget bill, the Governor signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of AB 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010; and

**WHEREAS**, Health & Safety Code Section 34177.5 authorizes successor agencies to refund outstanding bonds provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

**WHEREAS**, if the Refunding Test is met, the pledge for such refunding debt shall have the same lien priority as the pledge of the debt to be refunding; and

**WHEREAS**, the Agency has requested the Authority to make a loan (the “Loan”) to the Agency hereunder to refinance the Prior Loan, on a parity basis to the 2010 Housing Loan (together with any other debt with an equal lien on the Housing Set-Aside, as that term is defined in this Loan Agreement, the “Parity Debt”), for the purpose of providing funds to assist in refinancing redevelopment housing activities within and of benefit to the Project Area and otherwise as provided herein, and the Agency hereby finds and determines that there will be significant public benefits accruing from such borrowing, consisting of demonstrable savings in effective interest rates and financing costs associated with the issuance of bonds as described herein; and

**WHEREAS**, concurrent with the execution and delivery of this Loan Agreement the Authority will issue its \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A (the “Bonds”), which amount shall be used for the purpose of making the Loan hereunder; and

**WHEREAS**, the Authority will also concurrently issue its \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B (the “Series B Bonds”) to refund, among other outstanding debt,

certain prior bonds of the Agency (the “Prior Subordinate Bonds”), secured by certain revenues generated pursuant to loan agreements, by and between the Agency and the Authority, made on a basis subordinate to the Loan and any Parity Debt (together with any loans issued to refinance such loans, the “Subordinate Debt”); and

**WHEREAS**, in order to establish and declare the terms and conditions upon which the Loan is to be made and secured, the Agency and the Authority wish to enter into this Loan Agreement; and

**WHEREAS**, all acts and proceedings required by law necessary to make this Loan Agreement, when executed by the Agency and the Authority, the valid, binding and legal obligations of the Agency and the Authority, and to constitute this Loan Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Loan Agreement have been in all respects duly authorized;

**NOW, THEREFORE**, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

## **ARTICLE I DEFINITIONS**

**Section 1.01 Definitions.** Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Loan Agreement shall have the respective meanings which such terms are given in Section 1.01 of the Indenture. In addition, the following terms defined in this Section 1.01 shall, for all purposes of this Loan Agreement, have the respective meanings herein specified.

“Agency” means the Successor Agency to the Redevelopment Agency of the City of Perris.

“Annual Loan Payments” means, for any Bond Year, the total amount of principal and interest payable on the Loan in such Bond Year.

“Bonds” means the \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A, issued and at any time Outstanding under the Indenture, the proceeds of which have been used to make the Loan hereunder.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 (commencing with Section 6584), of Chapter 5, Division 7, Title 1 of the Government Code of the State.

“Business Day” shall have the meaning given thereto in the Indenture.

“City” means the City of Perris, a general law city and municipal corporation organized and existing under the laws of the State.

“County” means the County of Riverside, a county duly organized and existing under the State Constitution and laws of the State.

“Dissolution Act” means Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended.

“Event of Default” means any of the events described in Section 5.01.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period pursuant to a Written Certificate of the Agency filed with the Trustee.

“Housing Loan Payment Account” means the account by that name within the Low and Moderate Income Housing Fund held by the Agency pursuant to Section 3.02 hereof.

“Gross Tax Revenues” means taxes for each Bond Year (including all payments and reimbursements, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) previously eligible for allocation to the Agency pursuant to the Redevelopment Law as provided in the Redevelopment Plan.

“Housing Loans” means (i) the \$7,180,000 Housing Fund Loan, issued pursuant to the Housing Fund Loan Agreement, dated as of April 1, 2010, by and between the Authority and the Former Agency, relating to the Authority’s Tax Allocation Revenue Bonds (Housing Loan), 2010 Series A, (ii) the \$\_\_\_\_\_ Housing Fund Loan, issued pursuant to the Housing Loan Agreement, dated as of April 1, 2015, by and between the Agency and the Authority relating to the Bonds, and (iii) any debt issued to refund such loans, or other refunding debt thereof, similarly secured by amounts which, prior to the adoption of the Dissolution Act, were required to be deposited into the Redevelopment Agency’s low and moderate income housing fund pursuant to Sections 33334.2, 33334.3, and 33334.6 of the Redevelopment Law.

“Housing Set-Aside Revenues” means, for each Bond Year beginning with the Bond Year commencing on the Closing Date, the amount of taxes (including all payments and reimbursements, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations) previously eligible for allocation to the Agency as provided in the Redevelopment Plan which are required to be deposited in the Agency’s Low and Moderate Income Housing Fund pursuant to Section 33334.3 of the Redevelopment Law.

Pursuant to the Law, the Agency is no longer required to deposit such amounts described above in the Low and Moderate Income Housing Fund described above (the “Prior Housing Deposit”).

“Indenture” means the Indenture of Trust, dated as of April 1, 2015, by and between the Authority and the Trustee, authorizing the issuance of the Bonds, as originally executed or as it may from time to time be supplemented, modified or amended.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State

appointed by the Agency, and who, or each of whom: (a) is in fact independent and not under the domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by or acceptable to the Agency, and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues and Housing Set-Aside Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under the domination of the Agency; (c) does not have any substantial interest, direct or indirect, with the Agency; and (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

“Law” means the Redevelopment Law, together with Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code of the State of California, as amended.

“Loan” means the loan made by the Authority to the Agency in the aggregate principal amount of \$\_\_\_\_\_ pursuant to Section 2.01 hereof.

“Loan Agreement” means this Housing Fund Loan Agreement by and between the Agency and the Authority, as originally executed or as it may from time to time be amended, modified or supplemented.

“Loan Disbursement Fund” means the fund by that name established and held by the Trustee pursuant to Section 2.02 hereof.

“Loan Interest Payment Date” means April 1 and October 1 of each year, beginning October 1, 2015, and continuing thereafter so long as any Bonds remain Outstanding.

“Loan Principal Payment Date” means October 1 of each year.

“Low and Moderate Income Housing Fund” or “Housing Fund” means the fund of the Agency by that name established pursuant to Section 33334.3 of the Redevelopment Law.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the amount of interest payable on the Loan and all outstanding Parity Debt in such Bond Year, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments are made as scheduled, and (b) the amount of principal payable on the Loan and on all outstanding Parity Debt in such Bond Year, including any principal required to be prepaid or redeemed by operation of mandatory sinking fund payments.

“Parity Debt” means (i) the 2010 Housing Loan, and (ii) any loans, bonds, notes, advances or indebtedness payable from Housing Set-Aside on a parity with the Loan, issued or incurred pursuant to and in accordance with Section 2.06 hereof and a Parity Debt Instrument.

“Parity Debt Instrument” means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt.

“Plan Limitations” means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, and (c) the period of time for establishing or repaying indebtedness payable from Housing Set-Aside.

“Prior Housing Deposit” means the Gross Tax Revenues previously required to be deposited in the Housing Fund established pursuant to Section 33334.3 of the Law.

“Project Area” means the Agency’s three redevelopment projects known and designated as the Central Perris and North Perris Redevelopment Projects, the Redevelopment Project-1987 and the Redevelopment Project-1994, as described in the Redevelopment Plans.

“Recognized Obligation Payment Schedule” or “ROPS” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the Law.

“Redevelopment Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

“Redevelopment Plan” means (a) the Redevelopment Plan for the Redevelopment Project-1987, approved by Ordinance No. 687, enacted by the City Council of the City on June 29, 1987, as amended by Ordinance No. 996, adopted by the City Council of the City on December 12, 1994, as amended by Ordinance No. 1171, adopted on September 27, 2005, as amended by Ordinance No. 1181, adopted on February 14, 2006, as amended by Ordinance No. 1247, adopted on September 30, 2008, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law; (b) the Redevelopment Plan for the 1994 Redevelopment Project, approved by Ordinance No. 982, enacted by the City Council of the City on June 27, 1994, as amended by Ordinance No. 1171, adopted on September 27, 2005, as amended by Ordinance No. 1248, adopted on October 14, 2008, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law; and (c) the Redevelopment Plan for the Central Perris and North Perris Redevelopment Projects, approved by Ordinance No. 580, enacted by the City Council of the City on July 11, 1983, as amended by Ordinance No. 995, adopted on December 12, 1994 and Ordinance Nos. 1170 and 1171 adopted on September 27, 2005, as amended by Ordinance No. 1249, adopted on October 14, 2008, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

“Redevelopment Project” means the undertaking of the Agency relating to low and moderate income housing pursuant to the Redevelopment Plans and the Redevelopment Law.

“Report” means a document in writing signed by an Independent Redevelopment Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Loan Agreement to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or

investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

“Special Subventions” means all amounts payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State.

“Subordinate Debt” shall have the meaning given to such term in the preambles hereto, and shall also include any bonds, notes, or other indebtedness issued for the purpose of refunding such Subordinate Debt, or refunding bonds, notes, or other indebtedness thereof.

“Subordinate Loan Agreement” shall have the meaning given to such term in the preambles hereto.

“Tax Revenues” The term “Tax Revenues” means, with respect to each Bond Year, the (a) monies deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subsection (b) of Section 34170.5 of the Law and administered pursuant to subsections (c) and (d) of Section 34172(d), as provided in paragraph (2) of subdivision (a) of Section 34183 of the Law that are equal to moneys paid by the Agency to the Trustee derived from (a) that portion of taxes in the Redevelopment Project and received by the Agency, which is allocated to and paid into a special fund of the Agency pursuant to Article 6 of Chapter 6 of the Community Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, all as more particularly set forth in the Indenture; and (b) reimbursements, subventions (to the extent permitted by law, excluding payments to the Agency with respect to personal property within the Redevelopment Project pursuant to Section 16110, et seq. of the Government Code of the State), or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such from such taxes. Tax Revenues shall not include (i) Housing Set-Aside Revenues, (ii) any amounts payable by the Agency pursuant to Tax sharing Agreements, (ii) amounts payable by the Agency Section 33607.5 or Section 33607.7 of the Law except to the extent subordinated to debt service on the Bonds and (iii) County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code.

[Potentially Remove]Tax Revenues additionally include monies deposited from time to time in the Redevelopment Property Tax Trust Fund, as provided in (a) paragraph (2) of subdivision (a) of Section 34183 of the Law. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution and as limited or otherwise provided for in the Indenture.

Pursuant to the Law, the Agency is no longer required to make the Prior Housing Deposit from Gross Tax Revenues. Accordingly, Tax Revenues shall be reduced by the amount not greater than the portion of the Prior Housing Deposit required to pay Housing Loans.]

“Tax Sharing Agreements” means those certain agreements relating to the payment of certain amounts which would otherwise constitute Tax Revenues.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns acting as trustee under the Indenture.

“2001A Escrow Agreement” means that certain Escrow Deposit and Trust Agreement, dated as of April 1, 2015, relating to the 2001 Bonds and cancellation of the 2001 Loan.

“2001A Escrow Fund” means the Escrow Fund created under the 2001A Escrow Agreement.

“2006 Escrow Agreement” means that certain Escrow Deposit and Trust Agreement, dated as of April 1, 2015, relating to the defeasance of the 2006 Bonds and cancellation of the 2006 Loan.

“2006 Escrow Fund” means the Escrow Fund created under the 2006 Escrow Agreement.

“Prior Bonds” shall have the meaning given to such term in the preambles hereto.

“Prior Loan Agreement” shall have the meaning given to such term in the preambles hereto.

“Undertaking To Provide Continuing Disclosure” shall mean the agreement described in Section 4.12 hereof, by the Agency.

“Written Request of the Agency” or “Certificate of the Agency” means a request or certificate, in writing, signed by the Chairman, Vice Chairman, Executive Director, Assistant Executive Director, Deputy Executive Director, or Treasurer of the Agency, or by any other officer of the Agency duly authorized by the Agency for that purpose.

**Section 1.02 Rules of Construction.** All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or subdivision hereof.

## **ARTICLE II**

### **THE LOAN; APPLICATION OF LOAN PROCEEDS; PARITY DEBT**

**Section 2.01 Authorization.** The Authority hereby agrees to lend to the Agency from the proceeds of sale of the Bonds, the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) under and subject to the terms of this Loan Agreement, the Bond Law and the Law. This Loan Agreement constitutes a continuing agreement with the Authority to secure the full and final payment of the Loan, subject to the covenants, agreements, provisions and conditions herein contained.

**Section 2.02 Disbursement and Application of Loan Proceeds and Other Moneys.** On the Closing Date, the Authority shall cause to be deposited into the Loan Disbursement Fund, which fund is hereby created, the amount of \$\_\_\_\_\_, which amount constitutes Loan proceeds of \$\_\_\_\_\_, less a loan discount of \$\_\_\_\_\_, which shall be held by the Trustee and which shall be disbursed as follows:

(a) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the Agency for deposit in the 2001A Escrow Fund, for [pre-payment and cancellation] of the 2001 Loan.

(b) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the Agency for deposit in the 2006 Escrow Fund, for [pre-payment and cancellation] of the 2006 Loan.

(c) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the Costs of Issuance Fund.

Following the transfer pursuant to Sections (a) and (b) hereof, the Trustee, on behalf of the Authority, shall close the Loan Disbursement Fund.

**Section 2.03 Repayment of Loan.** The Agency shall repay the principal of the Loan in installments on each Loan Principal Payment Date and in the amounts, and shall pay interest on the unpaid principal balance of the Loan on each Loan Interest Payment Date and in the amounts, as set forth in Exhibit A attached hereto and by this reference incorporated herein. Any installment of principal or interest which is not paid when due shall continue to accrue interest at the net effective rate of interest then borne by the Loan from and including the date on which such principal or interest is payable to but not including the date of actual payment.

In the event that the Housing Set-Aside Revenues and other moneys pledged for the payment of the Loan are insufficient to pay the principal and interest on the Loan coming due on any Loan Interest Payment Date, the amount of such insufficiency shall be payable from any lawfully available funds of the Agency, including but not limited to existing project funds or reserve funds, but excluding the proceeds of any bonds or notes issued by the Agency and any investment earnings thereon and excluding any special assessments or other revenues required to pay debt service on special assessment bonds or revenue bonds of the Agency.

In the event the unpaid principal installments of the Loan shall be prepaid in whole or in part pursuant to Section 2.04, or in the event the Bonds shall be redeemed pursuant to Section 2.02 of the Indenture, the schedule of principal installments set forth in Exhibit B hereto shall be reduced on a pro rata basis in integral multiples of \$5,000 corresponding to the principal amount of the Bonds redeemed pursuant to the Indenture. The Authority shall provide the Trustee with a new payment schedule.

Principal of and interest on the Loan shall be payable by the Agency to the Trustee, as assignee of the Authority under the Indenture, in immediately available funds which constitute lawful money of the United States of America. Payment of such principal and interest shall be secured, and amounts for the payment thereof shall be deposited with the Trustee at the times, as set forth in Article III.

**Section 2.04 Prepayment of the Loan.**

(a) **Optional Prepayment.** The Agency shall have the right to prepay the unpaid principal installments of the Loan, in whole or in part in any integral multiple of \$5,000, on any date on which the Bonds are subject to Mandatory Redemption from Optional Loan Prepayment for the Bonds pursuant to Section 2.02(a) of the Indenture, by depositing with the Trustee in the Revenue Fund an amount sufficient to redeem a like aggregate principal amount of Bonds pursuant to Section 2.02(a) of the Indenture, together with the amount of accrued interest and premium (if any) required to be paid upon such redemption. The Authority agrees that upon payment by the Agency to the Trustee of such amount, the Authority shall take or cause to be taken any and all steps required under the Indenture to redeem such Outstanding Bonds on the redemption date designated pursuant to a Written Request of the Agency filed with the Authority and the Trustee; provided, however, that such date shall be a date of redemption of Bonds for which notice has been timely given pursuant to the Indenture.

(b) **Mandatory Prepayment.** The principal of the Loan is subject to mandatory prepayment upon acceleration of the principal pursuant to an event of default and acceleration of the Loan under Section 5.01 of this Loan Agreement on any date by depositing with the Trustee in the Revenue Fund under the Indenture the amount described in the Indenture under Section 2.02(c) as necessary to pay off the Loan hereunder and redeem a like aggregate principal amount of the Bonds, including accrued interest thereon until the redemption date. The Authority agrees that upon payment by the Agency to the Trustee of such amount, the Authority shall take or cause to be taken any and all steps required under the Indenture to redeem such Outstanding Bonds on the redemption date designated pursuant to a Written Request of the Agency filed with the Authority and the Trustee; provided, however, that such date shall be a date of redemption of Bonds for which notice has been timely given pursuant to the Indenture.

#### **Section 2.05 Reserved.**

**Section 2.06 Parity Debt.** Except for debt issued to refund the Loan, the Agency may not issue or incur Parity Debt secured by the Housing Set-Aside. Any document authorizing such Parity Debt must provide that (i) interest is payable on April 1 and October 1 in each year of the term of such refunding bonds except the first twelvemonth period, during which interest may be payable on either April 1 or October 1; (ii) the principal of such refunding bonds is payable only on October 1 in any year; and (iii) the final maturity of any refunding bonds does not exceed the final maturity of the Bonds being refunded. Annual debt service on the refunding bonds must be lower than annual debt service on the Bonds being refunded during every year the refunding bonds will be outstanding.

**Section 2.07 Issuance of Subordinate Debt.** In addition to the Loan and any Parity Debt, from time to time the Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency, provided that the issuance of such Subordinate Debt shall not cause the Agency to exceed any applicable Plan Limitations.

**Section 2.08 Validity of Loan.** The validity of the Loan shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project.

**Section 2.09 Senior Debt.** The Agency covenants that except for refunding obligations, it shall not enter into any obligations secured by Housing Set-Aside Revenues on a basis senior to the Loan and any Parity Debt.

**Section 2.10 Costs of Issuance Fund.** There is hereby established a fund to be held by the Trustee known as the “Costs of Issuance Fund” into which shall be deposited a portion of the proceeds of the Loan. The moneys in the Costs of Issuance Fund shall be used to pay costs of issuance from time to time upon receipt of a written request of the Agency. On the date which is one hundred eighty (180) days following the closing date, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Agency for deposit in the Redevelopment Fund.

### **ARTICLE III PLEDGE AND APPLICATION OF HOUSING SET-ASIDE**

**Section 3.01 Pledge of Housing Set-Aside Revenues.** The Loan and all Parity Debt shall be equally secured by a first pledge of, security interest in and lien on all of the Subordinate Housing Set-Aside Revenues and all of the moneys on deposit in the Housing Loan Payment Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Subordinate Housing Set-Aside Revenues and the Housing Loan Payment Account, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or premium (if any) on the Loan.

**Section 3.02 Housing Loan Payment Account; Deposit of Housing Set-Aside.** There is hereby established a special fund [within the Low and Moderate Income Housing Fund held by the Agency] known as the “2015 Housing Loan Payment Account” (the “Housing Payment Account”), which shall be held by the Agency in a separate bank account as a separate fund apart from all other funds and accounts of the Agency. The Agency shall deposit all Housing Set-Aside Revenues received in any Bond Year in the Housing Loan Payment Account promptly upon the receipt thereof, until such time (if any) during such Bond Year as the amounts on deposit in the Housing Loan Payment Account equal the aggregate amounts required to be transferred to the Trustee pursuant to Section 3.03 herein, any Subordinate Debt, and any Parity Debt Instruments. Any Housing Set-Aside Revenues received during such Bond Year in excess of such amounts shall be released from the pledge and lien hereunder and be used for any lawful purposes of the Agency, including the payment of any Subordinate Debt.

Prior to the payment in full of the principal of and interest and prepayment premium (if any) on the Loan and all Parity Debt and the payment in full of all other amounts payable hereunder and under any Parity Debt Instrument, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Housing Loan Payment Account, except only as provided in this Loan Agreement, the Subordinate Loan Agreement and in any Parity Debt Instruments.

**Section 3.03 Transfer of Housing Set-Aside From Housing Loan Payment Account.** The Agency shall withdraw from the Housing Loan Payment Account and transfer to the Trustee, to the extent necessary to make payments on the Loan hereunder, the following amounts at the following times and in the following order of priority:

(a) **Interest and Principal Deposits.** No later than the fifth (5<sup>th</sup>) Business Day preceding each date on which the principal of or interest on the Loan or any Parity Debt shall become due and payable, including but not limited to the principal amount of the Loan to be prepaid hereunder together with any prepayment premium thereon, the Agency shall withdraw from the Housing Loan Payment Account and transfer to the Trustee an amount which, together with the amounts then held on deposit in the Interest Account, the Principal Account and the Revenue Fund, is equal to the aggregate amount of such principal, interest and prepayment premium coming due on such Loan Interest Payment Date or such Loan Principal Payment Date.

(b) **Reserve Fund Deposits.** In the event the balance in the Reserve Fund for the Bonds, related to the Loan, is less than the Reserve Requirement, the Agency shall immediately withdraw from the Housing Loan Payment Account and transfer to the Trustee for deposit in the Reserve Fund an amount of money necessary to maintain the Reserve Requirement in the Reserve Fund. No such transfer and deposit need be made to the Reserve Fund so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement.

(c) **Surplus.** Subject to Section 4.14 hereof, the Agency shall not be obligated to deposit in the Housing Loan Payment Account in any Bond Year an amount of Housing Set-Aside which, together with other available amounts in the Housing Loan Payment Account, exceeds the amounts required in such Bond Year pursuant to this Section 3.03; and all Housing Set-Aside which are received by the Agency during any Bond Year in excess of the amounts required to be deposited in the Housing Loan Payment Account in such Bond Year shall be released from the pledge thereof and lien thereon which is established pursuant hereto. In the event that for any reason whatsoever any amounts shall remain on deposit in the Housing Loan Payment Account on any October 2 after making all of the transfers theretofore required to be made pursuant to the preceding clauses (a) and (b) and any Parity Debt Instruments, the Agency may withdraw such amounts from the Housing Loan Payment Account, to be used for any lawful purposes of the Agency, including but not limited to the payment of any Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to Section 4.11.

**Section 3.04 Investment of Moneys; Valuation of Investments.** All moneys in the Housing Loan Payment Account and the Redevelopment Fund shall be invested by the Agency in any investments authorized for the investment of Agency funds under the laws of the State. Obligations purchased as an investment of moneys in any fund or account established hereunder shall be credited to and deemed to be part of such fund or account. The Agency may commingle any amounts in any of the funds and accounts held hereunder with any other amounts held by the Agency for purposes of making any investment, provided that the Agency shall maintain separate accounting procedures for the investment of all funds and accounts held hereunder.

All interest, profits and other income received from the investment of moneys in any fund or account established hereunder shall be deposited in such fund or account. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment shall be credited to the fund from which such accrued interest was paid.

Except as otherwise provided in the next sentence, the Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Loan Agreement or the Code) at fair market value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code).

#### **ARTICLE IV OTHER COVENANTS OF THE AGENCY**

**Section 4.01 Punctual Payment; Extension of Payments.** The Agency will punctually pay or cause to be paid the principal of and interest and prepayment premium (if any) on the Loan in strict conformity with the terms of this Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Loan Agreement. The Agency will take all actions required under the Law to include on the Recognized Obligation Payment Schedules for each six-month period all payments to the Authority to satisfy the requirements of this Loan Agreement, including any amounts required under the Indenture to replenish the Reserve Account to the full amount of the Reserve Requirement with respect to the Bonds, as those terms are defined therein. The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any installment of principal of or interest or premium (if any) on the Loan, and in case the principal of or interest or premium (if any) on the Loan or the time of payment of any such claims therefor shall be extended, such principal, interest, premium or claims for interest shall not be entitled, in case of any Event of Default hereunder, to the benefits of this Loan Agreement except for payment of all amounts which shall not have been so extended.

**Section 4.02 Limitation on Additional Indebtedness.** The Agency hereby covenants that, except as necessary to refund outstanding bonds, so long as the Loan remains unpaid, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Housing Set-Aside, excepting only the Loan and any Parity Debt and Subordinate Debt as authorized herein.

**Section 4.03 Payment of Claims.** The Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Housing Set-Aside or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Loan. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

**Section 4.04 Books and Accounts; Financial Statements.** The Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Housing Set-Aside and the Housing Loan Payment Account. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the Authority, the Trustee and the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Housing Set-Aside, all disbursements from the Housing Loan Payment Account, and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year which statement shall be accompanied by a Certificate of the Agency stating that the Agency is in compliance with its obligations under this Loan Agreement. The Agency will furnish a copy of such statements, upon reasonable request, to any Bond Owner.

**Section 4.05 Protection of Security and Rights.** The Agency will preserve and protect the security of the Loan and the rights of the Trustee and the Bond Owners with respect to the Loan. From and after the Closing Date, the Loan shall be incontestable by the Agency. The Loan and the provisions of this Loan Agreement are and will be the legal, valid and binding special obligations of the Agency in accordance with their terms, and the Agency shall at all times, to the extent permitted by law, defend, preserve and protect all the rights of the Trustee and the Bond Owners under this Loan Agreement against all claims and demands of all persons whomsoever.

**Section 4.06 Payments of Taxes and Other Charges.** The Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Project Area, when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The Agency will duly observe and comply with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

**Section 4.07 Taxation of Leased Property.** All *ad valorem* property taxes derived by the Agency pursuant to Section 33673 of the Redevelopment Law with respect to the lease of property for redevelopment shall be treated as Housing Set-Aside for all purposes of this Loan Agreement.

**Section 4.08 Disposition of Property.** The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of this Loan Agreement) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area. Furthermore, the Agency shall provide a certificate of an Independent Redevelopment Consultant to the effect that the Housing Set-Aside Revenues for the then current Fiscal Year, based on assessed valuation of property in the Project Area following such disposition as evidenced in the written records of the County, shall be at least equal to one hundred ten percent (110%) of maximum annual debt service with respect to the Loan, all Parity Debt and Subordinate Debt payable from Housing Set-Aside.

**Section 4.09 Maintenance of Housing Set-Aside.** The Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Housing Set-Aside, including without limitation the timely filing of any necessary statements of indebtedness

with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State. The Agency will not enter into any agreement with the City or any other governmental unit which would have the effect of reducing the amount of Housing Set-Aside available to the Agency for payment of the Loan. The Agency represents, covenants and agrees that it has not and will not incur any loans, obligations or indebtedness payable from Housing Set-Aside such that the total aggregate debt service on said loans, obligations or indebtedness incurred from and after the date of adoption of the Redevelopment Plan, when added to any Parity Debt, the Loan, or Subordinate Debt, will exceed the maximum amount of Housing Set-Aside to be divided and allocated to the Agency pursuant to the Redevelopment Plan. Subject to the preceding sentences, nothing in this Loan Agreement is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Loan and any Parity Debt.

**Section 4.10 Payment of Expenses; Indemnification.** The Agency shall pay to the Trustee from time to time all compensation for all services rendered under this Loan Agreement and under the Indenture in connection with the Bonds, including but not limited to all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder and thereunder. Upon the occurrence of an Event of Default, the Trustee shall have a first lien on the funds held by it under the Indenture and hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article V hereof.

The Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any losses, costs, claims, expenses and liabilities whatsoever which it may incur arising out of or in connection with the exercise and performance of its powers and duties hereunder, and under the Indenture including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Agency under this paragraph shall survive the resignation or removal of the Trustee under the Indenture or this Loan Agreement and payment of the Loan and the discharge of this Loan Agreement.

**Section 4.11 Tax Matters.**

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

“Bonds” means, unless otherwise qualified, the Loan.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in Section 1.148-1(c) of the Tax Regulations, of the Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“Issue” shall refer to any Bond or group of Bonds constituting an “issue” within the meaning of Section 1.150-1 of the Tax Regulations. Unless otherwise indicated or made necessary by the context, each of the covenants and representations set forth below is intended to be made, and is made, separately with respect to each Issue of Bonds.

“Nonpurpose Investment” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“Tax Regulations” means the United States Treasury Regulations promulgated pursuant to Sections 103 and 141 through 150 of the Code, or Section 103 of the 1954 Code, as applicable.

“Yield”

(i) of any Investment has the meaning set forth in Section 1.148-5 of the Tax Regulations; and

(ii) of any issue of governmental obligations has the meaning set forth in Section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. Neither the Agency nor the Authority shall use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Agency or the Authority receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond from the gross income of the owner thereof for federal income tax purposes, the Agency and the Authority, respectively, shall comply with each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations, the Agency shall at all times prior to the final cancellation of the last of the Bonds to be retired:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a State or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within its jurisdiction.

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of Section 148 of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall, at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said Section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the Authority shall take or omit to take any action that would cause any Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The Authority shall timely file any information required by Section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) [Rebate of Arbitrage Profits](#). Except to the extent otherwise provided in Section 148(f) of the Code and the Tax Regulations, with respect to the Bonds:

(i) The Agency and Authority, as the case may be, shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond of the series is discharged. However, to the extent permitted by law, each of the Agency and the Authority may commingle Gross Proceeds of Bonds with its other moneys, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Agency shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Agency promptly shall report to the Authority the results of such calculation, including the basis therefor, in sufficient detail and on a timely basis in order that the Authority be able to comply with its covenants herein. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) In order to assure the excludability, pursuant to Section 103(a) of the Code, of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority has agreed pursuant to the Indenture to pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (A) in the case of the Final Computation Date as defined in Section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (B) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority.

(iv) The Agency shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (b) and (c), and if an error is made, to discover, report to the Authority and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) or other provision of the Tax Regulations.

(i) [Not to Divert Arbitrage Profits](#). Except to the extent permitted by Section 148 of the Code and the Tax Regulations and rulings thereunder, neither the Agency nor the

Authority shall, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(j) **Bonds Not Hedge Bonds.** The Agency reasonably expects that:

(i) The Agency represents that the Bonds will not be “hedge bonds” within the meaning of Section 149(g) of the Code.

(ii) Without limitation of clause (i) above, (A) on the date of issuance of the Bonds, the Agency reasonably expects that at least 85% of the spendable proceeds of that Issue will be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

For purposes of the foregoing, “spendable proceeds” is intended to refer to all proceeds of sale of the Bonds other than those proceeds used to fund the Reserve Fund.

(k) **Elections.** The Agency hereby directs and authorizes any Authority Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(l) **Closing Certificate.** Each of the Agency and the Authority agrees, as requested, to execute and deliver in connection with the issuance of the Bonds a Tax and NonArbitrage Certificate, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

**Section 4.12 Continuing Disclosure.** The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of its Undertaking To Provide Continuing Disclosure with respect to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this Loan Agreement, failure of the Agency to comply with such Undertaking to Provide Continuing Disclosure shall not be considered an Event of Default; however, any Owner may take such actions, as provided in such Undertaking to Provide Continuing Disclosure, as may be necessary and appropriate to cause the Agency to comply with its obligations under such Undertaking To Provide Continuing Disclosure.

**Section 4.13 Redevelopment of Project Area.** The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Law.

**Section 4.14 Further Assurances.** The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Loan Agreement and for the better assuring and confirming unto the Trustee, the Authority and the Owners of the Bonds of the rights and benefits provided in this Loan Agreement.

**Section 4.15 Compliance with the Law.** The Agency covenants that in addition to complying with the second sentence of Section 4.01 hereof, it will comply with all other requirements of the Law as it relates to the dissolution of redevelopment agencies. Without limiting the generality of the foregoing, the Agency covenants and agrees to file all required statements and hold all public hearings required under the Law to assure compliance by the Agency with its covenants under this Loan Agreement. Pursuant to Section 34177 of the Health and Safety Code, not less than 90-days prior to each January 2 and June 1 (or such other dates as are specified in the Health and Safety Code or other applicable law), the Agency shall prepare and submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule, pursuant to which enforceable obligations of the Agency are listed including, with respect to the Loan and any outstanding Parity Debt. The Agency shall take all actions necessary or advisable under the Dissolution Act to include on each applicable Recognized Obligation Payment Schedule all payments required for payment of any Subordinate Debt and as required under this Loan Agreement and for Parity Debt, including without limitation (i) all amounts required under Section 2.03 hereof and (ii) any amount necessary to cure a deficiency in the Reserve Account under the Indenture. The Recognized Obligation Payment Schedule submitted 90-days prior to each January 2 shall include the full amount of **pledged Tax Revenues [i.e. Housing Set-Aside Revenues]** required to be deposited pursuant to Section 2.03. In order to fulfil the obligation in the previous sentence, the Agency shall, to the extent necessary, include the amounts to be held by the Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law, that are necessary to provide for the deposits required under this Loan Agreement.

Pursuant to the Law, money in the Redevelopment Property Tax Trust Fund distributed to the Agency is deposited in the Redevelopment Obligation Retirement Fund of the Agency. Pursuant to the priority listed in Health and Safety Code Section 34183(a)(2)(A)-(C) and 34183(a)(3) or 34183(a)(4), Housing Set-Aside Revenues transferred by the County Auditor for deposit in the Redevelopment Obligation Retirement Fund on June 1 and January 2 of each year shall immediately be transferred to the Housing Loan Payment Account in accordance with the Loan Agreement with respect to the Loan and any Parity Debt.

## **ARTICLE V EVENTS OF DEFAULT AND REMEDIES**

**Section 5.01 Events of Default and Acceleration of Maturities.** The following events shall constitute Events of Default hereunder:

- (a) Failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan or any Parity Debt when and as the same shall become due and payable.

(b) Failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Loan Agreement, other than as referred to in the preceding clause (a), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Agency by the Trustee; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Agency within such thirty (30) day period and thereafter is diligently pursued until such failure is corrected.

(c) The filing by the Agency of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

**(d) [DEFAULT UNDER PARITY DEBT?]**

If an Event of Default has occurred and is continuing, the Trustee may (a) declare the principal of the Loan, together with accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Loan Agreement to the contrary notwithstanding, and (b) subject to receipt of satisfactory indemnity, exercise any other remedies available to the Trustee in law or equity arising hereunder. Immediately upon becoming aware of the occurrence of an Event of Default under this Loan Agreement, the Trustee shall give notice of such Event of Default to the Agency by telephone, telecopier or other telecommunication device, promptly confirmed in writing. This provision, however, is subject to the condition that if, at any time after the principal of the Loan has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Agency will deposit with the Trustee a sum sufficient to pay all installments of principal of the Loan matured prior to such declaration and all accrued interest thereon, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, by written notice to the Authority and the Agency, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust the right or power consequent thereon.

**Section 5.02 Application of Revenues and Other Funds After Default.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of Article V of this Loan Agreement, or otherwise held by the Trustee upon the occurrence of an Event of Default, shall be applied by the Trustee in the following order:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article V, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Loan and any Parity Debt then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Loan and such Parity Debt; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Loan and any Parity Debt then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full;

(b) second, to the payment of all installments of principal of the Loan and any Parity Debt then due and payable, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full;

(c) third, to the payment of the prepayment price (including principal and interest accrued to the prepayment date, but excluding any premium) of the Loan and any Parity Debt to be redeemed pursuant to this Loan Agreement or Parity Debt Instrument, on a pro rata basis in the event that the available amounts are insufficient to pay all such prepayment price in full; and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Loan and any Parity Debt, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

**Section 5.03 No Waiver.** Nothing in this Article V or in any other provision of this Loan Agreement, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Housing Set-Aside and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Loan and any Parity Debt to the Trustee when due, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Trustee to institute suit to enforce such payment by virtue of the contract embodied in this Loan Agreement.

A waiver of any default by the Trustee at the direction of the Owners of the Bonds pursuant to Section 5.01 shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Trustee 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 of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee by the Redevelopment Law or by this Article V may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Trustee, the Agency and the Trustee shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

**Section 5.04 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

## **ARTICLE VI MISCELLANEOUS**

**Section 6.01 Benefits Limited to Parties.** Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the Agency, the Trustee and the Authority, any right, remedy or claim under or by reason of this Loan Agreement. All covenants, stipulations, promises or agreements in this Loan Agreement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Authority and of the Trustee acting as trustee for the benefit of the Owners of the Bonds.

**Section 6.02 Successor is Deemed Included in All References to Predecessor.** Whenever in this Loan Agreement either the Agency, the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement contained by or on behalf of the Agency, the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 6.03 Discharge of Loan Agreement.** If the Agency shall pay and discharge the indebtedness on the Loan or any portion thereof in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) on the Loan or such portion thereof, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee, in trust, at or before maturity, cash in an amount which, together with the available amounts then on deposit in any of the funds and accounts established pursuant to the Indenture or this Loan Agreement, is fully sufficient in the opinion of Bond Counsel or an Independent Accountant to pay all principal of and interest and prepayment premiums (if any) on the Loan or such portion thereof; or
- (c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities (as defined in the Indenture) in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture or a Supplemental Indenture or this Loan Agreement, be fully sufficient in the opinion of Bond Counsel or any Independent Accountant to pay and discharge the indebtedness on the Loan

or such portion thereof (including all principal, interest and prepayment premiums) at or before maturity;

then, at the election of the Agency but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment made, the pledge of and lien upon the Housing Set-Aside and other funds provided for in this Loan Agreement and all other obligations of the Trustee, the Authority and the Agency under this Loan Agreement with respect to the Loan or such portion thereof shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Trustee, from the amounts so deposited with the Trustee or such other fiduciary, all sums due with respect to the Loan or such portion thereof, and to pay all expenses and costs of the Trustee when and as such expenses and costs become due and payable. Notice of such election shall be filed with the Authority and the Trustee. In the case of a discharge of the entire indebtedness on the Loan, any funds thereafter held by the Trustee hereunder, which are not required for said purpose, shall be paid over to the Agency.

Notwithstanding the foregoing provisions of this Section 6.03, this Loan Agreement and the obligations of the Agency hereunder shall not be discharged under this Section 6.03 unless and to the extent that the Bonds shall have been discharged in whole or in part pursuant to the provisions of Section 10.03 of the Indenture.

**Section 6.04 Amendment.** This Loan Agreement may be amended by the parties hereto, but only under the circumstances set forth in, and in accordance with, the provisions of Section 7.01 of the Indenture. The Indenture shall not be amended, nor shall the Authority agree or consent to any amendment of the Indenture, without the prior written consent of the Agency (except that such consent shall not be required in the event that an Event of Default shall have occurred and be continuing hereunder).

**Section 6.05 Waiver of Personal Liability.** No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest on the Loan; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 6.06 Payment on Business Days.** Whenever in this Loan Agreement any amount is required to be paid on a day which is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day, provided that interest on such payment shall not accrue from and after such day.

**Section 6.07 Notices.** Any notice, request, complaint, demand or other communication under this Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority: Perris Public Financing Authority  
101 North "D" Street  
Perris, California 92570  
Attention: Executive Director

If to the Agency: Successor Agency to the  
Redevelopment Agency of the City of Perris  
101 North "D" Street  
Perris, California 92570  
Attention: Executive Director

If to the Trustee: U.S. Bank National Association  
Global Corporate Trust Services  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attn: \_\_\_\_\_  
Tel: 213/615-6051  
Fax: 213/615-6199

**Section 6.08 Partial Invalidity.** If any Section, paragraph, sentence, clause or phrase of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Loan Agreement. The Agency hereby declares that it would have adopted this Loan Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the Loan irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Loan Agreement may be held illegal, invalid or unenforceable.

**Section 6.09 Article and Section Headings and References.** The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Loan Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Loan Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

**Section 6.10 Execution of Counterparts.** This Loan Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

**Section 6.11 Governing Law.** This Loan Agreement shall be construed and governed in accordance with the laws of the State of California.

**Section 6.12 No Additional Trustee Duties.** Nothing contained herein shall in any way be construed to impose any duties upon the Trustee beyond those contained in the Indenture. All immunities, indemnities, exceptions from liability and other provisions of the Indenture insofar

as they relate to the Trustee shall apply to this Loan Agreement. The immunities of the Trustee also extend to its directors, officers, employees and agents.

**Section 6.13 Assignment.** Pursuant to Section 4.01 of the Indenture, the Authority has assigned its right, title and interest (but not its duties or obligations) in this Agreement (other than its rights under Section 4.10 and 5.04 hereof) to the Trustee, for the benefit of the Owners from time to time of the Bonds. The Agency hereby consents to such assignment.

The Agency shall not assign its interest in this Loan Agreement without the prior written consent of the Authority and the Trustee.

The assignment of this Loan Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VI thereof.

The Trustee shall be considered a third party beneficiary for the purpose of enforcing its own rights hereunder.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS and the PERRIS PUBLIC FINANCING AUTHORITY have caused this Loan Agreement to be signed by their respective officers all as of the day and year first above written.

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF  
THE CITY OF PERRIS

By \_\_\_\_\_  
Executive Director

ATTEST

By \_\_\_\_\_  
Secretary

PERRIS PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Executive Director

ATTEST

By \_\_\_\_\_  
Secretary

[Signature Page to Housing Fund Loan Agreement]

**EXHIBIT A**

**LOAN AGREEMENT  
SCHEDULE OF LOAN PAYMENTS**

<b><u>Interest Payment Date</u></b>	<b><u>Principal</u></b>	<b><u>Coupon</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>
October 1, 2015				
April 1, 2016				
October 1, 2016				
April 1, 2017				
October 1, 2017				
April 1, 2018				
October 1, 2018				
April 1, 2019				
October 1, 2019				
April 1, 2020				
October 1, 2020				
April 1, 2021				
October 1, 2021				
April 1, 2022				
October 1, 2022				
April 1, 2023				
October 1, 2023				
April 1, 2024				
October 1, 2024				
April 1, 2025				
October 1, 2025				
April 1, 2026				
October 1, 2026				
April 1, 2027				
October 1, 2027				
April 1, 2028				
October 1, 2028				
April 1, 2029				
October 1, 2029				
April 1, 2030				
October 1, 2030				
April 1, 2031				
October 1, 2031				
April 1, 2032				
October 1, 2032				
April 1, 2033				
October 1, 2033				
April 1, 2034				

October 1, 2034  
April 1, 2035  
October 1, 2035  
April 1, 2036  
October 1, 2036  
April, 1, 2037  
October 1, 2037

EXHIBIT B

SCHEDULE OF PRINCIPAL INSTALLMENTS

<u>Interest Payment Date</u>	<u>Principal</u>	<u>Coupon</u>
October 1, 2015		
October 1, 2016		
October 1, 2017		
October 1, 2018		
October 1, 2019		
October 1, 2020		
October 1, 2021		
October 1, 2022		
October 1, 2023		
October 1, 2024		
October 1, 2025		
October 1, 2026		
October 1, 2027		
October 1, 2028		
October 1, 2029		
October 1, 2030		
October 1, 2031		
October 1, 2032		
October 1, 2033		
October 1, 2034		
October 1, 2035		
October 1, 2036		
October 1, 2037		

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**INDENTURE OF TRUST**  
**by and between the**  
**PERRIS PUBLIC FINANCING AUTHORITY**  
**and**  
**U.S. BANK NATIONAL ASSOCIATION**  
**as Trustee**  
**Dated as of April 1, 2015**  
**Relating to**

**\$ \_\_\_\_\_**  
**Perris Public Financing Authority**  
**Tax Allocation Revenue Refunding Bonds 2015 Series A**

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## **INDENTURE OF TRUST**

THIS INDENTURE OF TRUST (this “Indenture”) is dated as of April 1, 2015, and is executed by and between the PERRIS PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created (the “Trustee”);

### **WITNESSETH:**

**WHEREAS**, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California), the City Council of the City of Perris (the “City”) created the former Redevelopment Agency of the City of Perris (the “Former Agency”); and

**WHEREAS**, the Former Agency a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law, and the powers of such agency included the power to issue bonds for any of its corporate purposes; and

**WHEREAS**, the Former Agency established project areas for the purpose of financing certain redevelopment activities within the City, including the Central Perris and North Perris Redevelopment Project (the “Central North Redevelopment Project”), the Redevelopment Project-1987 (the “1987 Redevelopment Project”), and the Redevelopment Project-1994 (the “1994 Redevelopment Project” and, collectively, the “Redevelopment Project”); and

**WHEREAS**, the City agreed to serve as the successor agency (referred to herein as the “Agency”) to the Former Agency commencing upon the dissolution of the Former Agency on February 1, 2012 pursuant to Assembly Bill xl 26 (“AB 26”); and

**WHEREAS**, on June 27, 2012 as part of the Fiscal Year 2012-2013 State of California budget bill, the Governor signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of AB 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010; and

**WHEREAS**, Health & Safety Code Section 34177.5 authorizes successor agencies to refund outstanding bonds provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

**WHEREAS**, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of August 14, 1989, by and between the City of Perris (the “City”) and the Former Agency, 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 pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, the City, the Agency and any associate member to provide financing for public capital improvements of the City, the Agency and any associate member; and

**WHEREAS**, in order to finance redevelopment activity within the Redevelopment Project, the Authority previously issued the following bonds (the “Prior Non-Housing Bonds”), secured by revenues paid under loan agreements with the Agency:

A. Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series A (the 2001 Series A Bonds”) currently outstanding in the amount of \$3,100,000;

B. Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series B (the 2001 Series B Bonds”) currently outstanding in the amount of \$1,120,000;

C. Perris Public Financing Authority Tax Allocation Revenue Bonds 2002 Series A (the 2002 Series A Bonds”) currently outstanding in the amount of \$4,730,000;

D. Perris Public Financing Authority Tax Allocation Revenue Bonds 2002 Series B (the 2002 Series B Bonds”) currently outstanding in the amount of \$2,555,000;

**WHEREAS**, in order to promote low- and moderate-income housing within the City, the Authority previously issued its 2006 Tax Allocation Revenue Bonds related to a 2006 housing loan (the “Prior Housing Bonds” and, together with the Prior Non-Housing Bonds, the “Prior Bonds”) currently outstanding in the amount of \$6,915,000; and

**WHEREAS**, the Agency has requested the Authority to issue the following loans (the “Non-Housing Loans”), pursuant to the terms of the following loan agreements (collectively, the “Non-Housing Loan Agreements”) in order to refund the Prior Bonds, which financed prior loan agreements with the Agency relating to the 1987 Redevelopment Project, the Central North Redevelopment Project, and the 1994 Redevelopment Project (the “Prior Non-Housing Loans”), for the purpose of providing funds to refinance redevelopment activities and public improvements within and for the benefit of the Agency’s Central Perris and North Perris Redevelopment Project:

A. The Series A 1987 Redevelopment Project Loan in the aggregate principal amount of \$\_\_\_\_\_ issued with a senior lien on certain tax increment revenues attributable to the 1987 Redevelopment Project (the “1987 Redevelopment Project Loan”);

B. The Series A Central North Redevelopment Project Loan in the aggregate principal amount of \$\_\_\_\_\_ issued with a senior lien on certain tax increment revenues

attributable to the Central North Redevelopment Project (the “Central North Redevelopment Project Loan”); and

C. The Series A 1994 Redevelopment Project Loan in the aggregate principal amount of \$ \_\_\_\_\_ issued with a senior lien on certain tax increment revenues attributable to the 1994 Redevelopment Project; and

**WHEREAS**, the Agency has also requested the Authority to issue the following loan (the “Housing Loan” and, together with the Non-Housing Loans, the “Loans”), pursuant to the terms of the a loan agreement (the “Housing Loan Agreement” and, together with the Non-Housing Loan Agreement, the “Loan Agreements” or, individually, each a “Loan Agreement”), dated as of April 1, 2015, in the principal amount of \$ \_\_\_\_\_, issued on a parity with the Authority’s Tax Allocation Revenue Bonds (Housing Loan), 2010 Series A (the “2010 Housing Bonds”), currently outstanding in the amount of \$7,035,000, payable from former Housing Set-Aside Revenue as that term is defined herein, for the purpose of refunding prior housing loan (the “Prior Housing Loan” and, together with the Prior Non-Housing Loan, the “Prior Loans”); and

**WHEREAS**, the Loans will be made pursuant to Section 34177.5(a) of the Dissolution Law, which provides that the Agency may pledge the revenues pledged to the Prior Loans, and that pledge, when made in connection with the issuance of such Loans, shall have the same lien priority as the pledge of the Prior Loans, and shall be valid, binding, and enforceable in accordance with its terms; and

**WHEREAS**, in order to raise the funds required to make the Loans to the Agency, the Authority has determined to issue its Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A in the aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”), pursuant to and secured by this Indenture in the manner provided herein; and

**WHEREAS**, the proceeds of the Bonds will be used to make the Loans to the Agency; and

**WHEREAS**, the Bonds will be issued concurrently with the Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B (the “Series B Bonds”), which Series B Bonds are secured by a certain loans secured by a lien on certain Tax Revenues attributable to the Redevelopment Project Area on a basis subordinate to the Loans; and

**WHEREAS**, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium (if any) and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

**WHEREAS**, the Authority has found and determines, and hereby affirms, that all acts and proceedings required by law necessary to make the Bonds, when executed by the

Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized:

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and repaid, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

## **ARTICLE I**

### **DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY**

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified. In addition, all terms defined in Section 1.01 of the Loan Agreement and not otherwise defined in this Section 1.01 shall have the respective meanings given such terms in the Loan Agreement.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

“Agency” means the City of Perris, as Successor Agency to the dissolved Redevelopment Agency of the City of Perris, a public body corporate and politic organized under the laws of the State and any successor thereto.

“Annual Debt Service” means, for each Bond Year with respect to each of the Bonds, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year, including from mandatory sinking fund payments.

“Authority” means the Perris Public Financing Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement, dated August 14, 1989, by and between the City and the Agency, together with any amendments thereof and supplements thereto and under the laws of the State.

“Authority Representative” means the Chairperson, Vice Chairperson, Executive Director or Treasurer of the Authority, or any other authorized representative of the Authority as evidenced by a certificate of the Chairman or Executive Director.

“Board” means the Board of Directors of the Authority.

“Bond Counsel” means Aleshire & Wynder, LLP or any attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized expertise in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Year” means each twelve-month period beginning on October 2 of each year and ending October 1 of the following year, except that the first Bond Year shall begin on the Closing Date and end on October 1, 2015, provided, however, that for Federal tax purposes, the term “Bond Year” shall be defined as set forth in the Tax and Nonarbitrage Certificate.

“Bonds” means the \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A, authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture.

“Business Day” means a day of the year, other than a Saturday or Sunday, on which banks in Los Angeles, California, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Certificate” and “Written Request” of the Authority or Agency means, a written certificate or written request signed in the name of the Authority or Agency, as applicable, by an authorized representative. Any such certificate or request 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.

“City” means the City of Perris, a general law city and municipal corporation organized and existing under the laws of the State.

“Closing Date” means April \_\_, 2015, being the date of delivery of the Bonds to the original purchasers thereof.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Corporate Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 10.13 or such other office designated by the Trustee from time to time and such office as the Trustee may designate in writing to the Authority from time to time.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, the making of the Loan pursuant to the Loan Agreement from the proceeds of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Agency, the Authority and the Trustee, costs and fees relating to any bond insurance policy, if any, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

“Costs of Issuance Fund” means the fund established and held by the Trustee pursuant to Section 3.04.

“Defeasance Securities” means:

1. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series — “SLGS”).
2. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
3. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.
4. Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or “AAA” rated pre-refunded municipals to satisfy this condition.
5. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
  - a. U.S. Export-Import Bank (Eximbank)  
  
Direct obligations or fully guaranteed certificates of beneficial ownership

- b. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
- c. Federal Financing Bank
- d. General Services Administration  
Participation certificates
- e. U.S. Maritime Administration  
Guaranteed Title XI financing
- f. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
  
Local Authority Bonds  
  
New Communities Debentures - U.S. government guaranteed debentures  
  
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“Dissolution Law” means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of the Health and Safety Code of the State of California, as amended.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means any of the events described in Section 8.01.

“Excess Investment Earnings” means the amount of excess investment earnings determined to be subject to rebate to the United States of America with respect to the investment of the gross proceeds of the Bonds, determined pursuant to Section 148(f) of the Code.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with

specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means (a) any direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period and certified to the Trustee in writing by an Authority Representative.

“Former Agency” means the Redevelopment Agency of the City of Perris (the “Former Agency”).

“Housing Loan” shall have the meaning ascribed thereto in the preambles herein.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom (a) is in fact independent and not under domination of the Authority, the City or the Agency; (b) does not have any substantial interest, direct or indirect, in the Authority, the City or the Agency; and (c) is not connected with the Authority, the City or the Agency as an officer or employee of the Authority, the City or the Agency but who may be regularly retained to make annual or other audits of the books of or reports to the Authority, the City or the Agency.

“Information Services” means Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other services providing information with respect to the redemption of Bonds as the Authority may designate in a Written Request of the Authority delivered to the Trustee.

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(b)(i).

“Interest Payment Date” means April 1 and October 1 in each year, beginning October 1, 2015, and continuing thereafter so long as any Bonds remain Outstanding.

“Letter of Representations” means the letters of the Authority and the Trustee delivered to and accepted by DTC (or such other applicable Securities Depository) on or prior to the issuance of the Bonds in book-entry form setting forth the basis on which DTC (or such other applicable Securities Depository) serves as depository for the Bonds issued in book-entry form, as originally executed or as they may be supplemented or revised or replaced by a letter to a substitute Securities Depository.

“Loan” shall have the meaning ascribed thereto in the preambles herein.

“Loan Agreement” shall have the meaning ascribed thereto in the preambles herein.

“Loan Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Maximum Annual Debt Service” means as of the date of calculation, the maximum amount obtained by totaling, for the current or any future Bond Year, the sum of: (a) the principal amount of all such Outstanding Bonds maturing in such Bond Year; (b) the aggregate principal amount of all Outstanding Bonds scheduled to be redeemed by operation of mandatory sinking payment deposits in such Bond Year, together with any premium thereon; and (c) the interest which would be due during such Bond Year on the aggregate principal amount of such Bonds which would be Outstanding in such period if such Bonds are retired as scheduled, but deducting and excluding from such aggregate principal amount the aggregate principal amount of such Bonds no longer Outstanding.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Non-Housing Loan” shall have the meaning ascribed thereto in the preambles herein.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the Authority under this Indenture except (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds paid or deemed to have been paid within the meaning of Section 10.03, and (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” and “Holder,” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is entitled to rely on written investment direction of the Authority as a determination that such investment is a legal investment), but only to the extent that the same are acquired at fair market value:

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated systemwide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAAm,” or “AAm,” and, if rated by Moody’s, rated “Aaa,” “Aa1” or “Aa2;”

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Trustee must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;

(g) investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements, which, (i) are acceptable to the Trustee and (ii) are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, is rated in one of the two highest rating categories by Moody's or S&P;

(h) commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(i) bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(k) repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee and (A) a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investors Protection Corporation which are rated "A" or better by Moody's and S&P, or (B) a bank rated "A" or better by Moody's and S&P;

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two-day restoration period, will require the Trustee to liquidate the collateral; and (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the

dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds;

(l) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name; and

(m) so long as any Bond is Outstanding, any other investments permitted in writing by an insurer of the bonds, if any.

“Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(b)(ii).

“Prior Bonds” shall have the meaning ascribed thereto in the preambles herein.

“Prior Housing Bonds” shall have the meaning ascribed thereto in the preambles herein.

“Prior Housing Loans” shall have the meaning ascribed thereto in the preambles herein.

“Prior Loans” shall have the meaning ascribed thereto in the preambles herein.

“Prior Non-Housing Bonds” shall have the meaning ascribed thereto in the preambles herein.

“Prior Non-Housing Loans” shall have the meaning ascribed thereto in the preambles herein.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

“Redevelopment Plans” means (a) the Redevelopment Plan for the 1987 Redevelopment Project, approved by Ordinance No. 687 enacted by the City Council of the City on June 29, 1987, as amended by Ordinance No. 996, adopted by the City Council of the City on December 12, 1994, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law, (b) the Redevelopment Plan for the 1994 Redevelopment Project, approved by Ordinance No. 982 enacted by the City Council of the City on June 27, 1994, together with any amendments thereof at any time duly authorized pursuant to the

Redevelopment Law; and (c) means the Redevelopment Plan for the Central and North Redevelopment Project, approved by Ordinance No. 580 enacted by the City Council of the City on July 11, 1983, as amended by Ordinance No. 995 adopted on December 12, 1994 and Ordinance No. 1170 adopted on September 27, 2005, and together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

“Redevelopment Project” means, collectively, the Central North Redevelopment Project, the 1987 Redevelopment Project, and the 1994 Redevelopment Project, as those terms are defined in the preambles hereto.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund established and held hereunder by the Trustee pursuant to Section 3.05.

“Reserve Requirement” means, as of any calculation date, an amount equal to the least of (i) ten percent (10%) of the proceeds (within the meaning of Section 148 of the Code) of the Bonds; (ii) 125% of average Annual Debt Service as of the date of issuance; or (iii) Maximum Annual Debt Service.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02(a).

“Revenues” means: (a) all amounts payable by the Agency pursuant to Section 2.03, Section 2.04 or Section 5.02 of each Loan Agreement; (b) all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder for the Bonds; and (c) income and gains with respect to the investment of amounts on deposit in the funds and accounts established hereunder for the Bonds.

“S&P” means Standard & Poor’s, its successors and assigns.

“Securities Depositories” means DTC, 55 Water Street, New York 10041, Attention: Call Notification Department, Fax (212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority and the Trustee in accordance with the provisions of Section 7.01.

“Tax Regulations” means temporary and permanent regulations promulgated under or with respect to Section 103 and Sections 141 through 150, inclusive, of the Code.

“Trustee” means U.S. Bank National Association, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI.

“2010 Housing Bond” shall have the meaning ascribed thereto in the preambles herein.

“Underwriter” means O’Connor & Company Securities, Inc.

**Section 1.02 Rules of Construction.** All references in this Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

**Section 1.03 Authorization and Purpose of Bonds.** The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to the Bond Law and this Indenture for the purpose of providing funds to make the Loan to the Agency under the Loan Agreement.

**Section 1.04 Equal Security.** In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

## **ARTICLE II ISSUANCE OF THE BONDS**

**Section 2.01 Terms of the Bonds.** The Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be designated the “Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A” which shall be issued in the original aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_).

The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

The Bonds shall be issued in fully-registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds shall be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, and shall be evidenced by one Bond for each of the maturities in the principal amounts set forth below, and DTC is hereby appointed depository for the Bonds, and registered ownership may not thereafter be transferred except as set forth in Section 2.05 hereof. The Bonds shall be dated the Closing Date, shall mature on the dates and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal Amount</u>	<u>Coupon</u>
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
<u>2033*</u>		

\*Term Bond

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books as of the preceding Record Date; provided, however, that at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Trustee prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. Principal of and premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee. The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; (b) it is authenticated on or **before March 15, 2015**, in which event it shall bear interest from the Closing Date; or (c) interest on any Bond is in default as of the date of authentication, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date, until payment of such Principal Amount in full.

**Section 2.02 Redemption of the Bonds.**

**(a) Mandatory Redemption from Optional Loan Prepayments to the Bonds.**

The Bonds are subject to mandatory redemption from optional prepayments under the Loan prior to maturity on any date on or after October 1, 2025, as a whole or in part, on a pro rata basis and by lot within a maturity, from loan prepayments by the Agency of all or any portion of the Loans at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

**(b) Mandatory Sinking Fund Redemption.**

The Bonds maturing on October 1, 2033 are subject to mandatory redemption, in part by lot, on October 1 in each year commencing October 1, 2030, from mandatory sinking payments made by the Authority at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, the Bonds may be purchased by the Authority and tendered to the Trustee, and (ii) if some but not all of the Bonds have been redeemed pursuant to mandatory redemption from optional loan prepayments pursuant to subsection (a) above, and mandatory redemption upon acceleration of the respective Loan Agreement pursuant to subsection (c) below, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the Authority.

**SCHEDULE OF MANDATORY SINKING FUND REDEMPTIONS  
TERM BONDS MATURING OCTOBER 1, 2033**

<b><u>October 1</u></b> <b><u>Year</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
2030	
2031	
2032	
<u>2033*</u>	

\*Maturity

(c) Mandatory Redemption Upon Acceleration of any of the Loans Securing the Bonds. The Bonds shall also be subject to mandatory redemption in whole, or in part by maturity in a manner such that the remaining payments on the Loan, calculated at the interest rates of the Bonds, will be sufficient to pay remaining debt service on the Bonds, as determined by the Authority, and by lot within a maturity, on any date, from amounts credited towards the payment of principal of the Loan coming due and payable solely by reason of acceleration of the Loan pursuant to Section 5.01 of the respective Loan Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, together with accrued interest thereon to the redemption date. The Bonds shall be subject to redemption under this Subsection (c) solely from amounts credited towards the payment of principal of the Loan, which has become due and payable by reason of acceleration only.

(d) Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP® numbers, the Bond numbers (but only if less than all of the Outstanding Bonds are to be redeemed) and the maturity of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

If at the time of mailing of any notice of optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption of moneys with the Trustee not later than the opening of business on the redemption date and will be of no effect unless such moneys are so deposited.

The Authority shall have the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of such redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Authority and the Trustee shall have no liability to the Owners or any other party related or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

In addition to the foregoing notice, further notice shall be given by the Trustee in said form by first class mail to any Bond Owner whose Bond has been called for redemption but who has failed to tender his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP® number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(e) [Selection of Bonds for Redemption](#). Except as set forth in Section 2.02(a), whenever provision is made in this Indenture for the redemption of less than all of the Bonds of any maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Authority in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

(f) [Partial Redemption of Bonds](#). In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(g) [Effect of Redemption](#). From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.02 shall be cancelled and destroyed.

(h) [Purchase in Lieu of Redemption](#). In lieu of redemption of any Bond, amounts on deposit in the Revenue Fund may also be used and withdrawn by the Trustee at any time, upon the Written Request of the Authority, for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority may in its discretion determine in accordance with all applicable laws.

**Section 2.03 Form of the Bonds.** The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

**Section 2.04 Execution of Bonds.** The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signatures of its Chair or Executive Director and attested with the manual or facsimile signature of its Secretary or any assistant duly appointed by the Board, under the printed seal of the Authority, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may

nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**Section 2.05 Transfer of Bonds.** Subject to Section 2.10, any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like maturity and aggregate principal amount of authorized denominations. The Trustee shall not be required to transfer, pursuant to this Section, either (a) all Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected for redemption pursuant to Section 2.02. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

**Section 2.06 Exchange of Bonds.** The Bonds of any series may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same series of other authorized denominations and of the same maturity upon surrender of such Bonds for cancellation. The Trustee shall not be required to exchange, pursuant to this Section, either (a) all Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected for redemption pursuant to Section 2.02. The cost of printing Bonds and any service rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority.

**Section 2.07 Registration Books.** The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds which shall at all reasonable times during regular business hours be open to inspection by the Authority with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records Bonds as hereinbefore provided.

**Section 2.08 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series, tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon

surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity for the Trustee and the Authority satisfactory to the Trustee shall be given, the Authority, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a fee for preparing and authenticating each new Bond issued under this Section. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

**Section 2.09 CUSIP® Numbers.** The Trustee and the Authority shall not be liable for any defect or inaccuracy in the CUSIP® number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP® numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee, or the Authority shall be liable for any inaccuracies in such numbers.

**Section 2.10 Use of Securities Depository.**

(a) The Bonds shall be initially registered as provided in Section 2.01. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) to any successor of Cede & Co., as nominee of DTC, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section (a “substitute depository”); provided, that any successor of Cede & Co., as nominee of DTC or a substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) to any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to substitute another depository for DTC (or its successor) because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it: or

(iii) to any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of Subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, a new Bond for each maturity shall be authenticated and delivered in the aggregate principal amount of the Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Written Request of the Authority.

(c) In the case of any transfer pursuant to clause (iii) of Subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, new Bonds shall be authenticated and delivered in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested in such Written Request of the Authority, subject to the limitations of Section 2.01 hereof; provided, the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such Written Request of the Authority. After any transfer pursuant to this Subsection, the Bonds shall be transferred pursuant to Section 2.05.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Bonds.

(e) So long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) Notwithstanding anything to the contrary contained herein, so long as the Bonds are registered as provided in this Section 2.10, payment of principal of and interest on the Bonds shall be made in accordance with the Letter of Representations delivered to DTC with respect to the Bonds.

**Section 2.11 Temporary Bonds.** The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully-registered form and shall contain such reference to

any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee authenticates and delivers temporary Bonds, it will register and authenticate definitive Bonds, and in that case, upon demand of the Owner of any temporary Bonds, such definitive Bonds shall be exchanged by the Trustee at its Trust Office, without cost to such Owner for temporary Bonds upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds executed and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this Section shall be cancelled by the Trustee and shall not be redelivered.

### **ARTICLE III DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS**

**Section 3.01 Issuance of Bonds.** Upon the execution and delivery of this Indenture, the Authority shall execute and deliver Bonds in the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) to the Trustee for authentication and delivery to the original purchaser thereof upon the Written Request of the Authority.

**Section 3.02 Application of Proceeds of Sale of Bonds and Other Amounts.** Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall apply the proceeds of sale thereof of \$\_\_\_\_\_ (being the principal amount of \$\_\_\_\_\_, less the original issue discount of \$\_\_\_\_\_ and less the underwriter's discount of \$\_\_\_\_\_) as follows:

- (i) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Loan Fund.
- (ii) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Reserve Fund.
- (iii) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Fund.

**Section 3.03 Loan Fund.** The Trustee shall establish and maintain a separate fund to be known as the "Loan Fund" into which shall be deposited a portion of the proceeds of sale of the Bonds in the amount set forth in Section 3.02. The Trustee shall disburse all amounts in the Loan Fund on the Closing Date as follows:

(a) \$\_\_\_\_\_ to the Loan Disbursement Fund established under Section 2.02 of the Loan Agreement for the 1987 Redevelopment Project Loan. The Trustee shall further make disbursements from the Loan Disbursement Fund as set forth in Section 2.02 of the Loan Agreement for the 1987 Redevelopment Project Loan.

(b) \$\_\_\_\_\_ to the Loan Disbursement Fund established under Section 2.02 of the Loan Agreement for the 1994 Redevelopment Project Loan. The Trustee shall further make disbursements from the Loan Disbursement Fund as set forth in Section 2.02 of the Loan Agreement for the 1994 Redevelopment Project Loan.

(c) \$\_\_\_\_\_ to the Loan Disbursement Fund established under Section 2.02 of the Loan Agreement for the Central North Redevelopment Project Loan. The Trustee shall further make disbursements from the Loan Disbursement Fund as set forth in Section 2.02 of the Loan Agreement for the Central North Redevelopment Project Loan.

(d) \$\_\_\_\_\_ to the Loan Disbursement Fund established under Section 2.02 of the Loan Agreement for the Housing Loan. The Trustee shall further make disbursements from the Loan Disbursement Fund as set forth in Section 2.02 of the Loan Agreement for the Housing Loan.

**Section 3.04 Costs of Issuance Fund.** There is hereby established a fund to be held by the Trustee known as the “Costs of Issuance Fund” into which shall be deposited a portion of the proceeds of the Bonds in the amount of \$\_\_\_\_\_. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Written Request of the Authority. On the date which is one hundred eighty (180) days following the Closing Date or upon the earlier receipt by the Trustee of a Written Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Agency for deposit in the Revenue Fund, and the Trustee shall close the Costs of Issuance Fund. The Authority may at any time file a Written Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and the Trustee shall comply with such request.

### **Section 3.05 Reserve Fund.**

(a) Establishment of Reserve Fund. There is hereby established a separate fund to be known as the “Reserve Fund” which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds. The amount on deposit in the Reserve Fund shall be maintained at the Reserve Requirement at all times prior to the payment of the Bonds in full, except to the extent required for the purposes set forth in this Section 3.05.

(b) Transfers to Principal Account and Interest Account. In the event that the Agency shall fail to deposit with the Trustee the full amount required to be deposited pursuant to Section 3.03(a) of the Loan Agreement, the Trustee shall withdraw from the Reserve Fund the difference between the amount required to be deposited pursuant to the Loan Agreement and the amount actually deposited by the Agency, for transfer to the Interest Account and the Principal Account in the Revenue Fund established under this Indenture, in such order.

(c) Transfers of Excess Over Reserve Requirement. In the event that the amount on deposit in the Reserve Fund prior to any Interest Payment Date exceeds the Reserve Requirement, the Trustee shall withdraw from the Reserve Fund and deposit to the Interest Account of the Revenue Fund all amounts in excess of the Reserve Requirement, and credit such amounts to payments due under the Loan Agreement.

**Section 3.06 Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Agency with

respect to the application of the proceeds of the Loan, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

## **ARTICLE IV REVENUES; FLOW OF FUNDS**

**Section 4.01 Pledge of Revenues; Assignment of Rights.** The Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Revenues and a pledge of all of the moneys in the Interest Account and the Principal Account of the Revenue Fund and in the Reserve Fund, including all amounts derived from the investment of such moneys. The Bonds shall be equally secured by a pledge, charge and first lien upon the Revenues and such moneys without priority for number, date of Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof shall be and are secured by an exclusive pledge, charge and first lien upon the Revenues and such moneys. So long as any of the Bonds are Outstanding, the Revenues and such moneys shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority (but not the obligations) in the Loan Agreements (other than the rights of the Authority under Sections 4.10 and 5.03 thereof). The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The assignment to the Trustee is solely in its capacity as Trustee under this Indenture and in accepting such assignment and taking any actions with respect to the Loan Agreements, the Trustee shall be entitled to all the indemnities, protections, immunities and limitations from liability afforded it as Trustee under this Indenture. The Trustee also shall be entitled to and, subject to the provisions hereof, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Agency under the Loan Agreement.

### **Section 4.02 Receipt, Deposit and Application of Revenues.**

(a) Deposit of Revenues; Revenue Fund. All Revenues described in clause (a) of the definition thereof in Section 1.01 shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the “Revenue Fund” which the Trustee shall establish, maintain and hold in trust hereunder.

(b) Application of Revenues: Special Accounts. On or before each Interest Payment Date, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund), the following amounts in the following order of priority, the requirements of each such

account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(i) *Interest Account.* On or before each Interest Payment Date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity).

(ii) *Principal Account.* On or before each date on which the principal of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the aggregate amount of principal coming due and payable on such date on the Bonds pursuant to Section 2.01, or the redemption price of the Bonds (consisting of the principal amount thereof and any applicable redemption premiums) required to be redeemed on such date pursuant to any of the provisions of Section 2.02. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (A) paying the principal of the Bonds at the maturity thereof, or (B) paying the principal of and premium (if any) on any Bonds upon the redemption thereof pursuant to Section 2.02(a).

(iii) *Surplus.* All amounts on deposit in the Revenue Fund on the first day following any Interest Payment Date, to the extent not required to pay any interest on or principal of any Outstanding Bonds then having come due and payable, shall be credited to the replenishment of the Reserve Fund in an amount to maintain the Reserve Requirement (as provided in Section 3.05(a) herein) therein, and then to the next succeeding payment on the Loan not then in default.

**Section 4.03 Investments.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture or the Loan Agreement shall be invested by the Trustee solely in Permitted Investments pursuant to the Written Request of the Authority given to the Trustee in advance of the making of such investments. Each such written direction shall contain the representation of the Authority that the investments identified therein constitute Permitted Investments hereunder upon which the Trustee may conclusively rely. In the absence of any such direction from the Authority, the Trustee shall invest any such moneys in clause (d) of the definition of Permitted Investments. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Interest Account of the Revenue Fund, and shall be allocated to payments due on the Loan. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon the Written Request of

the Authority. The Trustee or its affiliate may (but shall not be obligated to) act as principal or agent in the acquisition of any investment and shall be entitled to its customary fees therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements, which include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager or provide administrative services in connection with any Permitted Investments.

**Section 4.04 Valuation and Disposition of Investments.** Except as otherwise provided in the next sentence, the Authority covenants that all investments of amounts deposited in any fund, or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

## **ARTICLE V COVENANTS OF THE AUTHORITY**

**Section 5.01 Punctual Payment.** The Authority shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

**Section 5.02 Extension of Payment of Bonds.** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

**Section 5.03 Against Encumbrances.** The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other

assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture or any obligations which are expressly subordinated thereto. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

**Section 5.04 Power to Issue Bonds and Make Pledge and Assignment.** The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the Loan Agreements and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee, subject to the provisions of this Indenture, shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

**Section 5.05 Accounting Records and Financial Statements.** The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues and all funds and accounts established by the Trustee pursuant to this Indenture or the Loan Agreement. Such books of record and account shall be available for inspection by the Authority and the Agency, during regular business hours with reasonable prior notice.

Not later than 45 days following each Interest Payment Date, the Trustee shall prepare and file with the Authority a report setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under the Indenture; (ii) the balance on deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any owner of at least 50% aggregate principal amount of Bonds Outstanding, upon the owner's written request at a cost not to exceed the Trustee's actual costs of duplication and mailing. Said reports may be in the form of the Trustee's regular statements.

**Section 5.06 No Additional Parity Debt Payable from Revenues.** Except for bonds to refund the Bonds, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

**Section 5.07 Tax Covenants Relating to Bonds.**

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

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

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in Section 1.148-1(c) of the Tax Regulations, of the Bonds.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“*Issue*” shall refer to any Bond or group of Bonds constituting an “issue” within the meaning of Section 1.150-1 of the Tax Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of that series of Bonds.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“*Tax Regulations*” means the United States Treasury Regulations promulgated pursuant to Sections 103 and 141 through 150 of the Code, or Section 103 of the 1954 Code, as applicable.

“*Yield*” of any Investment has the meaning set forth in Section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in Section 1.148-4 of the Tax Regulations.

(b) [Not to Cause Interest to Become Taxable](#). The Authority covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond from the gross income of the owner thereof for federal income tax purposes, the Authority shall comply with each of the specific covenants in this Section.

(c) [Private Use and Private Payments](#). Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations, the Authority shall take all actions necessary to assure that the Agency at all times prior to the final cancellation of the last of the Bonds to be retired:

(i) exclusively owns, operates and possesses all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) does not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a state or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not use or permit the use of Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of Section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said Section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Tax Regulations and rulings thereunder, the Authority shall not take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The Authority shall timely file any information required by Section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Tax Regulations:

(1) The Authority shall account (or shall cause the Agency to account) for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Authority may commingle (and may allow the Agency to commingle) Gross Proceeds of Bonds with its other moneys, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the Authority shall calculate, or shall cause the Agency to calculate (and to report to the Authority the results of such calculation, including the basis therefor, in sufficient detail and on a timely basis in order that the Authority be able to comply with its covenants herein), the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) In order to assure the excludability pursuant to Section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in Section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority. Notwithstanding the foregoing, and provided that the Authority takes all steps available to it to cause the provision of such amounts, the monetary obligation of the Authority under this paragraph (3) shall be limited to amounts provided to it for such purpose by the Agency.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds. The Authority reasonably expects that:

(1) The Authority represents that the Bonds will not be “hedge bonds” within the meaning of Section 149(g) of the Code.

(2) Without limitation of clause (i) above, (A) on the date of issuance of the Bonds, the Authority reasonably expects that at least 85% of the spendable proceeds of that issue would be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

For purposes of the foregoing, “spendable proceeds” is intended to refer to all proceeds of sale of the Bonds other than those proceeds used to fund the Reserve Fund.

(k) Elections. The Authority hereby directs and authorizes any Authority Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in a certificate as to tax exemption or similar or other appropriate certificate, form or document.

(l) Closing Certificate. The Authority agrees to execute and deliver in connection with the issuance of the Bonds a Tax and Nonarbitrage Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

**Section 5.08 Loan Agreements.** The Trustee, as assignee of the Authority rights pursuant to Section 4.01, shall (subject to the provisions of this Indenture) promptly collect all amounts due from the Agency pursuant to the Loan Agreements and, subject to the provisions hereof, shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the Agency thereunder.

The Authority and the Agency may at any time amend or modify the Loan Agreements pursuant to the applicable provisions thereof, but only: (a) if the Authority, the Agency or the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such amendment or modification shall (i) extend the maturity of or reduce the amount of interest or principal payments on the respective Loan, or otherwise alter or impair the obligation of the Agency to pay the principal, interest or prepayment premiums on the respective Loan at the time and place and at the rate and in the currency provided herein, without the express written consent of the Owner of each affected Bond, (ii) reduce the percentage of Bonds required for the written consent to any such modification or amendment thereof or hereof, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee; or (b) without the consent

of any of the Bond Owners, if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Agency contained in the respective Loan Agreement other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the Agency so long as such limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the respective Loan Agreement, or in any other respect whatsoever as the Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds;

(iii) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds; or

(iv) to provide for the issuance of Parity Debt as defined in and under and in accordance with the provisions of the respective Loan Agreement.

Nothing in this Section 5.08 shall prevent the Agency and the Authority from entering into any amendment or modification of the respective Loan Agreement which solely affects a particular Bond or Bonds all of the Owners of which shall have consented to such amendment or modification. The Trustee shall be entitled to rely upon the opinion of Bond Counsel stating that the requirements of this Section 5.08 have been met with respect to any amendment or modification of the respective Loan Agreement.

The Authority may sell the respective Loan Agreement upon written direction to the Trustee, so long as the proceeds of such sale are placed in an appropriate fund to pay debt service on the Bonds, and such proceeds are sufficient to discharge all of the Authority's obligations on the portion of the Bonds represented by such Loan Agreement in the manner set forth in Section 10.03.

**Section 5.09 Further Assurances.** The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

**Section 5.10 Management and Operation of Properties.** The Authority shall require the Agency to manage and operate all properties owned by the Agency and comprising any part of the Redevelopment Project in a sound and businesslike manner, and will keep such properties insured at all times in conformity with sound business practice.

**Section 5.11 Payments of Taxes and Other Charges.** The Authority shall cause the Agency to pay and discharge or cause to be paid and discharged, all taxes, service

charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Redevelopment Project when the same shall become due. Nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, assessments or charges. The Authority shall cause the Agency to duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

**Section 5.12 Disposition of Property in Redevelopment Project.** The Authority shall require that the Agency not authorize the disposition of any land or real property in the Redevelopment Project to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise and will, when taken together with other such dispositions, result in a diminishment of Revenues projected to be received in any Bond Year by more than five percent (5%).

**Section 5.13 Immunity.** The Authority is not entitled to any immunity, sovereign or otherwise, from any legal proceedings to enforce or collect upon this Indenture or the Bonds. To the extent that the Authority has or hereafter may acquire any right to immunity, the Authority hereby waives such rights for itself in respect of its obligations arising under this Indenture and the Bonds.

## **ARTICLE VI THE TRUSTEE**

**Section 6.01 Appointment of Trustee.** U.S. Bank National Association in Los Angeles, California, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee having a corporate trust office in the State, with a combined capital and surplus of at least Seventy-Five Million Dollars (\$75,000,000), and subject to supervision or examination by federal or State authority, so long as any Bonds are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

**Section 6.02 Acceptance of Trusts.** The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would use in the conduct of its own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Trustee may conclusively rely on an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.

(c) The Trustee shall not be responsible for any recital herein, in the Loan Agreements or in the Bonds, or for any of the supplements hereto or thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder.

(d) The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee shall be protected in acting, in good faith, upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is

necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Loan Agreements or hereunder except failure by the Agency to make any of the payments to the Trustee required to be made by the Agency pursuant to any of the Loan Agreements or failure by the Authority or the Agency to file with the Trustee any document required by this Indenture or the Loan Agreement to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right (but not the duty) fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises hereof.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 8.02, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability, which is adjudicated to have resulted from its negligence or willful default in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

**Section 6.03 Fees, Charges and Expenses of Trustee.** The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of its fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of the Indenture, and the resignation or removal of the Trustee.

**Section 6.04 Notice to Bond Owners of Default.** If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice to the Bond Owners if and so long as the Trustee in good faith determines that such Event of Default does not materially adversely affect the interests of the Bond Owners or that it is otherwise not in the best interests of the Bond Owners to give such notice.

**Section 6.05 Intervention by Trustee.** In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds arising under this Indenture, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02(1) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) aggregate principal amount of such Bonds then Outstanding.

**Section 6.06 Removal of Trustee.** The Owners of a majority in aggregate principal amount of the Outstanding Bonds may at any time, or the Authority may (and the Authority, at the request of the Agency shall) so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee at least thirty (30) days prior to the effective date of each removal, whereupon the Authority or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01.

**Section 6.07 Resignation by Trustee.** The Trustee and any successor Trustee may at any time give thirty (30) days' written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority and the Agency by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee.

**Section 6.08 Appointment of Successor Trustee.** In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, with the prior written consent of the Agency, the Authority shall promptly appoint a successor Trustee. Every successor Trustee appointed shall be a trust company or bank in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or State authority, having a reported capital and surplus of not less than \$75,000,000.

In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within ninety (90) days following the delivery to the Trustee of the instrument described in Section 6.06 or within ninety (90) days following the receipt of notice by the Authority pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such 90-day period.

Any resignation or removal of the Trustee pursuant to Section 6.06 or Section 6.07 and appointment of a successor Trustee shall become effective upon written acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

**Section 6.09 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 6.10 Concerning any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

**Section 6.11 Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 6.12 Indemnification; Limited Liability of Trustee.** The Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, costs, claims, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder or under the Loan Agreement, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, costs, claims, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it is not assured to its satisfaction that repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture. The obligations of the Authority under this

paragraph shall survive the resignation or removal of the Trustee under this Indenture or any defeasance of the Bonds.

## **ARTICLE VII MODIFICATION AND AMENDMENT OF THE INDENTURE**

**Section 7.01 Amendment Hereof.** This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding upon execution by the Authority and the Trustee and upon prior written consent of the Agency, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in this Indenture, other covenants and agreements hereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in any other respect whatsoever, as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel;

(c) to modify, amend or supplement the Indenture in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(d) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds; or

(e) to facilitate the issuance of additional obligations of the Agency pursuant to the Loan Agreement.

Except as set forth in the preceding paragraph of this Section 7.01, this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may only be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Trustee shall be provided an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

**Section 7.02 Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 7.03 Endorsement or Replacement of Bonds After Amendment.** After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

**Section 7.04 Amendment by Mutual Consent.** The provisions of this Article VII shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

## **ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES**

**Section 8.01 Events of Default.** The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable.

(c) Failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than as referred to in the preceding clauses (a) and (b), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority

by the Trustee, or to the Authority and the Trustee by the Owners of the Bonds of not less than **twenty-five percent (25%) in the** aggregate principal amount of the Bonds at that time outstanding; provided, however, that if in the reasonable opinion of the Authority the failure stated in such notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such thirty (30) day period and diligently pursued until such failure is corrected.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

**Section 8.02 Remedies Upon Event of Default.** If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee, at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, upon notice in writing to the Authority and the Agency, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. Notice of the occurrence of any Event of Default shall be given by the Trustee to the Bond Owners if and to the extent required pursuant to Section 6.04 and indemnification is provided to the Trustee pursuant to Section 6.12 hereof.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the Agency shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the Bonds to the extent permitted by law, and the charges and expenses of the Trustee and its counsel, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority, the Agency and the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

In addition, upon the occurrence and during the continuance of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture.

If an Event of Default shall have occurred and be continuing, and if requested so to do by the Owners of a majority in aggregate principal amount of Outstanding Bonds, and indemnified as provided in Section 6.02(1), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

**Section 8.03 Application of Revenues and Other Funds After Default.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Bonds then due and unpaid,

(b) second, to the payment of principal of all installments of the Bonds then due and unpaid,

(c) third, to the payment of the redemption price (including principal and interest accrued to the redemption date, but excluding any premium) of the Bonds to be redeemed pursuant to this Indenture, and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Bonds.

**Section 8.04 Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds, opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

**Section 8.05 Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 8.06 Non-Waiver.** Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default or breach shall impair any such right or power or shall be construed to be a waiver of any such default or breach or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

**Section 8.07 Rights and Remedies of Bond Owners.** No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**Section 8.08 Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**ARTICLE IX  
RESERVED**

**ARTICLE X  
MISCELLANEOUS**

**Section 10.01 Limited Liability of Authority.** Notwithstanding anything in this Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any

covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues or otherwise from amounts payable under the Loan Agreement). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

**Section 10.02 Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the Agency and the Owners of the Bonds.

**Section 10.03 Discharge of Indenture.** If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of, and the interest and premium (if any) on, such Bonds as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and the Loan Agreement, is fully sufficient to pay such Bonds, including all principal, interest and premiums (if any); or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and the Loan Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to Section 2.02(d) or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the Written Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, and

all other pecuniary obligations of the Authority under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Any funds held by the Trustee following any payments or discharge of the Outstanding Bonds pursuant to this Section 10.03, which are not required for said purposes, shall be paid over to the Authority.

**Section 10.04 Successor Is Deemed Included in All References to Predecessor.** Whenever in this Indenture or any Supplemental Indenture the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

**Section 10.05 Content of Certificates.** Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

**Section 10.06 Election of Documents by Bond Owners.** Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by their agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing

any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 10.06.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be proved by the Registration Books. Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

**Section 10.07 Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Agency or the Authority (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

**Section 10.08 Waiver of Personal Liability.** No officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**Section 10.09 Partial Invalidity.** If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more Sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 10.10 Destruction of Canceled Bonds.** Whenever in this Indenture provision is made for the surrender to the Authority of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds.

**Section 10.11 Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the form of multiple funds, accounts or sub-accounts therein.

**Section 10.12 Payment on Business Days.** Whenever in this Indenture any amount is required to be paid on a day which is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day, provided that interest shall not accrue from and after such day.

**Section 10.13 Notices.** Any notice, request, complaint, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority:           Perris Public Financing Authority  
  101 North "D" Street  
  Perris, California 92570  
  Attention: Executive Director

If to the Agency:             Successor Agency to the  
  Redevelopment Agency of the City of Perris  
  101 North "D" Street  
  Perris, California 92570  
  Attention: Executive Director

If to the Trustee:             U.S. Bank National Association  
  U.S. Bank National Association  
  Global Corporate Trust Services

633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attn: Ilse Vlach

**Section 10.14 Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, subject to the laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds or any interest thereon have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid by the Trustee to the Agency, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Agency for the payment of such Bonds; provided, however, that before being required to make any such payment to the Agency, the Trustee shall, at the expense of the Agency, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the Agency.

**Section 10.15 Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State of California.

**Section 10.16 Execution of Counterparts.** This Indenture may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the PERRIS PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

PERRIS PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Executive Director

ATTEST

By \_\_\_\_\_  
Secretary

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Officer

[Signature Page to Indenture of Trust]

**EXHIBIT A**

**FORM OF BOND**

No. R-

\$

**UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.**

**NEITHER THE PAYMENT OF THE PRINCIPAL OR ANY PART THEREOF NOR ANY INTEREST THEREON CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF PERRIS OR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS, WHICH ARE MEMBERS OF THE PERRIS PUBLIC FINANCING AUTHORITY.**

**PERRIS PUBLIC FINANCING AUTHORITY**

**TAX ALLOCATION REVENUE REFUNDING BONDS 2015 SERIES A**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP®</u>
___%	October 1, 20__	_____	

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

The PERRIS PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America, and to pay interest thereon at the Rate of Interest identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication thereof, unless (a) it is authenticated after the fifteenth (15th) calendar day of the month preceding such Interest Payment Date (a "Record Date") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; (b) it is authenticated on or before March 15, 2015, in which event it shall bear interest from the Dated Date; or (c) interest is in default on this Bond, in which case this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment, payable semiannually on March 1 and September 1 in each year, commencing March 1, 2015 (each, an "Interest Payment Date"), until payment of such

Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office of U.S. Bank National Association, in Los Angeles, California (the "Trust Office"), as trustee (the "Trustee"), or such other place as designated by the Trustee. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the Registration Books of the Trustee as of the fifteenth calendar day of the month preceding such Interest Payment Date; except that at the written request of the owner of at least \$1,000,000 in aggregate principal amount of outstanding Bonds filed with the Trustee prior to the fifteenth calendar day of the month preceding any Interest Payment Date, interest on such Bonds shall be paid to such owner on such Interest Payment Date by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Notwithstanding any other provision herein to the contrary, so long as this Bond shall be registered in book-entry-only form, the payment of the principal of, and redemption premium, if any, and interest on, this Bond shall be paid in immediately available funds in such manner as determined by the Authority, the Trustee and the Owner.

It is hereby certified that all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and by the Act, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California or by the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been manually signed by the Trustee.

This Bond is one of a duly authorized issue of bonds of the Authority designated the "Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A" (the "Bonds"), limited in principal amount to \$\_\_\_\_\_, secured by an Indenture of Trust, dated as of April 1, 2015 (the "Indenture"), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). The Bonds are special obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien and pledge of the Revenues and certain other moneys and securities held by the Trustee as provided in the Indenture. All of the Bonds are equally secured by a first pledge of, and charge and lien upon, all of the Revenues and such other moneys and securities, and the Revenues and such other moneys and securities

constitute a trust fund for the security and payment of the principal of and interest and premium (if any) on the Bonds. The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or redemption premiums (if any) on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The Bonds have been issued to provide funds to make a number of loans (the “Loans”) to the Successor Agency to the Redevelopment Agency of the City of Perris (the “Agency”) all as more particularly described in the Indenture. The Loans have been and will be made by the Authority to the Agency pursuant to their respective Loan Agreements, each dated as of April 1, 2015, by and between the Agency and the Authority relating to the Central Perris and North Perris Redevelopment Project, the Redevelopment Project-1987, and the Redevelopment Project-1994 (the “Loan Agreements”). Certain amounts payable by the Agency under the Loan Agreements have been assigned to the Trustee under the Indenture, and such amounts constitute the principal source of Revenues which are pledged to the payment of the Bonds. The Agency may issue its bonds, notes or other obligations on a parity with the Loan, subject to the terms and conditions of the Loan Agreement.

The Bonds are subject to mandatory redemption from optional prepayments under the Loan prior to maturity on any date on or after October 1, 2025, as a whole or in part, on a pro rata basis and by lot within a maturity, from loan prepayments by the Agency of all or any portion of the Loans at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The Bonds maturing on October 1, 2033 are subject to mandatory redemption, in part by lot, on October 1 in each year commencing October 1, 2030, from mandatory sinking payments made by the Authority at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, the Bonds may be purchased by the Authority and tendered to the Trustee, and (ii) if some but not all of the Bonds have been redeemed pursuant to mandatory redemption from optional loan prepayments and mandatory redemption upon acceleration of the respective Loan Agreement, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the Authority.

**SCHEDULE OF MANDATORY SINKING FUND REDEMPTIONS  
TERM BONDS MATURING OCTOBER 1, 2033**

<b><u>October 1</u></b> <b><u>Year</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>
2030	
2031	
2032	
2033*	

\*Maturity

The Bonds shall also be subject to mandatory redemption in whole, or in part by maturity in a manner such that the remaining payments on the Loan, calculated at the interest rates of the Bonds, will be sufficient to pay remaining debt service on the Bonds, as determined by the Authority, and by lot within a maturity, on any date, from amounts credited towards the payment of principal of the Loan coming due and payable solely by reason of acceleration of the Loan pursuant to Section 5.01 of the respective Loan Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, together with accrued interest thereon to the redemption date. The Bonds shall be subject to redemption under the Indenture solely from amounts credited towards the payment of principal of the Loan, which has become due and payable by reason of acceleration only.

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective owners of any Bonds designated for redemption, at their respective addresses appearing on the registration books maintained by the Trustee, to the Securities Depositories and to one or more Information Services (as such terms are defined in the Indenture), at least thirty (30) but not more than sixty (60) days prior to the redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest on the Bonds to be redeemed from and after the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP® numbers, the serial numbers of each maturity or maturities (except that in the event of redemption of all of the Bonds of any maturity, the Trustee shall designate such maturity without referencing each individual Bond number) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

If at the time of mailing of any notice of optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption of moneys with the Trustee not later than the opening of business on the redemption date and will be of no effect unless such moneys are so deposited.

The Authority shall have the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of such redemption

shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture, as that term is defined in the Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

The Bonds are issuable as fully-registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount and maturity of Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the signatures of its Chairperson and Secretary all as of the Dated Date identified above.

PERRIS PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Chairperson

Attest: \_\_\_\_\_  
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and registered on the registration books of the Trustee.

Dated: \_\_\_\_\_, 2015

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
\_\_\_\_\_

(Name, Address and Tax Identification or Social Security Number of Assignee)  
the within Bond and hereby irrevocably constitute(s) and appoints(s) \_\_\_\_\_  
\_\_\_\_\_, attorney, to transfer the same on the  
registration books of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

Signature:

\_\_\_\_\_  
Note: Signature(s) must be guaranteed  
by an eligible guarantor  
institution.

\_\_\_\_\_  
Note: The signature(s) on this  
Assignment must correspond with  
the name(s) as written on the face  
of the within-registered Bond in  
every particular without alteration  
or enlargement or any change  
whatsoever.

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**INDENTURE OF TRUST**  
**by and between the**  
**PERRIS PUBLIC FINANCING AUTHORITY**  
**and**  
**U.S. BANK NATIONAL ASSOCIATION**  
**as Trustee**  
**Dated as of April 1, 2015**  
**Relating to**

**\$ \_\_\_\_\_**  
**Perris Public Financing Authority**  
**Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B**

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## **INDENTURE OF TRUST**

THIS INDENTURE OF TRUST (this “Indenture”) is dated as of April 1, 2015, and is executed by and between the PERRIS PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created (the “Trustee”);

### **WITNESSETH:**

**WHEREAS**, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California), the City Council of the City of Perris (the “City”) created the former Redevelopment Agency of the City of Perris (the “Former Agency”); and

**WHEREAS**, the Former Agency a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law, and the powers of such agency included the power to issue bonds for any of its corporate purposes; and

**WHEREAS**, the Former Agency established project areas for the purpose of financing certain redevelopment activities within the City, including the Central Perris and North Perris Redevelopment Project (the “Central North Redevelopment Project”), the Redevelopment Project-1987 (the “1987 Redevelopment Project”), and the Redevelopment Project-1994 (the “1994 Redevelopment Project” and, collectively, the “Redevelopment Project”); and

**WHEREAS**, the City agreed to serve as the successor agency (referred to herein as the “Agency”) to the Former Agency commencing upon the dissolution of the Former Agency on February 1, 2012 pursuant to Assembly Bill xl 26 (“AB 26”); and

**WHEREAS**, on June 27, 2012 as part of the Fiscal Year 2012-2013 State of California budget bill, the Governor signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of AB 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010; and

**WHEREAS**, Health & Safety Code Section 34177.5 authorizes successor agencies to refund outstanding bonds provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

**WHEREAS**, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of August 14, 1989, by and between the City of Perris (the “City”) and the Former Agency, 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 pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, the City, the Agency and any associate member to provide financing for public capital improvements of the City, the Agency and any associate member; and

**WHEREAS**, in order to finance redevelopment activity within the Redevelopment Project, the Authority previously issued the Perris Public Financing Authority Tax Allocation Revenue Bonds 2002 Series C, currently outstanding in the amount of \$2,415,000, secured by certain tax increment revenues generated by the Central North Redevelopment Project (the “2002 Series C Bonds”), pursuant to a loan agreement (the “2002 Series C Loan Agreement”), and the Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds (the “2006 Bonds”) secured by certain tax increment and housing revenues generated by the Central North Redevelopment Project, the 1987 Redevelopment Project, and the 1994 Redevelopment Project, each pursuant to a separate loan agreement (the 2006 Series Loans”); and

**WHEREAS**, the 2002 Series C Bonds and that portion of the 2006 Bonds not secured by housing revenues are referred to herein as the “Prior Bonds”; and

**WHEREAS**, the Agency has requested the Authority to issue a number of loans (the “Loans”), pursuant to the terms of the following loan agreements (collectively, the “Loan Agreements” and each a “Loan Agreement”), each dated as of April 1, 2015, by and between the Agency and the Authority, in order to refund the Prior Bonds, which financed prior loan agreements with the Agency relating to the 1987 Redevelopment Project, the Central North Redevelopment Project, and the 1994 Redevelopment Project (the “Prior Loans”), for the purpose of providing funds to refinance redevelopment activities and public improvements within and for the benefit of the Agency’s Central Perris and North Perris Redevelopment Project:

A. The Series B 1987 Redevelopment Project Loan (the “1987 Redevelopment Project Loan”) in the aggregate principal amount of \$\_\_\_\_\_ issued with a lien on certain tax increment revenues attributable to the 1987 Redevelopment Project on a subordinate basis to the Series A 1987 Redevelopment Project Loan (the “Senior 1987 Loan”), issued concurrently herewith, and which subordinate lien shall be on a parity with the 2009 1987 Redevelopment Project Loan, currently outstanding in the amount of \_\_\_\_\_;

B. The Series B Central North Redevelopment Project Loan (the “Central North Redevelopment Project Loan”) in the aggregate principal amount of \$\_\_\_\_\_ issued with a lien on certain tax increment revenues attributable to the Central North Redevelopment Project on a subordinate basis to the Series A Central North Redevelopment Project Loan (the “Senior Central North Loan”), issued concurrently herewith, and which subordinate lien shall be

on a parity with the 2009 Central North Redevelopment Project Loan, currently outstanding in the amount of \_\_\_\_\_; and

C. The Series B 1994 Redevelopment Project Loan (the “1994 Redevelopment Project Loan”) in the aggregate principal amount of \$\_\_\_\_\_ issued with a lien on certain tax increment revenues attributable to the Central North Redevelopment Project on a subordinate basis to the Series A 1994 Redevelopment Project Loan (the “Senior 1994 Loan” and, collectively with the Senior Central North Loan and the Senior 1987 Loan, the “Senior Loans”), issued concurrently herewith, and which subordinate lien shall be on a parity with the 2009 1994 Redevelopment Project Loan, currently outstanding in the amount of \_\_\_\_\_; and

**WHEREAS**, the Loans will be made pursuant to Section 34177.5(a) of the Dissolution Law, which provides that the Agency may pledge the revenues pledged to the Prior Loans, and that pledge, when made in connection with the issuance of such Loans, shall have the same lien priority as the pledge of the Prior Loans, and shall be valid, binding, and enforceable in accordance with its terms; and

**WHEREAS**, in order to raise the funds required to make the Loans to the Agency, the Authority has determined to issue its Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B in the aggregate principal amount of \$\_\_\_\_\_ (the “Bonds”), pursuant to and secured by this Indenture in the manner provided herein; and

**WHEREAS**, the proceeds of the Bonds will be used to make the Loans to the Agency; and

**WHEREAS**, the Bonds will be issued concurrently with the Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds 2015 Series A (the “Series A Bonds”), which Series A Bonds are secured by the Senior Loans on a basis senior to the Loans; and

**WHEREAS**, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium (if any) and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

**WHEREAS**, the Authority has found and determines, and hereby affirms, that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized:

**NOW, THEREFORE, THIS INDENTURE WITNESSETH**, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and repaid, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

**ARTICLE I**  
**DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY**

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified. In addition, all terms defined in Section 1.01 of the Loan Agreement and not otherwise defined in this Section 1.01 shall have the respective meanings given such terms in the Loan Agreement.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

“Agency” means the City of Perris, as Successor Agency to the dissolved Redevelopment Agency of the City of Perris, a public body corporate and politic organized under the laws of the State and any successor thereto.

“Annual Debt Service” means, for each Bond Year with respect to each of the Bonds, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year, including from mandatory sinking fund payments.

“Authority” means the Perris Public Financing Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement, dated August 14, 1989, by and between the City and the Agency, together with any amendments thereof and supplements thereto and under the laws of the State.

“Authority Representative” means the Chairperson, Vice Chairperson, Executive Director or Treasurer of the Authority, or any other authorized representative of the Authority as evidenced by a certificate of the Chairman or Executive Director.

“Board” means the Board of Directors of the Authority.

“Bond Counsel” means Aleshire & Wynder, LLP or any attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized expertise in the

issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Year” means each twelve-month period beginning on October 2 of each year and ending October 1 of the following year, except that the first Bond Year shall begin on the Closing Date and end on October 1, 2015, provided, however, that for Federal tax purposes, the term “Bond Year” shall be defined as set forth in the Tax and Nonarbitrage Certificate.

“Bonds” means the \$\_\_\_\_\_ aggregate principal amount of Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B, authorized by and at any time Outstanding pursuant to the Bond Law and this Indenture.

“Business Day” means a day of the year, other than a Saturday or Sunday, on which banks in Los Angeles, California, are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Certificate” and “Written Request” of the Authority or Agency means, a written certificate or written request signed in the name of the Authority or Agency, as applicable, by an authorized representative. Any such certificate or request 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.

“City” means the City of Perris, a general law city and municipal corporation organized and existing under the laws of the State.

“Closing Date” means April \_\_, 2015, being the date of delivery of the Bonds to the original purchasers thereof.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Corporate Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 10.13 or such other office designated by the Trustee from time to time and such office as the Trustee may designate in writing to the Authority from time to time.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, the making of the Loan pursuant to the Loan Agreement from the proceeds of the Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Agency, the Authority and the Trustee, costs and fees relating to any bond insurance policy, if

any, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

“Costs of Issuance Fund” means the fund established and held by the Trustee pursuant to Section 3.04.

“Defeasance Securities” means:

1. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series — “SLGS”).
2. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
3. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.
4. Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or “AAA” rated pre-refunded municipals to satisfy this condition.
5. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
  - a. U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
  - b. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
  - c. Federal Financing Bank
  - d. General Services Administration  
Participation certificates

- e. U.S. Maritime Administration  
Guaranteed Title XI financing
- f. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures - U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“Dissolution Law” means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of the Health and Safety Code of the State of California, as amended.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means any of the events described in Section 8.01.

“Excess Investment Earnings” means the amount of excess investment earnings determined to be subject to rebate to the United States of America with respect to the investment of the gross proceeds of the Bonds, determined pursuant to Section 148(f) of the Code.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means (a) any direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period and certified to the Trustee in writing by an Authority Representative.

“Former Agency” means the Redevelopment Agency of the City of Perris (the “Former Agency”).

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom (a) is in fact independent and not under domination of the Authority, the City or the Agency; (b) does not have any substantial interest, direct or indirect, in the Authority, the City or the Agency; and (c) is not connected with the Authority, the City or the Agency as an officer or employee of the Authority, the City or the Agency but who may be regularly retained to make annual or other audits of the books of or reports to the Authority, the City or the Agency.

“Information Services” means Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other services providing information with respect to the redemption of Bonds as the Authority may designate in a Written Request of the Authority delivered to the Trustee.

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(b)(i).

“Interest Payment Date” means April 1 and October 1 in each year, beginning October 1, 2015, and continuing thereafter so long as any Bonds remain Outstanding.

“Letter of Representations” means the letters of the Authority and the Trustee delivered to and accepted by DTC (or such other applicable Securities Depository) on or prior to the issuance of the Bonds in book-entry form setting forth the basis on which DTC (or such other applicable Securities Depository) serves as depository for the Bonds issued in book-entry form, as originally executed or as they may be supplemented or revised or replaced by a letter to a substitute Securities Depository.

“Loan” shall have the meaning ascribed thereto in the preambles herein.

“Loan Agreement” shall have the meaning ascribed thereto in the preambles herein.

“Loan Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“Maximum Annual Debt Service” means as of the date of calculation, the maximum amount obtained by totaling, for the current or any future Bond Year, the sum of: (a) the principal amount of all such Outstanding Bonds maturing in such Bond Year; (b) the aggregate principal amount of all Outstanding Bonds scheduled to be redeemed by operation of mandatory sinking payment deposits in such Bond Year, together with any premium thereon; and (c) the interest which would be due during such Bond Year on the aggregate principal amount of such Bonds which would be Outstanding in such period if such Bonds are retired as scheduled, but deducting and excluding from such aggregate principal amount the aggregate principal amount of such Bonds no longer Outstanding.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the Authority under this Indenture except (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds paid or deemed to have been paid within the meaning of Section 10.03, and (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” and “Holder,” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is entitled to rely on written investment direction of the Authority as a determination that such investment is a legal investment), but only to the extent that the same are acquired at fair market value:

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government

National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated systemwide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAAm,” or “AAm,” and, if rated by Moody’s, rated “Aaa,” “Aa1” or “Aa2;”

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Trustee must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;

(g) investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements, which, (i) are acceptable to the Trustee and (ii) are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, is rated in one of the two highest rating categories by Moody’s or S&P;

(h) commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(i) bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P;

(k) repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee and (A) a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investors Protection Corporation which are rated “A” or better by Moody’s and S&P, or (B) a bank rated “A” or better by Moody’s and S&P;

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two-day restoration period, will require the Trustee to liquidate the collateral; and (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds;

(l) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name; and

(m) so long as any Bond is Outstanding, any other investments permitted in writing by an insurer of the bonds, if any.

“Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(b)(ii).

“Prior Bonds” shall have the meaning ascribed thereto in the preambles herein.

“Prior Loans” shall have the meaning ascribed thereto in the preambles herein.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

“Redevelopment Plan” means the Redevelopment Plan for the Central Perris and North Perris Redevelopment Projects, as approved by Ordinance No. 580, enacted by the City Council of the City on July 11, 1983, as amended by Ordinance No. 995, adopted on December 12, 1994, and Ordinance Nos. 1170 and 1171, adopted on September 27, 2005, as amended by Ordinance No. 1249, adopted on October 14, 2008, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

“Redevelopment Project” means, collectively, the Central North Redevelopment Project, the 1987 Redevelopment Project, and the 1994 Redevelopment Project, as those terms are defined in the preambles hereto.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Bonds.

“Reserve Fund” means the fund established and held hereunder by the Trustee pursuant to Section 3.05.

“Reserve Requirement” means, as of any calculation date, an amount equal to the least of (i) ten percent (10%) of the proceeds (within the meaning of Section 148 of the Code) of the Bonds; (ii) 125% of average Annual Debt Service as of the date of issuance; or (iii) Maximum Annual Debt Service.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02(a).

“Revenues” means: (a) all amounts payable by the Agency pursuant to Section 2.03, Section 2.04 or Section 5.02 of each Loan Agreement; (b) all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder for the Bonds; and (c) income and gains with respect to the investment of amounts on deposit in the funds and accounts established hereunder for the Bonds.

“S&P” means Standard & Poor’s, its successors and assigns.

“Securities Depositories” means DTC, 55 Water Street, New York 10041, Attention: Call Notification Department, Fax (212) 855-7232 and, in accordance with then 01006.0087/239500.1

current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority and the Trustee in accordance with the provisions of Section 7.01.

“Tax Regulations” means temporary and permanent regulations promulgated under or with respect to Section 103 and Sections 141 through 150, inclusive, of the Code.

“Trustee” means U.S. Bank National Association, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI.

“Underwriter” means O’Connor & Company Securities, Inc.

**Section 1.02 Rules of Construction.** All references in this Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

**Section 1.03 Authorization and Purpose of Bonds.** The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to the Bond Law and this Indenture for the purpose of providing funds to make the Loan to the Agency under the Loan Agreement.

**Section 1.04 Equal Security.** In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

**ARTICLE II**  
**ISSUANCE OF THE BONDS**

**Section 2.01 Terms of the Bonds.** The Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be designated the “Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B” which shall be issued in the original aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_).

The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

The Bonds shall be issued in fully-registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date. The Bonds shall be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, and shall be evidenced by one Bond for each of the maturities in the principal amounts set forth below, and DTC is hereby appointed depository for the Bonds, and registered ownership may not thereafter be transferred except as set forth in Section 2.05 hereof. The Bonds shall be dated the Closing Date, shall mature on the dates and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal Amount</u>	<u>Coupon</u>
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
<b>2031</b>		
<u>2036*</u>		

\*Term Bond

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record

Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books as of the preceding Record Date; provided, however, that at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Trustee prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. Principal of and premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee. The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; (b) it is authenticated on or **before March 15, 2015**, in which event it shall bear interest from the Closing Date; or (c) interest on any Bond is in default as of the date of authentication, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date, until payment of such Principal Amount in full.

## **Section 2.02 Redemption of the Bonds.**

### **(a) Mandatory Redemption from Optional Loan Prepayments to the Bonds.**

The Bonds are subject to mandatory redemption from optional prepayments under the Loan prior to maturity on any date on or after October 1, 2025, as a whole or in part, on a pro rata basis and by lot within a maturity, from loan prepayments by the Agency of all or any portion of the Loans at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

**(b) Mandatory Sinking Fund Redemption.** The Bonds maturing on October 1, 2036 are subject to mandatory redemption, in part by lot, on October 1 in each year commencing October 1, **2031**, from mandatory sinking payments made by the Authority at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, the Bonds may be purchased by the Authority and tendered to the Trustee, and (ii) if some but not all of the Bonds have been redeemed pursuant to mandatory redemption from optional loan prepayments pursuant to subsection (a) above, and mandatory redemption upon acceleration of the respective Loan Agreement pursuant to subsection (c) below, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the Authority.

## **SCHEDULE OF MANDATORY SINKING FUND REDEMPTIONS TERM BONDS MATURING OCTOBER 1, 2036**

**October 1**  
**Year**

**Principal**  
**Amount**

2031

2032

2033

2034

2035

2036\*

\*Maturity

(c) Mandatory Redemption Upon Acceleration of any of the Loans Securing the Bonds. The Bonds shall also be subject to mandatory redemption in whole, or in part by maturity in a manner such that the remaining payments on the Loan, calculated at the interest rates of the Bonds, will be sufficient to pay remaining debt service on the Bonds, as determined by the Authority, and by lot within a maturity, on any date, from amounts credited towards the payment of principal of the Loan coming due and payable solely by reason of acceleration of the Loan pursuant to Section 5.01 of the respective Loan Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, together with accrued interest thereon to the redemption date. The Bonds shall be subject to redemption under this Subsection (c) solely from amounts credited towards the payment of principal of the Loan, which has become due and payable by reason of acceleration only.

(d) Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP® numbers, the Bond numbers (but only if less than all of the Outstanding Bonds are to be redeemed) and the maturity of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

If at the time of mailing of any notice of optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption of moneys with the Trustee not later than the opening of business on the redemption date and will be of no effect unless such moneys are so deposited.

The Authority shall have the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of such redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Authority and the Trustee shall have no liability to the Owners or any other party related or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

In addition to the foregoing notice, further notice shall be given by the Trustee in said form by first class mail to any Bond Owner whose Bond has been called for redemption but who has failed to tender his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP® number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(e) [Selection of Bonds for Redemption](#). Except as set forth in Section 2.02(a), whenever provision is made in this Indenture for the redemption of less than all of the Bonds of any maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Authority in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

(f) [Partial Redemption of Bonds](#). In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(g) [Effect of Redemption](#). From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.02 shall be cancelled and destroyed.

(h) [Purchase in Lieu of Redemption](#). In lieu of redemption of any Bond, amounts on deposit in the Revenue Fund may also be used and withdrawn by the Trustee at any time, upon the Written Request of the Authority, for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but

excluding accrued interest, which is payable from the Interest Account) as the Authority may in its discretion determine in accordance with all applicable laws.

**Section 2.03 Form of the Bonds.** The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

**Section 2.04 Execution of Bonds.** The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signatures of its Chair or Executive Director and attested with the manual or facsimile signature of its Secretary or any assistant duly appointed by the Board, under the printed seal of the Authority, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

**Section 2.05 Transfer of Bonds.** Subject to Section 2.10, any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like maturity and aggregate principal amount of authorized denominations. The Trustee shall not be required to transfer, pursuant to this Section, either (a) all Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected for redemption pursuant to Section 2.02. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

**Section 2.06 Exchange of Bonds.** The Bonds of any series may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same series of other authorized denominations and of the same maturity upon surrender of such Bonds for cancellation. The Trustee shall not be required to exchange, pursuant to this Section, either (a) all Bonds during the period established by the Trustee for the selection of Bonds for

redemption, or (b) any Bonds selected for redemption pursuant to Section 2.02. The cost of printing Bonds and any service rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority.

**Section 2.07 Registration Books.** The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds which shall at all reasonable times during regular business hours be open to inspection by the Authority with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records Bonds as hereinbefore provided.

**Section 2.08 Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series, tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity for the Trustee and the Authority satisfactory to the Trustee shall be given, the Authority, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a fee for preparing and authenticating each new Bond issued under this Section. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

**Section 2.09 CUSIP® Numbers.** The Trustee and the Authority shall not be liable for any defect or inaccuracy in the CUSIP® number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP® numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee, or the Authority shall be liable for any inaccuracies in such numbers.

**Section 2.10 Use of Securities Depository.**

(a) The Bonds shall be initially registered as provided in Section 2.01. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) to any successor of Cede & Co., as nominee of DTC, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section (a “substitute depository”); provided, that any successor of Cede & Co., as nominee of DTC or a substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) to any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to substitute another depository for DTC (or its successor) because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it: or

(iii) to any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of Subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, a new Bond for each maturity shall be authenticated and delivered in the aggregate principal amount of the Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Written Request of the Authority.

(c) In the case of any transfer pursuant to clause (iii) of Subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, new Bonds shall be authenticated and delivered in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested in such Written Request of the Authority, subject to the limitations of Section 2.01 hereof; provided, the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such Written Request of the Authority. After any transfer pursuant to this Subsection, the Bonds shall be transferred pursuant to Section 2.05.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Bonds.

(e) So long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) Notwithstanding anything to the contrary contained herein, so long as the Bonds are registered as provided in this Section 2.10, payment of principal of and interest on the Bonds shall be made in accordance with the Letter of Representations delivered to DTC with respect to the Bonds.

**Section 2.11 Temporary Bonds.** The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully-registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee authenticates and delivers temporary Bonds, it will register and authenticate definitive Bonds, and in that case, upon demand of the Owner of any temporary Bonds, such definitive Bonds shall be exchanged by the Trustee at its Trust Office, without cost to such Owner for temporary Bonds upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds executed and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this Section shall be cancelled by the Trustee and shall not be redelivered.

### **ARTICLE III DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS**

**Section 3.01 Issuance of Bonds.** Upon the execution and delivery of this Indenture, the Authority shall execute and deliver Bonds in the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) to the Trustee for authentication and delivery to the original purchaser thereof upon the Written Request of the Authority.

**Section 3.02 Application of Proceeds of Sale of Bonds and Other Amounts.** Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall apply the proceeds of sale thereof of \$\_\_\_\_\_ (being the principal amount of \$\_\_\_\_\_, less the original issue discount of \$\_\_\_\_\_ and less the underwriter's discount of \$\_\_\_\_\_) as follows:

- (i) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Loan Fund.
- (ii) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Reserve Fund.
- (iii) The Trustee shall deposit the amount of \$\_\_\_\_\_ in the Costs of Issuance Fund.

**Section 3.03 Loan Fund.** The Trustee shall establish and maintain a separate fund to be known as the “Loan Fund” into which shall be deposited a portion of the proceeds of sale of the Bonds in the amount set forth in Section 3.02. The Trustee shall disburse all amounts in the Loan Fund on the Closing Date as follows:

(a) \$\_\_\_\_\_ to the Loan Disbursement Fund established under Section 2.02 of the Loan Agreement for the 1987 Redevelopment Project Loan. The Trustee shall further make disbursements from the Loan Disbursement Fund as set forth in Section 2.02 of the Loan Agreement for the 1987 Redevelopment Project Loan.

(b) \$\_\_\_\_\_ to the Loan Disbursement Fund established under Section 2.02 of the Loan Agreement for the Central North Redevelopment Project Loan Agreement. The Trustee shall further make disbursements from the Loan Disbursement Fund as set forth in Section 2.02 of the Loan Agreement for the Central North Redevelopment Project Loan.

(c) \$\_\_\_\_\_ to the Loan Disbursement Fund established under Section 2.02 of the Loan Agreement for the 1994 Redevelopment Project Loan Agreement. The Trustee shall further make disbursements from the Loan Disbursement Fund as set forth in Section 2.02 of the Loan Agreement for the 1994 Redevelopment Project Loan.

**Section 3.04 Costs of Issuance Fund.** There is hereby established a fund to be held by the Trustee known as the “Costs of Issuance Fund” into which shall be deposited a portion of the proceeds of the Bonds in the amount of \$\_\_\_\_\_. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Written Request of the Authority. On the date which is one hundred eighty (180) days following the Closing Date or upon the earlier receipt by the Trustee of a Written Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Agency for deposit in the Revenue Fund, and the Trustee shall close the Costs of Issuance Fund. The Authority may at any time file a Written Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and the Trustee shall comply with such request.

**Section 3.05 Reserve Fund.**

(a) Establishment of Reserve Fund. There is hereby established a separate fund to be known as the “Reserve Fund” which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds. The amount on deposit in the Reserve Fund shall be maintained at the Reserve Requirement at all times prior to the payment of the Bonds in full, except to the extent required for the purposes set forth in this Section 3.05.

(b) Transfers to Principal Account and Interest Account. In the event that the Agency shall fail to deposit with the Trustee the full amount required to be deposited pursuant to Section 3.03(a) of the Loan Agreement, the Trustee shall withdraw from the Reserve Fund the difference between the amount required to be deposited pursuant to the Loan Agreement and the

amount actually deposited by the Agency, for transfer to the Interest Account and the Principal Account in the Revenue Fund established under this Indenture, in such order.

(c) Transfers of Excess Over Reserve Requirement. In the event that the amount on deposit in the Reserve Fund prior to any Interest Payment Date exceeds the Reserve Requirement, the Trustee shall withdraw from the Reserve Fund and deposit to the Interest Account of the Revenue Fund all amounts in excess of the Reserve Requirement, and credit such amounts to payments due under the Loan Agreement.

**Section 3.06 Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Agency with respect to the application of the proceeds of the Loan, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

## **ARTICLE IV REVENUES; FLOW OF FUNDS**

**Section 4.01 Pledge of Revenues; Assignment of Rights.** The Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter provided) of all of the Revenues and a pledge of all of the moneys in the Interest Account and the Principal Account of the Revenue Fund and in the Reserve Fund, including all amounts derived from the investment of such moneys. The Bonds shall be equally secured by a pledge, charge and first lien upon the Revenues and such moneys without priority for number, date of Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof shall be and are secured by an exclusive pledge, charge and first lien upon the Revenues and such moneys. So long as any of the Bonds are Outstanding, the Revenues and such moneys shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority (but not the obligations) in the Loan Agreements (other than the rights of the Authority under Sections 4.10 and 5.03 thereof). The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The assignment to the Trustee is solely in its capacity as Trustee under this Indenture and in accepting such assignment and taking any actions with respect to the Loan Agreements, the Trustee shall be entitled to all the indemnities, protections, immunities and limitations from liability afforded it as Trustee under this Indenture. The Trustee also shall be entitled to and, subject to the provisions hereof, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Agency under the Loan Agreement.

## **Section 4.02 Receipt, Deposit and Application of Revenues.**

(a) **Deposit of Revenues; Revenue Fund.** All Revenues described in clause (a) of the definition thereof in Section 1.01 shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the “Revenue Fund” which the Trustee shall establish, maintain and hold in trust hereunder.

(b) **Application of Revenues: Special Accounts.** On or before each Interest Payment Date, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(i) ***Interest Account.*** On or before each Interest Payment Date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity).

(ii) ***Principal Account.*** On or before each date on which the principal of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the aggregate amount of principal coming due and payable on such date on the Bonds pursuant to Section 2.01, or the redemption price of the Bonds (consisting of the principal amount thereof and any applicable redemption premiums) required to be redeemed on such date pursuant to any of the provisions of Section 2.02. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (A) paying the principal of the Bonds at the maturity thereof, or (B) paying the principal of and premium (if any) on any Bonds upon the redemption thereof pursuant to Section 2.02(a).

(iii) ***Surplus.*** All amounts on deposit in the Revenue Fund on the first day following any Interest Payment Date, to the extent not required to pay any interest on or principal of any Outstanding Bonds then having come due and payable, shall be credited to the replenishment of the Reserve Fund in an amount to maintain the Reserve Requirement (as provided in Section 3.05(a) herein) therein, and then to the next succeeding payment on the Loan not then in default.

**Section 4.03 Investments.** All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture or the Loan Agreement shall be invested by the Trustee solely in Permitted Investments pursuant to the Written Request of the Authority

given to the Trustee in advance of the making of such investments. Each such written direction shall contain the representation of the Authority that the investments identified therein constitute Permitted Investments hereunder upon which the Trustee may conclusively rely. In the absence of any such direction from the Authority, the Trustee shall invest any such moneys in clause (d) of the definition of Permitted Investments. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Interest Account of the Revenue Fund, and shall be allocated to payments due on the Loan. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon the Written Request of the Authority. The Trustee or its affiliate may (but shall not be obligated to) act as principal or agent in the acquisition of any investment and shall be entitled to its customary fees therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements, which include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager or provide administrative services in connection with any Permitted Investments.

**Section 4.04 Valuation and Disposition of Investments.** Except as otherwise provided in the next sentence, the Authority covenants that all investments of amounts deposited in any fund, or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

## **ARTICLE V COVENANTS OF THE AUTHORITY**

**Section 5.01 Punctual Payment.** The Authority shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

**Section 5.02 Extension of Payment of Bonds.** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of

payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

**Section 5.03 Against Encumbrances.** The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture or any obligations which are expressly subordinated thereto. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

**Section 5.04 Power to Issue Bonds and Make Pledge and Assignment.** The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the Loan Agreements and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee, subject to the provisions of this Indenture, shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

**Section 5.05 Accounting Records and Financial Statements.** The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues and all funds and accounts established by the Trustee pursuant to this Indenture or the Loan Agreement. Such books of record and account shall be available for inspection by the Authority and the Agency, during regular business hours with reasonable prior notice.

Not later than 45 days following each Interest Payment Date, the Trustee shall prepare and file with the Authority a report setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under the Indenture; (ii) the balance on deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any owner of at least 50% aggregate principal amount of Bonds Outstanding, upon the owner's written request at a cost not to exceed the Trustee's actual costs of duplication and mailing. Said reports may be in the form of the Trustee's regular statements.

**Section 5.06 No Additional Parity Debt Payable from Revenues.** [Subject to the Senior Loans,] Except for bonds to refund the Bonds, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

**Section 5.07 Tax Covenants Relating to Bonds.**

(a) **Special Definitions.** When used in this Section, the following terms have the following meanings:

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

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in Section 1.148-1(c) of the Tax Regulations, of the Bonds.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“*Issue*” shall refer to any Bond or group of Bonds constituting an “issue” within the meaning of Section 1.150-1 of the Tax Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of that series of Bonds.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Tax Regulations.

“*Tax Regulations*” means the United States Treasury Regulations promulgated pursuant to Sections 103 and 141 through 150 of the Code, or Section 103 of the 1954 Code, as applicable.

“*Yield*” of any Investment has the meaning set forth in Section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in Section 1.148-4 of the Tax Regulations.

(b) **Not to Cause Interest to Become Taxable.** The Authority covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes.

Without limiting the generality of the foregoing, unless and until the Trustee receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond from the gross income of the owner thereof for federal income tax purposes, the Authority shall comply with each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations, the Authority shall take all actions necessary to assure that the Agency at all times prior to the final cancellation of the last of the Bonds to be retired:

(i) exclusively owns, operates and possesses all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) does not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a state or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of Section 141 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not use or permit the use of Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of Section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said Section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Tax Regulations and rulings thereunder, the Authority shall not take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The Authority shall timely file any information required by Section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Tax Regulations:

(1) The Authority shall account (or shall cause the Agency to account) for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Authority may commingle (and may allow the Agency to commingle) Gross Proceeds of Bonds with its other moneys, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the Authority shall calculate, or shall cause the Agency to calculate (and to report to the Authority the results of such calculation, including the basis therefor, in sufficient detail and on a timely basis in order that the Authority be able to comply with its covenants herein), the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) In order to assure the excludability pursuant to Section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in Section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority. Notwithstanding the foregoing, and provided that the Authority takes all steps available to it to cause the provision of such amounts, the monetary obligation of the Authority

under this paragraph (3) shall be limited to amounts provided to it for such purpose by the Agency.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds. The Authority reasonably expects that:

(1) The Authority represents that the Bonds will not be "hedge bonds" within the meaning of Section 149(g) of the Code.

(2) Without limitation of clause (i) above, (A) on the date of issuance of the Bonds, the Authority reasonably expects that at least 85% of the spendable proceeds of that issue would be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

For purposes of the foregoing, "spendable proceeds" is intended to refer to all proceeds of sale of the Bonds other than those proceeds used to fund the Reserve Fund.

(k) Elections. The Authority hereby directs and authorizes any Authority Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in a certificate as to tax exemption or similar or other appropriate certificate, form or document.

(l) Closing Certificate. The Authority agrees to execute and deliver in connection with the issuance of the Bonds a Tax and Nonarbitrage Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

**Section 5.08 Loan Agreements.** The Trustee, as assignee of the Authority rights pursuant to Section 4.01, shall (subject to the provisions of this Indenture) promptly collect all amounts due from the Agency pursuant to the Loan Agreements and, subject to the provisions hereof, shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the Agency thereunder.

The Authority and the Agency may at any time amend or modify the Loan Agreements pursuant to the applicable provisions thereof, but only: (a) if the Authority, the Agency or the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such amendment or modification shall (i) extend the maturity of or reduce the amount of interest or principal payments on the respective Loan, or otherwise alter or impair the obligation of the Agency to pay the principal, interest or prepayment premiums on the respective Loan at the time and place and at the rate and in the currency provided herein, without the express written consent of the Owner of each affected Bond, (ii) reduce the percentage of Bonds required for the written consent to any such modification or amendment thereof or hereof, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee; or (b) without the consent of any of the Bond Owners, if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Agency contained in the respective Loan Agreement other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the Agency so long as such limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the respective Loan Agreement, or in any other respect whatsoever as the Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds;

(iii) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds; or

(iv) to provide for the issuance of Parity Debt as defined in and under and in accordance with the provisions of the respective Loan Agreement.

Nothing in this Section 5.08 shall prevent the Agency and the Authority from entering into any amendment or modification of the respective Loan Agreement which solely affects a particular Bond or Bonds all of the Owners of which shall have consented to such amendment or modification. The Trustee shall be entitled to rely upon the opinion of Bond Counsel stating that the requirements of this Section 5.08 have been met with respect to any amendment or modification of the respective Loan Agreement.

The Authority may sell the respective Loan Agreement upon written direction to the Trustee, so long as the proceeds of such sale are placed in an appropriate fund to pay debt service on the Bonds, and such proceeds are sufficient to discharge all of the Authority's obligations on the portion of the Bonds represented by such Loan Agreement in the manner set forth in Section 10.03.

**Section 5.09 Further Assurances.** The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

**Section 5.10 Management and Operation of Properties.** The Authority shall require the Agency to manage and operate all properties owned by the Agency and comprising any part of the Redevelopment Project in a sound and businesslike manner, and will keep such properties insured at all times in conformity with sound business practice.

**Section 5.11 Payments of Taxes and Other Charges.** The Authority shall cause the Agency to pay and discharge or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Redevelopment Project when the same shall become due. Nothing herein contained shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, assessments or charges. The Authority shall cause the Agency to duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

**Section 5.12 Disposition of Property in Redevelopment Project.** The Authority shall require that the Agency not authorize the disposition of any land or real property in the Redevelopment Project to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise and will, when taken together with other such dispositions, result in a diminishment of Revenues projected to be received in any Bond Year by more than five percent (5%).

**Section 5.13 Immunity.** The Authority is not entitled to any immunity, sovereign or otherwise, from any legal proceedings to enforce or collect upon this Indenture or the Bonds. To the extent that the Authority has or hereafter may acquire any right to immunity, the Authority hereby waives such rights for itself in respect of its obligations arising under this Indenture and the Bonds.

## **ARTICLE VI THE TRUSTEE**

**Section 6.01 Appointment of Trustee.** U.S. Bank National Association in Los Angeles, California, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee having a corporate trust office in the State, with a combined capital and surplus of at least Seventy-Five Million Dollars (\$75,000,000), and subject to supervision or examination by federal or State authority, so long as any Bonds are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.01 the combined

capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

**Section 6.02 Acceptance of Trusts.** The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would use in the conduct of its own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Trustee may conclusively rely on an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.

(c) The Trustee shall not be responsible for any recital herein, in the Loan Agreements or in the Bonds, or for any of the supplements hereto or thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder.

(d) The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee shall be protected in acting, in good faith, upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Indenture

upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Loan Agreements or hereunder except failure by the Agency to make any of the payments to the Trustee required to be made by the Agency pursuant to any of the Loan Agreements or failure by the Authority or the Agency to file with the Trustee any document required by this Indenture or the Loan Agreement to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right (but not the duty) fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises hereof.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or

corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 8.02, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability, which is adjudicated to have resulted from its negligence or willful default in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

**Section 6.03 Fees, Charges and Expenses of Trustee.** The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of its fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of the Indenture, and the resignation or removal of the Trustee.

**Section 6.04 Notice to Bond Owners of Default.** If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice to the Bond Owners if and so long as the Trustee in good faith determines that such Event of Default does not materially adversely affect the interests of the Bond Owners or that it is otherwise not in the best interests of the Bond Owners to give such notice.

**Section 6.05 Intervention by Trustee.** In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds arising under this Indenture, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02(1) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) aggregate principal amount of such Bonds then Outstanding.

**Section 6.06 Removal of Trustee.** The Owners of a majority in aggregate principal amount of the Outstanding Bonds may at any time, or the Authority may (and the Authority, at the request of the Agency shall) so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee at least thirty (30) days prior to the effective date of each removal, whereupon the Authority or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01.

**Section 6.07 Resignation by Trustee.** The Trustee and any successor Trustee may at any time give thirty (30) days' written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority and the Agency by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee.

**Section 6.08 Appointment of Successor Trustee.** In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, with the prior written consent of the Agency, the Authority shall promptly appoint a successor Trustee. Every successor Trustee appointed shall be a trust company or bank in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or State authority, having a reported capital and surplus of not less than \$75,000,000.

In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within ninety (90) days following the delivery to the Trustee of the instrument described in Section 6.06 or within ninety (90) days following the receipt of notice by the Authority pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such 90-day period.

Any resignation or removal of the Trustee pursuant to Section 6.06 or Section 6.07 and appointment of a successor Trustee shall become effective upon written acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

**Section 6.09 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 6.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without

the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 6.10 Concerning any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

**Section 6.11 Appointment of Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and

be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 6.12 Indemnification; Limited Liability of Trustee.** The Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, costs, claims, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder or under the Loan Agreement, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, costs, claims, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it is not assured to its satisfaction that repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture. The obligations of the Authority under this paragraph shall survive the resignation or removal of the Trustee under this Indenture or any defeasance of the Bonds.

## **ARTICLE VII MODIFICATION AND AMENDMENT OF THE INDENTURE**

**Section 7.01 Amendment Hereof.** This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding upon execution by the Authority and the Trustee and upon prior written consent of the Agency, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in this Indenture, other covenants and agreements hereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in any other respect whatsoever, as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel;

(c) to modify, amend or supplement the Indenture in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(d) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds; or

(e) to facilitate the issuance of additional obligations of the Agency pursuant to the Loan Agreement.

Except as set forth in the preceding paragraph of this Section 7.01, this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may only be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Trustee shall be provided an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

**Section 7.02 Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 7.03 Endorsement or Replacement of Bonds After Amendment.** After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

**Section 7.04 Amendment by Mutual Consent.** The provisions of this Article VII shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

## **ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES**

**Section 8.01 Events of Default.** The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable.

(c) Failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than as referred to in the preceding clauses (a) and (b), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of the Bonds of not less than twenty-five percent (25%) in the aggregate principal amount of the Bonds at that time outstanding; provided, however, that if in the reasonable opinion of the Authority the failure stated in such notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such thirty (30) day period and diligently pursued until such failure is corrected.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

**Section 8.02 Remedies Upon Event of Default.** If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee, at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, upon notice in writing to the Authority and the Agency, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. Notice of the occurrence of any Event of Default shall be given by the Trustee to the Bond Owners if and to the extent required pursuant to Section 6.04 and indemnification is provided to the Trustee pursuant to Section 6.12 hereof.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the Agency shall deposit with the Trustee a sum

sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the Bonds to the extent permitted by law, and the charges and expenses of the Trustee and its counsel, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority, the Agency and the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

In addition, upon the occurrence and during the continuance of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture.

If an Event of Default shall have occurred and be continuing, and if requested so to do by the Owners of a majority in aggregate principal amount of Outstanding Bonds, and indemnified as provided in Section 6.02(1), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

**Section 8.03 Application of Revenues and Other Funds After Default.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Bonds then due and unpaid,

(b) second, to the payment of principal of all installments of the Bonds then due and unpaid,

(c) third, to the payment of the redemption price (including principal and interest accrued to the redemption date, but excluding any premium) of the Bonds to be redeemed pursuant to this Indenture, and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Bonds.

**Section 8.04 Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds, opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

**Section 8.05 Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the

Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 8.06 Non-Waiver.** Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default or breach shall impair any such right or power or shall be construed to be a waiver of any such default or breach or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

**Section 8.07 Rights and Remedies of Bond Owners.** No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**Section 8.08 Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**ARTICLE IX  
RESERVED**

**ARTICLE X  
MISCELLANEOUS**

**Section 10.01 Limited Liability of Authority.** Notwithstanding anything in this Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues or otherwise from amounts payable under the Loan Agreement). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

**Section 10.02 Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the Agency and the Owners of the Bonds.

**Section 10.03 Discharge of Indenture.** If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of, and the interest and premium (if any) on, such Bonds as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and the Loan Agreement, is fully sufficient to pay such Bonds, including all principal, interest and premiums (if any); or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture and the Loan Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to Section 2.02(d) or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the Written Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Any funds held by the Trustee following any payments or discharge of the Outstanding Bonds pursuant to this Section 10.03, which are not required for said purposes, shall be paid over to the Authority.

**Section 10.04 Successor Is Deemed Included in All References to Predecessor.** Whenever in this Indenture or any Supplemental Indenture the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

**Section 10.05 Content of Certificates.** Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by

counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

**Section 10.06 Election of Documents by Bond Owners.** Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by their agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section 10.06.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be proved by the Registration Books. Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

**Section 10.07 Disqualified Bonds.** In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Agency or the Authority (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

**Section 10.08 Waiver of Personal Liability.** No officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or

principal of the Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

**Section 10.09 Partial Invalidity.** If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more Sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 10.10 Destruction of Canceled Bonds.** Whenever in this Indenture provision is made for the surrender to the Authority of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds.

**Section 10.11 Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the form of multiple funds, accounts or sub-accounts therein.

**Section 10.12 Payment on Business Days.** Whenever in this Indenture any amount is required to be paid on a day which is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day, provided that interest shall not accrue from and after such day.

**Section 10.13 Notices.** Any notice, request, complaint, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the Agency or the Trustee may, by written notice to the other

parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority:       Perris Public Financing Authority  
101 North “D” Street  
Perris, California 92570  
Attention: Executive Director

If to the Agency:         Successor Agency to the  
Redevelopment Agency of the City of Perris  
101 North “D” Street  
Perris, California 92570  
Attention: Executive Director

If to the Trustee:         U.S. Bank National Association  
Global Corporate Trust Services  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attn: Ilse Vlach

**Section 10.14 Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, subject to the laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds or any interest thereon have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid by the Trustee to the Agency, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Agency for the payment of such Bonds; provided, however, that before being required to make any such payment to the Agency, the Trustee shall, at the expense of the Agency, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the Agency.

**Section 10.15 Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State of California.

**Section 10.16 Execution of Counterparts.** This Indenture may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the PERRIS PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

PERRIS PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Executive Director

ATTEST

By \_\_\_\_\_  
Secretary

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Officer

[Signature Page to Indenture of Trust]

**EXHIBIT A**

**FORM OF BOND**

No. R-

\$

**UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.**

**NEITHER THE PAYMENT OF THE PRINCIPAL OR ANY PART THEREOF NOR ANY INTEREST THEREON CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF PERRIS OR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS, WHICH ARE MEMBERS OF THE PERRIS PUBLIC FINANCING AUTHORITY.**

**PERRIS PUBLIC FINANCING AUTHORITY**

**TAX ALLOCATION SUBORDINATE REVENUE REFUNDING BONDS 2015 SERIES B**

INTEREST RATE      MATURITY DATE      DATED DATE      CUSIP®

\_\_\_%                      October 1, 20\_\_                      \_\_\_\_\_

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

The PERRIS PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America, and to pay interest thereon at the Rate of Interest identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication thereof, unless (a) it is authenticated after the fifteenth (15th) calendar day of the month preceding such Interest Payment Date (a "Record Date") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; (b) it is authenticated on or before March 15, 2015, in which event it shall bear interest from the Dated Date; or (c) interest is in default on this Bond, in which case this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment, payable semiannually on March 1 and September 1 in each year, commencing March 1, 2015 (each, an "Interest Payment Date"), until payment of such

Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office of U.S. Bank National Association, in Los Angeles, California (the "Trust Office"), as trustee (the "Trustee"), or such other place as designated by the Trustee. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the Registration Books of the Trustee as of the fifteenth calendar day of the month preceding such Interest Payment Date; except that at the written request of the owner of at least \$1,000,000 in aggregate principal amount of outstanding Bonds filed with the Trustee prior to the fifteenth calendar day of the month preceding any Interest Payment Date, interest on such Bonds shall be paid to such owner on such Interest Payment Date by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Notwithstanding any other provision herein to the contrary, so long as this Bond shall be registered in book-entry-only form, the payment of the principal of, and redemption premium, if any, and interest on, this Bond shall be paid in immediately available funds in such manner as determined by the Authority, the Trustee and the Owner.

It is hereby certified that all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and by the Act, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California or by the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been manually signed by the Trustee.

This Bond is one of a duly authorized issue of bonds of the Authority designated the "Perris Public Financing Authority Tax Allocation Subordinate Revenue Refunding Bonds 2015 Series B" (the "Bonds"), limited in principal amount to \$\_\_\_\_\_, secured by an Indenture of Trust, dated as of April 1, 2015 (the "Indenture"), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). The Bonds are special obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien and pledge of the Revenues and certain other moneys and securities held by the Trustee as provided in the Indenture. All of the Bonds are equally secured by a first pledge of, and charge and lien upon, all of the Revenues and such other moneys and securities, and the Revenues and such other moneys and securities

constitute a trust fund for the security and payment of the principal of and interest and premium (if any) on the Bonds. The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or redemption premiums (if any) on the Bonds. The Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The Bonds have been issued to provide funds to make a number of loans (the “Loans”) to the Successor Agency to the Redevelopment Agency of the City of Perris (the “Agency”) all as more particularly described in the Indenture. The Loans have been and will be made by the Authority to the Agency pursuant to their respective Loan Agreements, each dated as of April 1, 2015, by and between the Agency and the Authority relating to the Central Perris and North Perris Redevelopment Project, the Redevelopment Project-1987, and the Redevelopment Project-1994 (the “Loan Agreements”). Certain amounts payable by the Agency under the Loan Agreements have been assigned to the Trustee under the Indenture, and such amounts constitute the principal source of Revenues which are pledged to the payment of the Bonds. The Agency may issue its bonds, notes or other obligations on a parity with the Loan, subject to the terms and conditions of the Loan Agreement. The Loans are on a parity with the Subordinate Loans (as defined in the Loan Agreements), and subordinate to certain Senior Debt (as defined in the Loan Agreements).

The Bonds are subject to mandatory redemption from optional prepayments under the Loan prior to maturity on any date on or after October 1, 2025, as a whole or in part, on a pro rata basis and by lot within a maturity, from loan prepayments by the Agency of all or any portion of the Loans at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The Bonds maturing on October 1, 2036 are subject to mandatory redemption, in part by lot, on October 1 in each year commencing October 1, 2031, from mandatory sinking payments made by the Authority at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, the Bonds may be purchased by the Authority and tendered to the Trustee, and (ii) if some but not all of the Bonds have been redeemed pursuant to mandatory redemption from optional loan prepayments and mandatory redemption upon acceleration of the respective Loan Agreement, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000 as determined by the Authority.

**SCHEDULE OF MANDATORY SINKING FUND REDEMPTIONS  
TERM BONDS MATURING OCTOBER 1, 2033**

**October 1  
Year**

**Principal  
Amount**

\*Maturity

The Bonds shall also be subject to mandatory redemption in whole, or in part by maturity in a manner such that the remaining payments on the Loan, calculated at the interest rates of the Bonds, will be sufficient to pay remaining debt service on the Bonds, as determined by the Authority, and by lot within a maturity, on any date, from amounts credited towards the payment of principal of the Loan coming due and payable solely by reason of acceleration of the Loan pursuant to Section 5.01 of the respective Loan Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, together with accrued interest thereon to the redemption date. The Bonds shall be subject to redemption under the Indenture solely from amounts credited towards the payment of principal of the Loan, which has become due and payable by reason of acceleration only.

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the respective owners of any Bonds designated for redemption, at their respective addresses appearing on the registration books maintained by the Trustee, to the Securities Depositories and to one or more Information Services (as such terms are defined in the Indenture), at least thirty (30) but not more than sixty (60) days prior to the redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest on the Bonds to be redeemed from and after the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP® numbers, the serial numbers of each maturity or maturities (except that in the event of redemption of all of the Bonds of any maturity, the Trustee shall designate such maturity without referencing each individual Bond number) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

If at the time of mailing of any notice of optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption of moneys with the Trustee not later than the opening of business on the redemption date and will be of no effect unless such moneys are so deposited.

The Authority shall have the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of such redemption

shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture, as that term is defined in the Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

The Bonds are issuable as fully-registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount and maturity of Bonds of other authorized denominations.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the signatures of its Chairperson and Secretary all as of the Dated Date identified above.

PERRIS PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Chairperson

Attest: \_\_\_\_\_  
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and registered on the registration books of the Trustee.

Dated: \_\_\_\_\_, 2015

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_  
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
\_\_\_\_\_

(Name, Address and Tax Identification or Social Security Number of Assignee)  
the within Bond and hereby irrevocably constitute(s) and appoints(s) \_\_\_\_\_  
\_\_\_\_\_, attorney, to transfer the same on the  
registration books of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

Signature:

\_\_\_\_\_  
Note: Signature(s) must be guaranteed  
by an eligible guarantor  
institution.

\_\_\_\_\_  
Note: The signature(s) on this  
Assignment must correspond with  
the name(s) as written on the face  
of the within-registered Bond in  
every particular without alteration  
or enlargement or any change  
whatsoever.

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**ESCROW DEPOSIT AND TRUST AGREEMENT**

**by and among the**

**SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF PERRIS,**

**THE PERRIS PUBLIC FINANCING AUTHORITY,**

**and**

**U.S. BANK NATIONAL ASSOCIATION  
as Escrow Bank and 2001 Trustee**

**Dated as of April 1, 2015**

---

**Relating to the Payment and Redemption of the**

**\$10,745,000**

**Perris Public Financing Authority  
Tax Allocation Revenue Bonds, 2001 Series A**

## **ESCROW DEPOSIT AND TRUST AGREEMENT**

This ESCROW DEPOSIT AND TRUST AGREEMENT, dated as of April 1, 2015, by and among the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PERRIS, a public body corporate and politic organized and existing under the laws of the State of California (the “Agency”), the PERRIS PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency organized and existing under the laws of the State of California (the “Authority”) and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee with respect to the hereinafter described 2001 Bonds (the “2001 Trustee”) and as escrow bank hereunder (the “Escrow Bank”);

### **WITNESSETH:**

WHEREAS, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California), the City Council of the City of Perris (the “City”) created the former Redevelopment Agency of the City of Perris (the “Former Agency”); and

WHEREAS, the Former Agency a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law, and the powers of such agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, the Former Agency established project areas for the purpose of financing certain redevelopment activities within the City, including the Central Perris and North Perris Redevelopment Project (the “Central North Redevelopment Project”), the Redevelopment Project-1987 (the “1987 Redevelopment Project”), and the Redevelopment Project-1994 (the “1994 Redevelopment Project” and, collectively, the “Redevelopment Project”); and

WHEREAS, the Authority has previously issued its Tax Allocation Revenue Bonds, 2001 Series A (the “2001 Bonds”), in the original principal amount of \$10,745,000, and now outstanding in the principal amount of \$3,100,000; and

WHEREAS, the 2001 Bonds were issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Bond Law”) and pursuant to an Indenture of Trust, dated as of \_\_\_\_ 1, 2001 (the “2001 Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as predecessor to the 2001 Trustee, for the purpose of making two loans (collectively, the “2001 Loans”) to the Former Agency pursuant to (i) a Loan Agreement dated as of \_\_\_\_, 2001 (the “1987 Project Loan Agreement”) by and among the Authority, the Former Agency and the 2001 Trustee relating to the 1987 Redevelopment Project Loan (the “1987 Project Loan”), and (ii) a Housing Loan Agreement, dated as of \_\_\_\_, 2001 (the “Housing Loan Agreement”) relating to the “Housing Loan” to the Low and Moderate Income Housing Fund for the purpose of financing ; and

WHEREAS, the 2001 Loans were incurred for the purpose of, among others, financing capital projects of the Former Agency; and

WHEREAS, on June 27, 2012, after adopting California Assembly Bill No. 26 (“AB1X 26”) on June 29, 2011, which dissolved all redevelopment agencies in existence in the State of California as of February 1, 2012, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies, the California State Legislature adopted Assembly Bill No. 1484, a follow on bill to AB1X 26, to provide a mechanism to refund tax allocation bonds under certain circumstances; and

WHEREAS, the City agreed to serve as the successor agency (referred to herein as the “Agency”) to the Former Agency commencing upon the dissolution of the Former Agency on February 1, 2012 pursuant to Assembly Bill (AB) XI 26 (“AB 26”); and

WHEREAS, on June 27, 2012 as part of the Fiscal Year 2012-2013 State of California budget bill, the Governor signed into law Assembly Bill 1484 (“AB 1484”), which modified or added to some of the provisions of AB 26, including provisions related to the refunding of outstanding redevelopment agency bonds and the expenditure of remaining bond proceeds derived from redevelopment agency bonds issued on or before December 31, 2010; and

WHEREAS, Health & Safety Code Section 34177.5 authorizes successor agencies to refund outstanding bonds provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, if the Refunding Test is met, the pledge for such refunding debt shall have the same lien priority as the pledge of the debt to be refunding; and

WHEREAS, the Agency has determined to prepay the outstanding balance of the 2001 Loans and the Authority has determined to provide for the refunding of the outstanding 2001 Bonds; and

WHEREAS, to obtain funds to deposit in trust for the payment, redemption and discharge of the outstanding 2001 Bonds, the Authority has determined to issue its Tax Allocation Revenue Refunding Bonds 2015 Series A in the aggregate principal amount of \$\_\_\_\_\_ (the “2015 Bonds”) pursuant to and secured by an Indenture of Trust, dated as of April 1, 2015 (the “2015 Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”); and

WHEREAS, the 2001 Indenture provides for the payment, redemption, and discharge of the 2001 Bonds prior to maturity by the setting apart of money in a special trust fund to provide for the payment or redemption thereof; and

WHEREAS, the 2001 Bonds mature, bear interest and are callable as set forth on Schedule A attached hereto; and

WHEREAS, pursuant to the 2001 Indenture, the Authority may provide for the payment of the 2001 Bonds by depositing in trust with the Escrow Bank moneys and/or certain securities, the principal and interest on which when due, and without any reinvestment thereof, will provide moneys, which, together with the moneys, if any, deposited with or held by the 2001 Trustee at the same time will be sufficient to pay when due the principal of and the redemption premiums, if any, and the interest due on such 2001 Bonds on and prior to the redemption date or maturity thereof, as the case may be; and

WHEREAS, the Agency and the Authority wish to make a deposit with the Escrow Bank and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amount so deposited; and

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

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

**Section 1. Certain Definitions.** Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this Escrow Agreement have the meanings herein specified. Capitalized terms not otherwise defined herein are defined in the 2015 Indenture.

“Escrow Agreement” means this Escrow Deposit and Trust Agreement dated as of April 1, 2015, by and among the Agency, the Authority and the Escrow Bank.

“Escrow Fund” means the Fund by that name as created in Section 4 herein.

“Payment Date” means each date upon which interest or principal is due on the 2001 Bonds as shown on Schedule A attached hereto.

"Redemption Date" means \_\_\_\_.

**Section 2. Receipt of 2001 Indenture.** The Escrow Bank hereby acknowledges receipt of a true and correct copy of the 2001 Indenture. Reference herein to, or citation of, any provision of the 2001 Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if fully set forth herein.

**Section 3. Appointment of Escrow Bank.** The Authority hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement and the 2001 Indenture and the Escrow Bank hereby accepts such appointment. The Escrow Bank is entering into this Escrow Agreement in its capacity as escrow bank and as successor trustee for the 2001 Bonds.

**Section 4. Establishment of Escrow Fund.** There is hereby created by the Authority with, and to be held by, the Escrow Bank, as security for the payment of the principal of, redemption premium and interest on the 2001 Bonds as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the Authority and for the benefit of the owners of the 2001 Bonds, said escrow to be designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall constitute a special fund for the payment of the principal of, redemption premium and interest with respect to the 2001 Bonds in accordance with the provisions of the 2001 Indenture. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 6 hereof, the Escrow Bank shall notify the Agency and the Authority of such fact and the Agency and the Authority shall immediately cure such deficiency.

**Section 5. Deposit into Escrow Fund; Investment of Amounts.**

Concurrently with the execution of this Escrow Agreement, there is hereby deposited with the Escrow Bank in the Escrow Fund in connection with the refunding of the 2001 Bonds, and the Escrow Bank hereby acknowledges the receipt of, immediately available federal funds the following moneys: (a) the amount of \$\_\_\_ from the proceeds of the 2015 Bonds; and (b) the amount of \$\_\_\_ from the \_\_\_ Account held under the 2001 Indenture.

An amount equal to \$\_\_\_ shall be held in the Escrow Fund uninvested. The Escrow Bank shall use such amounts held in the Escrow Fund to pay the principal and interest due on the 2001 Bonds in accordance with the provisions of this Escrow Agreement.

Except as set forth in this Section, the Escrow Bank shall not invest any money on deposit in the Escrow Fund. The Escrow Bank shall hold uninvested moneys deposited into the Escrow fund pursuant to the preceding paragraph. Moneys held by the Escrow Bank in the Escrow fund are solely for the uses and purposes set forth herein.

Upon payment in full of all of the principal of, premium, if any, and interest on the 2001 Bonds on the Redemption Date, all funds remaining in the Escrow Fund shall, after payment of amounts due the Escrow Bank hereunder, be paid to the Trustee for the 2015 Bonds to be used to pay debt service on the 2015 Bonds.

**Section 6. Instructions as to Application of Deposit.** The total amount of cash held in the Escrow Fund pursuant to Section 5 hereof shall be deemed to be and shall constitute the deposit permitted to be made by the Agency to pay in full and pay

accrued interest on the 2001 Bonds on the Redemption Date and, with respect to the 2001 Bonds, discharge the 2001 Indenture pursuant to Section 10.03 of Article X thereof. In accordance with said Section 10.03, the Agency hereby irrevocably directs and instructs the Escrow Bank to apply the amount of cash to pay all of the principal of, premium and interest on the 2001 Bonds as the same shall become due and payable to and including \_\_\_\_, the date of early redemption of the 2001 Bonds, all as more particularly set forth in Exhibit "A" attached hereto and hereby made a part hereof. Following the redemption, of the 2001 Bonds, the Escrow Agent, as 2001 Trustee shall cancel the 2001 Loan as a result of the payoff of the 2001 Loan by the payoff of the 2001 Bonds.

The Authority hereby directs the trustee for the 2001 Bonds to send written notice by United States first-class mail in the name of the Authority to the owner of each of the 2001 Bonds at the address shown on the registration books maintained by the 2001 Trustee at least thirty (30) but not more than sixty (60) days prior to \_\_\_\_, the date fixed for redemption and payment of all of the 2001 Bonds.

**Section 7. Creation of Lien.** The escrow created hereby shall be irrevocable. The Owners of the 2001 Bonds are hereby given an express lien on, and security interest in the moneys deposited in the Escrow Fund and all earnings thereon until used and applied in accordance with this Escrow Agreement. The maturing principal of, and earnings on, the escrowed securities, if any, and any cash in the Escrow Fund are hereby pledged and assigned, and shall be applied solely for the payment of the principal of, the premium, if any, and interest on the 2001 Bonds.

**Section 8. Compensation to Escrow Bank.** The Agency shall pay or shall cause the Authority to pay to the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto. Without limitation on the foregoing, the Escrow Bank shall not be entitled to any lien or right of set-off on amounts on deposit in the Escrow Fund for payment of its compensation under this Escrow Agreement.

**Section 9. Liabilities and Obligations of Escrow Bank.** The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the Agency or the Authority shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written or oral instructions of the Agency or the Authority or their agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank 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 Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of moneys held hereunder to accomplish the redemption of the 2001 Bonds, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-

negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the “whereas” clauses herein shall be taken as the statement of the Agency and the Authority, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the moneys to accomplish the redemption of the 2001 Bonds pursuant to the 2001 Indenture or to the validity of this Escrow Agreement as to the Agency and the Authority and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the Agency and the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow 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 counsel) may be deemed to be conclusively established by a written certification of the Agency and the Authority.

The Agency and the Authority hereby assume liability for, and hereby agree (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; *provided, however*, that the Agency and the Authority shall not be required to indemnify the Escrow Bank against its own negligence, gross negligence or willful misconduct. The indemnities contained in this Section 9 shall survive the termination of this Escrow Agreement.

**Section 10. Amendment.** This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2001 Bonds then outstanding shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or

power herein or therein reserved to the Agency and the Authority, (b) to cure, correct or supplement any ambiguous or defective provision contained herein, (c) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2001 Bonds and the 2015 Bonds, and that such amendment will not cause interest with respect to the 2001 Bonds or the 2015 Bonds to become subject to federal income taxation.

**Section 11. Termination; Unclaimed Money.** This Escrow Agreement shall terminate when the principal of and interest on all 2001 Bonds have been paid; *provided, however,* that money held by the Escrow Bank in the Escrow Fund for the payment and discharge of any of the 2001 Bonds which remain unclaimed for two (2) years after such payments were due, shall be repaid by the Escrow Bank to the Agency free from the trust created by the 2001 Indenture and this Escrow Agreement, and the Escrow Bank shall thereupon be released and discharged with respect thereto and hereto and all liability of the Escrow Bank with respect to such money shall thereupon cease. Upon the discharge and redemption of all of the 2001 Bonds, any funds in excess of those applied or to be applied to such discharge and redemption remaining on deposit with the Escrow Bank shall be transferred to the Agency.

**Section 12. Merger or Consolidation of Escrow Bank; Resignation of Escrow Bank.** Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2001 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act. the Escrow Bank may resign by giving written notice to the Agency and the Authority, and upon receipt of such notice the Authority and Agency shall promptly appoint a successor Escrow Bank. If the Authority and Agency do not appoint a successor Escrow Bank, the resigning Escrow Bank may, at the expense of the Agency, petition a court of competent jurisdiction for the appointment of a successor Escrow Bank, which court may thereupon, upon such notice as it shall deem proper, appoint a successor Escrow Bank. Upon acceptance of appointment by a successor Escrow Bank, the resigning Escrow Bank shall transfer all amounts held by it in the Escrow fund to such successor Escrow Bank and be discharged of any further obligation or responsibility hereunder.

**Section 13. Severability.** If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

**Section 14. Notice of Escrow Bank, Agency and Authority.** Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank at:

U.S. Bank National Association  
Global Corporate Trust Services  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attn: Ilse Vlach

Any notice to or demand upon the Agency or the Authority shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to such party, at 101 North "D" Street, Perris, California 92570 (or such other address as may have been filed in writing by the Authority with the Escrow Bank).

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

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE  
CITY OF PERRIS

By \_\_\_\_\_  
Executive Director

PERRIS PUBLIC FINANCING  
AUTHORITY

By \_\_\_\_\_  
Executive Director

U.S. BANK NATIONAL ASSOCIATION,  
as Escrow Bank, 2001 Trustee and Trustee

By \_\_\_\_\_  
Authorized Officer

**SCHEDULE A**  
**PAYMENT AND REDEMPTION SCHEDULE OF 2001 BONDS**

Payment Date	Principal	Interest	Called Principal	Redemption Premium	Total Payment
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## FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the Successor Agency to the Redevelopment Agency of the City of Perris (the “Successor Agency”) and Willdan Financial Services, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of the Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds, 2015 Series A (the “Series A Bonds”) and the \$\_\_\_\_\_ Perris Public Financing Authority Subordinate Tax Allocation Revenue Refunding Bonds, 2015 Series B (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”). The Series A Bonds are being issued pursuant to an Indenture, dated as of \_\_\_\_\_, 2015 (the “Series A Indenture”), by and between the Perris Public Financing Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”). The Series B Bonds are being issued pursuant to an Indenture, dated as of \_\_\_\_\_, 2015 (the “Series B Indenture” and, together with the Series A Indenture, the “Indentures”), by and between the Authority and the Trustee. The Successor Agency and the Dissemination Agent covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Successor Agency for the benefit of the Owners and Beneficial Owners of the Bonds.

**SECTION 2. Definitions.** In addition to the definitions set forth in the Indentures, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Section 3 this Disclosure Agreement.

“Beneficial Owner” shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city in which the corporate trust office of the Trustee is located are authorized to close, or (ii) a day on which the New York Stock Exchange is closed.

“Dissemination Agent” shall mean initially, Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Successor Agency, and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures, maintained on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month or fifty-two week period hereafter selected by the

Successor Agency, with notice of such selection or change in fiscal year to be provided as set forth herein.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated \_\_\_\_\_, 2015, relating to the Bonds.

“Owner” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of California.

### SECTION 3. Provision and Contents of Annual Report.

(a) So long as any Bonds remain outstanding, the Successor Agency shall, or shall cause the Dissemination Agent to, not later than the March 31 occurring after the end of the Successor Agency’s Fiscal Year, commencing with the Fiscal Year ended June 30, 2015, provide to the MSRB, through EMMA, a postaudit of the financial transactions and records of the Successor Agency for the Fiscal Year. If the Successor Agency’s postaudit is not available by the time such postaudit is required to be filed pursuant to this Section 3(a), an unaudited statement of financial transactions and records of the Successor Agency in a format required by Section 34177(n) of the Health and Safety Code of the State of California shall be provided to the Dissemination Agent, and the postaudit shall be filed when it becomes available. The postaudit shall constitute the Annual Report hereunder. The Annual Report may be contained in the City of Perris’s comprehensive annual financial report (“CAFR”) and submission of such CAFR to the MSRB through EMMA shall constitute compliance for submission of the postaudit required hereunder. Each Annual Report shall also contain the following information for the immediately prior Fiscal Year:

- [The aggregate assessed values of the project areas included in the Official Statement in a similar format as provided in the Official Statement under the tables entitled “Central North Project Historical Values,” “1987 Project Historical Values,” “1994 Project Historical Values” and “Merged Redevelopment Project Area Historical Assessed Valuation Growth;”]
- [The list of top ten largest tax payers included in a similar format as provided in the Official Statement under the tables entitled “Central North Redevelopment Project Top Ten Taxpayers as of August 31, 2014;” “1987 Project Top Ten Taxpayers as of August 31, 2014;” “1994 Redevelopment Project Top Ten Taxpayers as of August 31, 2014;” and “Redevelopment Projects (Total) Top Ten Taxpayer as of August 31, 2014;”]
- [Information on appeals by top ten taxpayers in the Central North Redevelopment Project, the 1987 Redevelopment Project and the 1994 Redevelopment Project;] and
- [For the most recent Fiscal Year completed, (i) the aggregate annual debt service for the Series A Bonds and any outstanding debt payable from Tax Revenues on a parity basis with the Series A Bonds, (ii) the aggregate annual debt service for the Series B Bonds and any outstanding debt payable from Tax Revenues on a parity basis with the Series B Bonds, (iii) the actual amount of Tax Revenues and (iv) the actual amount of Housing Revenues]

(b) The Annual Report must be submitted in electronic format, accompanied by such identifying information as required by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3(d) of this Disclosure Agreement. If the Fiscal Year changes for the Successor Agency, the Successor Agency shall give notice of such change in the manner provided under Section 5(e) hereof.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the Successor Agency or related public entities, available to the public on EMMA or filed with the SEC. The Successor Agency shall clearly identify each such other document so included by reference.

(d) The contents, presentation and format of the Annual Report may be modified from time to time as determined in the judgment of the Successor Agency to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Successor Agency or to reflect changes in the business, structure, operations, legal form of the Successor Agency.

(e) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(f) The Dissemination Agent shall:

(i) determine the electronic filing address of, and then-current procedures for submitting Annual Reports to, the MSRB prior to the date for providing the Annual Reports; and

(ii) to the extent known to the Dissemination Agent file a report with the Successor Agency and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

SECTION 4. Reserved.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not more than ten (10) Business Days after the event:

- (i) principal and interest payment delinquencies;
- (ii) defeasances;
- (iii) tender offers;
- (iv) rating changes;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (vi) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (vii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (viii) substitution of credit or liquidity providers or their failure to perform; or
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

For these purposes, any event described in the immediately preceding paragraph (9) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization,

arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Successor Agency.

(b) Pursuant to the provisions of this Section 5, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) the consummation of a merger, consolidation or acquisition involving the Successor Agency or the sale of all or substantially all of the assets of the Successor Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions;

(ii) appointment of a successor or additional Trustee or the change of the name of a Trustee;

(iii) non-payment related defaults;

(iv) modifications to the rights of Owners;

(v) Bond calls;

(vi) release, substitution or sale of property securing repayment of the Bonds;  
or

(vii) in addition to the adverse tax opinions or determinations of taxability described in Section 5(a)(5) above, any other notices or determinations with respect to the tax status of the Bonds.

(c) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, described in subsection (b) of this Section 5, the Successor Agency shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the Successor Agency determines that knowledge of the occurrence of a Listed Event described in subsection (b) of this Section 5 would be material under applicable federal securities law, the Successor Agency shall promptly notify the Dissemination Agent in writing and instruct the Dissemination Agent to report the occurrence to EMMA in a timely manner not more than ten (10) Business Days after the event.

(e) If the Dissemination Agent has been instructed by the Successor Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

**SECTION 6. Filings with the MSRB.** All information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Agreement with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all Outstanding Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing' a successor Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Successor Agency to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Successor Agency shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Successor Agency or the Dissemination Agent (if the Dissemination Agent is other than the Successor Agency) to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of outstanding Bonds with indemnification satisfactory to it, shall), or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency or the Dissemination Agent (if the Dissemination Agent is other than the Successor Agency), as the case may be, to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Successor Agency or the Dissemination Agent (if the Dissemination Agent is other than the Successor Agency) to comply with this Disclosure Agreement shall be an action to compel performance. The Trustee shall not owe any fiduciary duty to the Participating Underwriter nor shall its failure to comply with the request of any Participating Underwriter result in a breach of any of its fiduciary duties owed to the Owners.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent.

The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. If the Trustee performs the duties assigned to it hereunder, the Trustee shall not be responsible to any person for any failure by the Successor Agency or the Dissemination Agent (if other than the Trustee) to perform duties or obligations imposed hereby. The Dissemination Agent shall have the same rights and protections hereunder as accorded to the Trustee under each of the Indentures. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the Successor Agency. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Agreement, and has no liability to any person, including any owner of Bonds, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Successor Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Successor Agency.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Successor Agency, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed and construed in accordance with the laws of the State.

SECTION 15. Counterparts. This Disclosure 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.

Dated: \_\_\_\_\_, 2015

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY  
OF PERRIS

By \_\_\_\_\_  
Authorized Officer

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

EXHIBIT A  
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: The Successor Agency to the Redevelopment Agency of the City of Perris (the “Successor Agency”)

Name of Bond Issue: \$\_\_\_\_\_ aggregate principal amount of the Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds, 2015 Series A (the “Series A Bonds”) and the \$\_\_\_\_\_ Perris Public Financing Authority Subordinate Tax Allocation Revenue Refunding Bonds, 2015 Series B

Date of Issuance: \_\_\_\_\_, 2015

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated \_\_\_\_, 2015, with respect to the Bonds. [The Successor Agency anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

WILLDAN FINANCIAL SERVICES  
as Dissemination Agent

on behalf of the Successor Agency

**PERRIS PUBLIC FINANCING AUTHORITY**

**\$ \_\_\_\_\_**  
**TAX ALLOCATION REVENUE REFUNDING BONDS**  
**2015 SERIES A**

**\$ \_\_\_\_\_**  
**TAX ALLOCATION SUBORDINATE REVENUE REFUNDING BONDS**  
**2015 SERIES B**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2015

Perris Public Financing Authority  
101 North “D” Street  
Perris, California 92570

Successor Agency to the Redevelopment Agency  
of the City of Perris  
c/o City of Perris  
101 North “D” Street  
Perris, California 92570

Ladies and Gentlemen:

O’Connor & Company Securities, Inc. (the “Underwriter”) hereby offers to enter into the following agreement (this “Purchase Agreement”) with the Perris Public Financing Authority (the “Authority”) and the Successor Agency to the Redevelopment Agency of the City of Perris (the “Successor Agency”) which, upon acceptance of this offer by the Authority and the Successor Agency, will be binding upon the Authority, the Successor Agency and the Underwriter. This offer is made subject to the written acceptance hereof by the Authority and the Successor Agency, and withdrawal by the Underwriter upon written or oral notice given to the Authority or to the Successor Agency at any time prior to the acceptance hereof by the Authority and the Successor Agency. All capitalized terms not otherwise defined herein shall have the meanings prescribed in the Indentures (defined below).

The Authority and Successor Agency acknowledge and agree that: (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Purchase Agreement is an arm’s-length commercial transaction among the Authority, the Successor Agency and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), and has not assumed a fiduciary responsibility in favor of the Successor Agency or the Authority with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the Successor Agency on other matters); (iii) the only obligations the

Underwriter has to the Successor Agency or the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; (iv) the Successor Agency and the Authority have consulted its own legal, financial and other advisors to the extent it has deemed appropriate; (v) the Underwriter has financial interests that may differ from and be adverse to those of the Successor Agency and the Authority; and (vi) the Underwriter has provided the Successor Agency and the Authority with certain disclosures required under the rules of the Municipal Securities Rulemaking Board (the “MSRB”).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the Perris Public Financing Authority Tax Allocation Revenue Refunding Bonds, 2015 Series A (the “Series A Bonds”) and the \$\_\_\_\_\_ Perris Public Financing Authority Subordinate Tax Allocation Revenue Refunding Bonds, 2015 Series B (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”).

The purchase price for the Series A Bonds shall be \$\_\_\_\_\_, being the aggregate principal amount thereof, less an Underwriter’s discount of \$\_\_\_\_\_, [plus][less] original issue [premium][discount] of \$\_\_\_\_\_. The purchase price for the Series B Bonds shall be \$\_\_\_\_\_, being the aggregate principal amount thereof, less an Underwriter’s discount of \$\_\_\_\_\_, [plus][less] original issue [premium][discount] of \$\_\_\_\_\_. The payment for and delivery of the Bonds and the other actions contemplated hereby to take place at the time of such payment and delivery are herein sometimes called the “Closing.”

2. The Bonds and Related Documents. The Series A Bonds shall be issued pursuant to an Indenture of Trust, dated as of \_\_\_\_\_, 2015 (the “Series A Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), Parts 1, 1.8 and 1.85 of Division 24 of the California Health and Safety Code (the “Law”) and the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 (commencing with Section 6584), of Division 7 of Title 1 of the Government Code of the State of California (the “Bond Law”). The Series B Bonds shall be issued pursuant to an Indenture of Trust, dated as of \_\_\_\_\_, 2015 the (“Series B Indenture” and, together with the Series A Indenture, the “Indentures”), by and between the Authority and Trustee, the Law and the Bond Law. The issuance of the Bonds was approved by the Oversight Board for the Successor Agency by resolution adopted on \_\_\_\_\_, 2015 (the “Oversight Board Resolution”). The Bonds shall be as described in the Indentures and the Official Statement (as defined herein) dated the date hereof relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the “Official Statement”).

The Bonds are being issued for the purpose of the Authority making: (i) the Central North Redevelopment Project Series A Loan (the “Central North Redevelopment Project Series A Loan”) to the Successor Agency pursuant to the Central North Redevelopment Project Series A Loan Agreement, dated as of \_\_\_\_\_, 2015 (the “Central North Redevelopment Project Series A Loan Agreement”), by and between the Authority and the Successor Agency; (ii) the Central North Redevelopment Project Series B Loan (the “Central North Redevelopment Project Series B Loan”) to the Successor Agency pursuant to the Central North Redevelopment Project Series B Loan Agreement, dated as of \_\_\_\_\_, 2015 (the “Central North Redevelopment Project Series B Loan Agreement”), by and between the Authority and the Successor Agency; (iii) the 1987 Redevelopment Project Series A Loan (the “1987 Redevelopment Project Series A Loan”) to the Successor Agency pursuant to the 1987 Redevelopment Project Series A Loan Agreement, dated as of \_\_\_\_\_, 2015 (the “1987 Redevelopment Project Series A Loan Agreement”), by and between the Authority and the Successor Agency; (iv) the 1987 Redevelopment

Project Series B Loan (the “1987 Redevelopment Project Series B Loan”) to the Successor Agency pursuant to the 1987 Redevelopment Project Series B Loan Agreement, dated as of \_\_\_\_\_, 2015 (the “1987 Redevelopment Project Series B Loan Agreement”), by and between the Authority and the Successor Agency; (v) the 1994 Redevelopment Project Series A Loan (the “1994 Redevelopment Project Series A Loan”) to the Successor Agency pursuant to the 1994 Redevelopment Project Series A Loan Agreement, dated as of \_\_\_\_\_, 2015 (the “1994 Redevelopment Project Series A Loan Agreement”), by and between the Authority and the Successor Agency; (vi) the 1994 Redevelopment Project Series B Loan (the “1994 Redevelopment Project Series B Loan”) to the Successor Agency pursuant to the 1994 Redevelopment Project Series B Loan Agreement (the “1994 Redevelopment Project Series A Loan Agreement”), dated as of \_\_\_\_\_, 2015, by and between the Authority and the Successor Agency; and (vii) the Housing Loan (the “Housing Loan”) to the Successor Agency pursuant to the Housing Loan Agreement, dated as of \_\_\_\_\_, 2015 (the “Housing Loan Agreement”), by and between the Authority and the Successor Agency. The Central North Redevelopment Project Series A Loan, the 1987 Redevelopment Project Series A Loan, the 1994 Redevelopment Project Series A Loan and the Housing Loan shall be referred to collectively as the “Series A Loans.” The Central North Redevelopment Project Series B Loan, the 1987 Redevelopment Project Series B Loan and the 1994 Redevelopment Project Series B Loan shall be referred to as the “Series B Loans.”

The Central North Redevelopment Project Series A Loan Agreement, Central North Redevelopment Project Series B Loan Agreement, 1987 Redevelopment Project Series A Loan Agreement, 1987 Redevelopment Project Series B Loan Agreement, 1994 Redevelopment Project Series A Loan Agreement, 1994 Redevelopment Project Series B Loan Agreement and the Housing Loan Agreement shall be collectively referred to as the “Loan Agreements.”

The net proceeds of the Series A Loans will be used by the Successor Agency to refund and/or cancel (i) the Loan Agreement, dated as of August 1, 2002, providing for a loan related to the Central North Redevelopment, which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2002 Series A, (ii) the Loan Agreement, dated as of August 1, 2002, providing for a loan related to the Central North Redevelopment Project, which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2002 Series B, (iii) the Loan Agreement, dated as of June 1, 2001, providing for a loan related to the 1987 Redevelopment Project which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series A, (iv) Loan Agreement, dated as of June 1, 2001, providing for a loan related to the 1994 Redevelopment Project which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series B, (v) the Loan Agreement, dated as of June 1, 2001, providing for a loan related to the Housing Fund which secured all or part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2001 Series A and (vi) the Loan Agreement, dated as of May 1, 2006 providing for a loan related to the Housing Fund which secured all or part of the Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds (collectively, the “Series A Prepaid Loan Agreements”).

The net proceeds of the Series B Loans will be used by the Successor Agency to refund and/or cancel (i) the Loan Agreement, dated as of August 1, 2002, providing for a loan related to the Central North Redevelopment Project which secured all or a part of the Perris Public Financing Authority Tax Allocation Revenue Bonds 2002 Series C, (ii) the Loan Agreement, dated as of May 1, 2006, providing for a loan related to the Central North Redevelopment Project, (iii) the Loan Agreement, dated as of May 1, 2006, providing for a loan related to the 1987 Redevelopment Project securing all or a part of the Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds, and (iv) the Loan Agreement, dated as of May 1, 2006, providing for a loan related to the 1994 Redevelopment Project related to the Perris Public Financing Authority 2006 Tax Allocation Revenue Bonds (collectively, the “Series B Prepaid Loan Agreements” and, together with the Series A Prepaid Loan Agreements, the “Prepaid Loan Agreements”).

To effect the prepayment of the Prepaid Loan Agreements, the Authority, the Successor Agency and U.S. Bank National Association, as escrow bank (the “Escrow Bank”) shall enter into one or more escrow agreements, each dated as of \_\_\_\_\_, 2015 (collectively, the Escrow Agreements”).

The Successor Agency will undertake pursuant to the provisions of a Continuing Disclosure Agreement, to be dated the date of the Closing (the “Disclosure Agreement”), by and between the Successor Agency and Willdan Financial Services, as dissemination agent, to provide certain annual information and notices of the occurrence of certain enumerated events. A description of the undertaking is set forth in the Preliminary Official Statement (as defined below) and will also be set forth in the Official Statement.

The Loan Agreements, the Disclosure Agreement, this Purchase Agreement and the Escrow Agreements are sometimes collectively referred to herein as the “Successor Agency Legal Documents.”

The Indentures, the Loan Agreements, this Purchase Agreement and the Escrow Agreements are sometimes collectively referred to herein as the “Authority Legal Documents.”

3. Offering. It shall be a condition to the Authority’s obligations to sell and to deliver the Bonds to the Underwriter and to the Underwriter’s obligations to purchase, to accept delivery of and to pay for the Bonds that the entire \$\_\_\_\_\_ aggregate principal amount of the Bonds shall be issued, sold and delivered by the Authority and purchased, accepted and paid for by the Underwriter at the Closing. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the initial public offering prices or yields set forth in Exhibit A hereto and on the inside front cover page of the Official Statement. The Underwriter reserves the right to change, subsequent to the initial public offering, such initial offering prices as it shall deem necessary in connection with the marketing of the Bonds.

4. Use and Preparation of Documents. The Successor Agency and the Authority have caused to be prepared and delivered to the Underwriter prior to the execution of this Purchase Agreement copies of the Preliminary Official Statement dated \_\_\_\_\_, 2015, relating to the Bonds (the “Preliminary Official Statement”). The Successor Agency and the Authority ratify, confirm and approve the use by the Underwriter prior to the date hereof of the Preliminary Official Statement. The Successor Agency and the Authority have previously deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12. The Successor Agency and the Authority shall each have executed and delivered to the Underwriter a certification to such effect in the forms attached hereto as Exhibit B and Exhibit C, respectively. The Successor Agency and the Authority hereby agree to deliver or cause to be delivered to the Underwriter, not later than the earlier of: (i) the business day preceding the date of Closing (as defined herein); or (ii) the seventh (7th) business day following the date of this Purchase Agreement: (A) the form of the Official Statement relating to the Bonds in “designated electronic format” (as defined in MSRB Rule G-32); and (B) copies of the Official Statement, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the Underwriter, in such quantity as the Underwriter shall reasonably request. The Successor Agency and the Authority hereby approve of the distribution and use by the Underwriter of the Official Statement in connection with the offer and sale of the Bonds. The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Successor Agency, the Authority and the Underwriter. If the Official Statement is prepared for distribution in electronic form, the Successor Agency and the Authority hereby confirm that it does not object to distributions of the Official Statement in electronic form. The Underwriter agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement (which may be in electronic form).

5. Representations, Warranties and Agreements of the Authority. The Authority represents, warrants and agrees as follows:

(a) The Authority is a joint exercise of powers agency duly organized and validly existing under the Constitution and laws of the State of California.

(b) The Authority has full legal right, power and authority to enter into the Authority Legal Documents and carry out and consummate the transactions contemplated by the Authority Legal Documents;

(c) By all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved the preparation and use of the Preliminary Official Statement and the Official Statement, the execution and delivery of the Official Statement and the Authority Legal Documents, and the performance by the Authority of all transactions contemplated by the Authority Legal Documents; and the Authority Legal Documents will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(d) The Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Authority is a party or to which the Successor Agency or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Authority Legal Documents, and compliance with the provisions on the Authority's part contained therein, will not conflict with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such constitutional provision, law, regulation or instrument, except as provided by the Indentures;

(e) Except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Authority Legal Documents have been duly obtained;

(f) To the knowledge of the officer of the Authority executing this Purchase Agreement, after due inquiry, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the execution and delivery of the Indentures or contesting or affecting, as to the Authority, the validity or enforceability of the Authority Legal Documents or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting the completeness or accuracy of the Preliminary Official

Statement or the Official Statement, or contesting the powers of the Authority, or in any way contesting or challenging the consummation of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the Authority; nor, to the best knowledge of the Authority, is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the authorization, execution, delivery or performance by the Authority of the Authority Legal Documents;

(g) As of the date thereof and hereof, the Preliminary Official Statement and the Official Statement did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading;

(h) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Official Statement (including any amendment or supplement to the Official Statement as contemplated in (i) below) did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made not misleading;

(i) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Underwriter, and, if in the opinion of the Underwriter or the Authority, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Authority will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Authority delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be the date of Closing;

(j) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (i) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading;

(k) After the Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by counsel for the Underwriter;

(l) Any certificate signed by any officer of the Authority and delivered to the Underwriter shall be deemed a representation by the Authority to the Underwriter as to the statements made therein;

(m) The Authority will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement;

(n) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the expense of the Underwriter, as it may reasonably request in order to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate; provided, however, that the Authority will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction; and

(o) The Authority will refrain from taking any action with regard to which the Authority may exercise control that results in the inclusion in gross income for federal income tax purposes of the interest on the Bonds or State of California income tax purposes of the interest on the Bonds;

6. Representations, Warranties and Agreements of the Successor Agency. The Successor Agency hereby represents, warrants and agrees as follows:

(a) The Successor Agency is a public entity existing under the Constitution and laws of the State of California, including the Law;

(b) The Successor Agency has full legal right, power and authority to enter into the Successor Agency Legal Documents and carry out and consummate the transactions contemplated by the Successor Agency Legal Documents;

(c) By all necessary official action of the Successor Agency prior to or concurrently with the acceptance hereof, the Successor Agency has duly authorized and approved the preparation and use of the Preliminary Official Statement and the Official Statement, the execution and delivery of the Official Statement and the Successor Agency Legal Documents, and the performance by the Successor Agency of all transactions contemplated by the Successor Agency Legal Documents; and the Successor Agency Legal Documents will constitute legal, valid and binding obligations of the Successor Agency, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally;

(d) The Successor Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Successor Agency is a party or to which the Successor Agency or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Successor Agency Legal Documents, and compliance with the provisions on the Successor Agency’s part contained therein, will not conflict with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Successor Agency is a party or to

which the Successor Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Successor Agency or under the terms of any such constitutional provision, law, regulation or instrument, except as provided by the Loan Agreements;

(e) Except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Successor Agency of its obligations under the Successor Agency Legal Documents have been duly obtained;

(f) Between the date of this Purchase Agreement and the date of the Closing, the Successor Agency will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from Tax Revenues (as defined in the Indentures), nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Successor Agency;

(g) To the knowledge of the officer of the Successor Agency executing this Purchase Agreement, after due inquiry, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or threatened against the Successor Agency, affecting the existence of the Successor Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the execution and delivery of the Loan Agreements or the collection of the Tax Revenues or contesting or affecting, as to the Successor Agency, the validity or enforceability of the Successor Agency Legal Documents or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Successor Agency, or in any way contesting or challenging the consummation of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the Successor Agency or which might materially adversely affect the Tax Revenues of the Successor Agency; nor, to the best knowledge of the Successor Agency, is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the authorization, execution, delivery or performance by the Successor Agency of the Successor Agency Legal Documents;

(h) As of the date of the Closing, the Successor Agency will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues of the Successor Agency on a parity with the lien provided for in the Loan Agreements on the Tax Revenues, except for Parity Debt (as such term is defined in the Indenture);

(i) As of the time of acceptance hereof and as of the date of the Closing, the Successor Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules, as required by the Law;

(j) As of the date thereof and hereof, the Preliminary Official Statement and the Official Statement did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading;

(k) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Official Statement (including any amendment or supplement to the Official Statement as contemplated in (l) below) did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made not misleading;

(l) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be the date of Closing;

(m) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (l) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading;

(n) After the Closing, the Successor Agency will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by counsel for the Underwriter;

(o) Any certificate signed by any officer of the Successor Agency and delivered to the Underwriter shall be deemed a representation by the Successor Agency to the Underwriter as to the statements made therein;

(p) The Successor Agency will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement;

(q) The Successor Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that neither the Former Agency (as defined below), Successor Agency nor the City of Perris is a bond issuer whose arbitrage certifications may not be relied upon;

(r) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the expense of the Underwriter, as it may reasonably request in order to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate; provided, however, that the Successor Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(s) The Successor Agency will refrain from taking any action with regard to which the Successor Agency may exercise control that results in the inclusion in gross income for federal income tax purposes of the interest on the Bonds or State of California income tax purposes of the interest on the Bonds;

(t) Except as disclosed in the Official Statement, each of the Successor Agency, the Redevelopment Agency of the City of Perris (the “Former Agency”), the City of Perris and the Perris Public Financing Authority during the past five years has not defaulted under any prior continuing disclosure undertaking;

(u) The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions described in the Preliminary Official Statement; and

(v) The Department of Finance of the State (the “Department of Finance”) has issued a letter (the “DOF Letter”), dated \_\_\_\_\_, 20\_\_, approving the Oversight Board Resolution approving the issuance of the Bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. Except as disclosed in the Preliminary Official Statement, the Successor Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Successor Agency pursuant to Section 34183 of the Dissolution Act.

7. Closing. At 8:00 A.M., California time, on \_\_\_\_\_, 20\_\_, or on such other date as may be mutually agreed upon by the Successor Agency, the Authority and the Underwriter, the Successor Agency will, subject to the terms and conditions hereof, sell and deliver the Bonds to the Underwriter, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in federal funds. Sale, delivery and payment as aforesaid shall be made at the offices of Aleshire & Wynder, LLP, Irvine, California, (“Bond Counsel”) or such other place as shall have been mutually agreed upon by the Successor Agency, the Authority and the Underwriter, except that the Bonds (with one certificate for each maturity and otherwise in a form suitable for the book-entry system) shall be delivered to the Underwriter through the book-entry system of The Depository Trust Company (“DTC”). Unless the DTC Fast Automated Securities Transfer (“FAST”) is utilized, the Bonds will be made available for inspection by DTC at least one business day prior to the Closing.

8. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Successor Agency and the Authority contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Successor Agency and the Authority of their obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter’s obligations under this Purchase Agreement to purchase, to accept delivery

of and to pay for the Bonds shall be conditioned upon the performance by the Successor Agency and the Authority of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The Underwriter shall receive, within seven (7) business days of the date hereof, but in no event less than 1 day prior to Closing, copies of the Official Statement (including all information previously permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter), in such reasonable quantity as the Underwriter shall have requested;

(b) The representations and warranties of the Successor Agency and the Authority contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing and the statements of the officers and other officials of the Successor Agency, the Authority and the Trustee made in any certificate or other document furnished pursuant to the provisions hereof are accurate;

(c) At the time of the Closing, the Successor Agency Legal Documents and the Authority Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the Successor Agency, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the governing body of the Successor Agency and the Authority as, in the opinion of Bond Counsel in connection with the issuance of the Bonds, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) At the time of the Closing, all necessary official action of the Successor Agency and the Authority relating to the Official Statement, the Successor Agency Legal Documents and the Authority Legal Documents, as applicable, shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(e) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) Bond Counsel Final Opinion. The approving opinion of Bond Counsel, dated the date of the Closing and substantially in the form included as Exhibit E to the Official Statement;

(2) Supplemental Opinion of Bond Counsel. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing, stating that the Underwriter may rely on the opinions of Bond Counsel described in paragraph (1) above as if such opinion were addressed to the Underwriter and to the following effect:

(i) the Purchase Agreement has been duly executed and delivered by the Authority and (assuming due authorization, execution and delivery by and validity against the Underwriter) constitutes the valid and binding agreement of the Authority, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles;

(ii) the statements contained in the Official Statement under the captions "THE BONDS," "SOURCES OF PAYMENT FOR THE BONDS," "LEGAL

MATTERS – Tax Exemption” and in Appendices A, B and E insofar as such statements expressly summarize certain provisions of the Bonds, the Indentures, the Loan Agreement or the opinion of Bond counsel, are accurate in all material respects; and

(iii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(3) Financing Consultant Certificate. A certificate, dated the date of Closing, signed by an authorized officer of Rod Gunn Associates, Inc., the Successor Agency’s Financial Consultant (the “Financial Consultant”), addressed to the Underwriter, the Authority and the Successor Agency and without having undertaken any investigation, to the effect that, in connection with its role in the preparation of the Official Statement, nothing has come to the attention of the Financial Consultant that would lead it to believe that the statements and information contained in the Official Statement as of the date thereof and the date of the Closing, contains an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(4) Authority Counsel Opinion. An opinion of Aleshire & Wynder LLP, as Counsel to the Authority, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter to the following effect:

(i) the Authority is a public entity duly existing under the laws of the State, with full right, power and authority to execute, deliver and perform its obligations under the Authority Legal Documents;

(ii) the resolution of the Authority adopted on \_\_\_\_, 2015 (the “Authority Resolution”) was duly adopted at meeting of the Authority, called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout; and the Authority Resolution are in full force and effect and has not been modified amended or rescinded since their respective adoption dates;

(iii) The Authority Documents have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid, legal and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights and by the application of equitable principles if equitable remedies are sought;

(iv) The execution and delivery of the Authority Legal Documents and the Official Statement and compliance with the provisions of the Authority Legal Documents, under the circumstances contemplated thereby, (1) do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound, and (2) do not and will not in any material respect constitute on the part of the Authority a violation, breach of or default under any existing law, regulation, court order or consent decree to which the Authority is subject; and

(v) Except as described or contemplated by the Official Statement, there is no litigation or proceeding, pending and served, or threatened in writing delivered to the Authority, challenging the creation, organization or existence of the Authority, or the validity of the Bonds or the Authority Legal Documents or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the Authority would have a material adverse effect upon the financial condition or the revenues of the Authority, or which, in any manner, questions the right of the Authority to issue, sell and deliver the Bonds, or to enter into the Indenture.

(5) Successor Agency Counsel Opinion. An opinion of Aleshire & Wynder LLP, as Counsel to the Successor Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter to the following effect:

(i) the Successor Agency is a public entity duly existing under the laws of the State, including the Law, with full right, power and authority to execute, deliver and perform its obligations under the Successor Agency Legal Documents;

(ii) the resolution of the Successor Agency adopted on \_\_\_\_, 2015 (the “Successor Agency Resolution”) was duly adopted at meeting of the Successor Agency, called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout; and the Successor Agency Resolution is in full force and effect and has not been modified amended or rescinded since their respective adoption dates;

(iii) The Successor Agency Legal Documents have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid, legal and binding obligations of the Successor Agency enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights and by the application of equitable principles if equitable remedies are sought;

(iv) The execution and delivery of the Successor Agency Legal Documents and the Official Statement and compliance with the provisions of the Successor Agency Legal Documents, under the circumstances contemplated thereby, (1) do not and will not in any material respect conflict with or constitute on the part of the Successor Agency a breach of or default under any agreement or other instrument to which the Successor Agency is a party or by which it is bound, and (2) do not and will not in any material respect constitute on the part of the Successor Agency a violation, breach of or default under any existing law, regulation, court order or consent decree to which the Successor Agency is subject; and

(v) Except as described or contemplated by the Official Statement, there is no litigation or proceeding, pending and served, or threatened in writing delivered to the Successor Agency, challenging the creation, organization or existence of the Successor Agency, or the validity of the Bonds or the Successor Agency Legal Documents or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the Successor Agency would have a material adverse effect upon the financial condition or the revenues of the

Successor Agency, or which, in any manner, questions the right of the Successor Agency to issue, sell and deliver the Bonds, to enter into the Loan Agreements or to use the Tax Revenues for repayment of the Series A Loans and the Series B Loans or affects in any manner the right or ability of the Successor Agency to collect or pledge the Tax Revenues.

(6) Trustee Counsel Opinion. The opinion of counsel to the Trustee and the Escrow Bank, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(i) The Trustee/Escrow Bank is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Indentures and the Escrow Agreements.

(ii) The Indentures and the Escrow Agreements have been duly authorized, executed and delivered by the Trustee/Escrow Bank and the Indentures and the Escrow Agreements constitute the legal, valid and binding obligations of the Trustee/Escrow Bank, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(iii) Except as may be required under Blue Sky or other securities laws of any state, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee/Escrow Bank that has not been obtained is or will be required for the execution and delivery of the Indentures or the Escrow Agreements, or the consummation of the transactions contemplated by the Indentures or the Escrow Agreements.

(6) Authority Certificate. A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by a duly authorized officer of the Authority, to the effect that:

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

(ii) no event affecting the Authority has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) Successor Agency Certificate. A certificate of the Successor Agency, dated the date of the Closing, signed on behalf of the Successor Agency by a duly authorized officer of the Successor Agency, to the effect that:

(i) the representations and warranties of the Successor Agency contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(ii) no event affecting the Successor Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iii) No further consent is required to be obtained for the inclusion of the financial statement with respect to the Successor Agency Private-Purpose Trust Fund for the Fiscal Year Ending June 30, 2014, which is excerpted from the audited City of Perris, California, Year End June 30, 2014 Comprehensive Annual Financial Report, as Appendix G to the Official Statement.

(8) Trustee and Escrow Bank Certificate. A certificate of the Trustee and Escrow Bank, dated the date of Closing, to the effect that:

(i) the Trustee and Escrow Bank is a national banking association duly organized and validly existing under the laws of the United States of America;

(ii) the Trustee and Escrow Bank has full power, authority and legal right to comply with the terms of the Indentures and Escrow Agreements and to perform its obligations stated therein; and

(iii) the Indentures and Escrow Agreements have been duly authorized, executed and delivered by the Trustee and Escrow Bank and (assuming due authorization, execution and delivery by the Successor Agency and the Authority) constitutes a legal, valid and binding obligation of the Trustee and the Escrow Bank in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(8) Legal Documents. Executed copies of this Purchase Agreement and other Successor Agency Legal Documents and Authority Legal Documents.

(9) Rating Letter. Letters from Standard & Poor's Financial Services, LLC to the effect that the Series A Bonds have been assigned a rating of "\_\_\_" and the Series B Bonds have been assigned a rating of "\_\_\_", which ratings shall be in effect as of the Closing.

(10) Disclosure Letter. A letter of Norton Rose Fulbright US LLP ("Disclosure Counsel"), dated the date of the Closing, addressed to the Underwriter, to the effect that, based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and, projections, estimates, assumptions, forecasts therein and the information included in the Appendices thereto and information relating to DTC, as to which no advice need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(11) Underwriter's Counsel Opinion. The opinion of McFarlin & Anderson LLP, Underwriter's Counsel, dated the date of Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter.

(12) Fiscal Consultant Certificate. A certificate of HdL Coren & Cone (the "Fiscal Consultant"), dated the date of the Closing, addressed to the Successor Agency and the Underwriter, in form and substance acceptable to the Underwriter, certifying as to the accuracy of the information in the Official Statement attributed to the Fiscal Consultant and stating that to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report, and consenting to the use of their report as APPENDIX C to the Preliminary Official Statement and the Official Statement.

(13) Successor Agency Resolution. A certified copy of the Successor Agency Resolution.

(14) Oversight Board Resolution. A certified copy of the Oversight Board Resolution.

(15) Authority Resolution. A certified copy of the Authority Resolution.

(16) Oversight Board Certificate. A certificate of the Clerk of the Oversight Board to the effect that the Oversight Board Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(17) DOF Letter. A copy of the DOF Letter approving the issuance of the Bonds.

(18) Joint Powers Agreement. An executed copy of the Joint Exercise of Powers Agreement of the Authority.

(19) Defeasance Opinion. An opinion of Bond Counsel, dated the date of Closing, to the effect that the Successor Agency has taken all actions required to refund the Prepaid Loan Agreements, and that such Prepaid Loan Agreements are no longer outstanding.

(20) Verification Report. A verification report from Grant Thornton LLP, Minneapolis, Minnesota, relating to the defeasance of the Refunded Bonds, in form and substance satisfactory to the Underwriter.

(21) Tax Certificate. A tax certificate or certificates with respect to maintaining the tax-exempt status of the Bonds, duly executed by the Successor Agency.

(22) Additional Documents. Such additional certificates, instruments and other documents as Bond Counsel, the Successor Agency or the Underwriter may reasonably deem necessary.

All 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 Underwriter.

If the Successor Agency, Authority or the Trustee shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement, if the Successor Agency shall determine in good faith (and provide written notice to the Underwriter) that legislation has been introduced or proposals made by the Governor of the State of California which if enacted and effective would impose additional limitations or burdens on the Successor Agency by reason of the issuance of the Bonds or which purport to prohibit the issuance of the Bonds, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Successor Agency shall be under any further obligation hereunder.

9. Termination. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the Successor Agency and the Authority if at any time between the date hereof and prior to the Closing:

(a) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(b) the marketability of the Bonds or the market price thereof, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Underwriter, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Successor Agency or the Authority, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(c) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State of California, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter' ability to trade the Bonds; or

(f) a general banking moratorium shall have been established by federal or State authorities; or

(g) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, or there has occurred any escalation of existing hostilities, calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(h) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(i) the commencement of any action, suit or proceeding described in Section 5(g) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(j) there shall exist any event which in the reasonable opinion of the Underwriter that either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or

(k) there shall be in force a general suspension of trading on the New York Stock Exchange.

9. Expenses. (a) The Underwriter shall be under no obligation to pay, and the Successor Agency or the Authority, as applicable, shall pay, any expenses incident to the performance of the their respective obligations hereunder including, but not limited to: (i) the cost of preparation, printing and distribution of the Indenture and word processing, reproduction, printing and distribution costs relating to the Preliminary Official Statement, the Official Statement and any supplements or amendments thereto (incurred by Disclosure Counsel or an independent printer); (ii) the cost of preparation of the Bonds; (iii)

the fees and disbursements of Bond Counsel and Disclosure Counsel and the fees and expenses of counsel to the Successor Agency; (iv) the fees and disbursements of the Financial Consultant and the Fiscal Consultant and any other experts, consultants or advisors retained by the Successor Agency; (v) the fees of the rating agencies; and (vi) the fees of the verification agent and the costs of verifying compliance with Rule 15c2-12.

(b) The Underwriter shall pay: (i) the fees and expenses of its counsel; (ii) fees, if any, payable to the California Debt and Investment Advisory Commission in connection with the issuance of the Bonds; and (iii) all other expenses incurred by the Underwriter in connection with the public offering of the Bonds.

10. Notices. Any notice or other communication to be given to the Successor Agency under this Purchase Agreement may be given by delivering the same in writing at the Successor Agency's address set forth above, Attention: Executive Director; to the Authority at the Authority's address set forth above, Attention: Executive Director and to the Underwriter under this Purchase Agreement by delivering the same in writing to: O'Connor & Company Securities, Inc, 250 Newport Center Drive, Suite 303, Newport Beach, California 92660, Attention: \_\_\_\_\_.

11. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Successor Agency, the Authority and the Underwriter and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Successor Agency 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 Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

12. Effectiveness and Counterpart Signatures. This Purchase Agreement shall become effective upon the execution of the acceptance by an authorized officer of both the Successor Agency and the Authority and shall be valid and enforceable at the time of such acceptance and approval. This Purchase Agreement may be executed by the parties hereto by facsimile transmission and in separate counterparts, each of which when so executed and delivered (including delivery by facsimile transmission) shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. Headings. The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

14. Governing Law. This Purchase Agreement shall be construed in accordance with the laws of the State of California.

Very truly yours,

O'CONNOR & COMPANY SECURITIES,  
INC.

By: \_\_\_\_\_  
Authorized Officer

Accepted:

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE  
CITY OF PERRIS

By: \_\_\_\_\_

Accepted:

PERRIS PUBLIC  
FINANCING AUTHORITY

By: \_\_\_\_\_

**EXHIBIT A**

**PERRIS PUBLIC FINANCING AUTHORITY**

**\$ \_\_\_\_\_  
TAX ALLOCATION REVENUE REFUNDING BONDS  
2015 SERIES A**

<i><u>Maturity Date</u></i> <i><u>October 1</u></i>	<i><u>Amount</u></i>	<i><u>Coupon</u></i>	<i><u>Yield</u></i>	<i><u>Price</u></i>
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**\$ \_\_\_\_\_  
TAX ALLOCATION SUBORDINATE REVENUE REFUNDING BONDS  
2015 SERIES B**

<i><u>Maturity Date</u></i> <i><u>October 1</u></i>	<i><u>Amount</u></i>	<i><u>Coupon</u></i>	<i><u>Yield</u></i>	<i><u>Price</u></i>
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***Optional Redemption of Bonds.*** The Bonds due on or after October 1, 20\_\_ are subject to optional redemption prior to maturity at the option of the Authority on any date on or after October 1, 20\_\_, as a whole or in part and by lot, from any source of available funds at a redemption price equal to the principal amount thereof to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

**EXHIBIT B**

SUCCESSOR AGENCY RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to O'Connor & Company Securities, Inc. (the "Underwriter") that the undersigned is a duly appointed and acting officer of the Successor Agency to the City of Perris (the "Successor Agency") and as such is to execute and deliver this Certificate and further hereby certify and reconfirm on behalf of the Successor Agency to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Perris Public Financing Authority Tax Allocation Revenue Refunding 2015 Series A (the "Series A Bonds") and the Perris Public Financing Authority Tax Allocation Revenue Refunding 2015 Series B (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated \_\_\_\_. 2015, setting forth information concerning the Bonds and the Perris Public Financing Authority (the "Authority"), as issuer of the Bonds, and the Successor Agency (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Successor Agency shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the \_\_\_\_ day of \_\_\_\_\_ 2015.

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY  
OF PERRIS

By \_\_\_\_\_  
Authorized Officer

**EXHIBIT C**

AUTHORITY RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to O'Connor & Company Securities, Inc. (the "Underwriter") that the undersigned is a duly appointed and acting officer of Perris Public Financing Authority (the "Authority") and as such is to execute and deliver this Certificate and further hereby certify and reconfirm on behalf of the Authority to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Perris Public Financing Authority Tax Allocation Revenue Refunding 2015 Series A (the "Series A Bonds") and the Perris Public Financing Authority Tax Allocation Revenue Refunding 2015 Series B (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated \_\_\_\_\_, 2015, setting forth information concerning the Bonds and the Authority, as issuer of the Bonds, and the Successor Agency to the Redevelopment Agency of the City of Perris (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Authority shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the \_\_\_\_ day of \_\_\_\_\_ 2015.

PERRIS PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Authorized Officer