

File No. 131144

Committee Item No. 17

Board Item No. 27

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 12/04/2013

Board of Supervisors Meeting

Date: 12/10/2013

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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Completed by: Victor Young

Date November 27, 2013

Completed by: Victor Young

Date 12/5/2013

1 [Office of Community Investment and Infrastructure Budget - Not To Exceed \$70,000,000]

2
3 **Resolution authorizing the Office of Community Investment and Infrastructure,**
4 **operating as the Successor Agency to the Redevelopment Agency, to issue and**
5 **expend bonds in an aggregate principal amount not to exceed \$70,000,000 for the**
6 **purpose of financing a portion of enforceable obligations in the Mission Bay South**
7 **redevelopment project area in the current or future budget years.**

8
9 WHEREAS, The Office of Community Investment and Infrastructure ("OCII"), as
10 Successor Agency to the San Francisco Redevelopment Agency, is implementing enforceable
11 obligations and surviving redevelopment projects of the former agency in accordance with the
12 Community Redevelopment Law, Cal. Health & Safety Code §§ 33000 et seq., as amended
13 by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq. (the
14 "Law"), and with San Francisco City and County Board of Supervisors ("Board of Supervisor's")
15 Ordinance No. 215-12; and,

16 WHEREAS, The Law, Cal. Health & Safety Code § 34177.5, and Ordinance No. 215-
17 12 authorize the Successor Agency Commission ("OCII Commission") to issue bonds to carry
18 out enforceable obligations, subject to approval of the OCII's Oversight Board and the
19 California Department of Finance; and,

20 WHEREAS, Board of Supervisors Resolution 237-13 passed on July 16, 2013,
21 authorized the OCII to issue bonds in an aggregate principal amount not to exceed \$58.6
22 million for the purpose of financing a portion of enforceable obligations; and,

23 WHEREAS, On November 5, 2013, the OCII Commission passed Resolution 52-2013,
24 authorizing the issuance of bonds related to the Mission Bay South redevelopment project
25 area of up to \$70.0 million, with the amount increased from the original Fiscal Year 2013-2014

1 budget due to improved bonding capacity and market conditions potentially allowing for the
2 larger issuance than originally envisioned, along with the need for infrastructure cost
3 reimbursement well in excess of \$70.0 million, and requesting staff to seek Board of
4 Supervisors concurrence for the increased bond issuance authorization; and,

5 WHEREAS, On November 13, 2013, The OCII's Oversight Board Resolution 11-2013
6 approved the issuance of up to \$70.0 million in bonds for the Mission Bay South
7 Redevelopment Project Area which OCII forwarded to the California Department of Finance
8 for review; and,

9 WHEREAS, The Law requires OCII to receive approval from OCII's Oversight Board
10 and the California Department of Finance for its expenditures as listed in Recognized
11 Obligation Payment Schedules that cover six month fiscal periods; now, therefore, be it

12 RESOLVED, By the Board of Supervisors that it does hereby increase its prior
13 conditional authorization for OCII to issue bonds in a principal amount of up to \$58.6 million by
14 \$11.4 million to a new not to exceed amount of \$70.0 million for the Mission Bay South
15 redevelopment project area, provided, however, that the California Department of Finance
16 subsequently approve the issuance of the Bonds; and, be it

17 FURTHER RESOLVED, That OCII is authorized to expend these authorized bond
18 proceeds in the current or future budget years in conformance with the purposes for which the
19 bonds are sold and in conformance with Recognized Obligation Payment Schedules approved
20 by the Oversight Board and the California Department of Finance.

November 14, 2013

MEMORANDUM

TO: City and County of San Francisco Board of Supervisors

FROM: Tiffany Bohee, Executive Director
Office of Community Investment and Infrastructure

SUBJECT: Resolution authorizing the Office of Community Investment and Infrastructure (OCII), operating as the Successor Agency to the San Francisco Redevelopment Agency to issue and expend bonds in an aggregate principal amount not to exceed \$70,000,000 for the purpose of financing a portion of enforceable obligations in the Mission Bay South redevelopment project Area

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (OCII) requests the Board of Supervisors to conditionally approve an increase in OCII's Fiscal Year 2013-2014 authority to issue property tax allocation bonds from the budgeted level of \$58.6 million to a new not-to-exceed level of \$70.0 million and to expend the proceeds on approved project expenditures, subject to State Department of Finance concurrence. The proposed bond proceeds would be used to reimburse the Mission Bay South Developer for infrastructure costs pursuant to the Mission Bay South Owner Participation Agreement ("OPA"). Debt service costs would be paid from Mission Bay South tax increment already pledged to the developer pursuant to the OPA, so there would be no negative impact on the amount of funds passed through to taxing entities from approval of these bonds. A positive impact for taxing entities is likely to the extent that this bond financing for infrastructure speeds up the completion of high value taxable properties in the Mission Bay South project area, thus increasing the amount of AB 1290 pass-through funds provided to taxing entities. The proposed issuance has been conditionally approved by the OCII Commission and OCII's Oversight Board.

BACKGROUND

Mission Bay North and South Project Area

The Mission Bay North and South Redevelopment Project Areas ("Mission Bay") are comprised of roughly 303 acres of former rail yards, located adjacent and to the south of AT&T ballpark and the 4th and King Caltrain station. At full build-out Mission Bay is expected to house approximately 6,350 units of housing (29% affordable), 9 million square feet of research, medical, education, biotech, office and retail space, generate thousands of construction jobs and 30,000 permanent jobs, and spur \$9 billion in total new investment in the City. The 2014 Bonds will fund public improvements within the Mission Bay South Project Area, which is comprised of the land bound by Mission Creek / China Basin Channel to the north, the Interstate-280 flyover and Caltrain tracks to the west, Mariposa Street to the south, and the San Francisco Bay to the east.

The Mission Bay South Project Area is in the middle of extensive new development of housing, commercial office and retail, a new public safety building, and the University of California, San Francisco ("UCSF") research campus and medical center. Approximately 620 of a total of 3,350+ units of housing have already been built in the Mission Bay South Project Area, with another 1,500 under construction, of which 150 are affordable. Over 1.7 million of a total of 4.4 million square feet of new office and lab space has been built to date. The \$243 million public safety building, future home to San Francisco's police administrative headquarters and a new police station and firehouse, is currently under construction and scheduled to open in 2014. The UCSF research campus already has over 2 million square feet of new facilities built out of a total of 2.65 million square feet approved. Finally, the \$1.6 billion first phase of UCSF's Mission Bay Medical Center, currently under construction and scheduled to open in early 2015.

Significant new public streets, utilities, parks and open space ("Improvements") are needed to serve this development and extend the street grid into this former rail yard. The Improvements are comprised of an estimated \$700 million in new infrastructure across the Mission Bay Project Areas. In order to facilitate the development of the Improvements, the Former Redevelopment Agency entered into a series of agreements with Catellus, the original landowner of a majority of Mission Bay. In 2004, Catellus transferred its rights and obligations under these agreements to FOCIL-MB, LLC, the current Master Developer. The agreements, now between the Successor Agency and the Master Developer, include the OPA which contains both an Infrastructure Plan that specifies scope and phasing of the Improvements, and a Financing Plan for funding the Improvements. Under these agreements with the Master Developer, Improvements are first built by the Master Developer, and then reimbursed through a variety of funding sources, including tax increment, grants and community facilities district ("CFD") bonds, and tax allocation bonds proceeds like those from the 2014 Bonds.

The developer has reported that approximately \$55 million of completed infrastructure work in Mission Bay South is still pending reimbursement and a further \$120 million is needed and scheduled to be completed through June 2015. The proposed \$70 million bond issuance would reimburse just a portion of those costs. The balance would have to be reimbursed from future tax increment or future tax increment bond proceeds supported by increases in assessed valuation in the Mission Bay South project area.

Enforceable Obligation: Mission Bay South Owner Participation Agreement

The Mission Bay South Owner Participation Agreement ("OPA") between the former San Francisco Redevelopment Agency ("Former Redevelopment Agency") and now, the Successor Agency, and FOCIL-MB, LLC, ("Master Developer"), establishes the protocols for financing infrastructure improvements in the Mission Bay South Project Area, including the sale of bonds. The OPA is an enforceable obligation consistent with Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Session) ("AB 26") and has been included on all Recognized Obligation Payment Schedules ("ROPS") to date, including ROPS 13-14A for the period of July to December 2013 and on the ROPS 13-14B for the period January 2014 to June 2014, approved by the Oversight Board on September 23, 2013 (Resolution No. 9-2013) and currently under review by the California Department of Finance.

Under the OPA, including the Financing Plan and the Tax Increment Allocation Pledge Agreement, tax increment generated from the Mission Bay South Redevelopment Project Area is pledged to the Master Developer to reimburse Infrastructure costs. Under the Financing Plan, the Successor Agency is obligated to issue Tax Allocation Debt as long as any of the Infrastructure has not been completed or the costs of Infrastructure have not been reimbursed to the Master Developer. Pursuant to the Financing Plan, the Master Developer has submitted a written request to the Successor Agency and the staff of the Successor Agency, appropriate Successor Agency consultants and the Master Developer have met and conferred and have determined that, pursuant to the Financing Plan and the Pledge Agreement, the Successor Agency, subject to necessary approvals, will issue Tax Allocation Debt to reimburse the Master Developer for Infrastructure Costs.

Section 34177.5(a)(4) provides that a successor agency may issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge.

The OPA, including the Financing Plan and the Pledge Agreement contain an irrevocable pledge of property tax increment to the payment of Infrastructure Costs, and the Successor Agency is obligated, under those agreements, to issue these bonds or incur other indebtedness.

Successor Agency Debt Policies and Authorizations

In June of 2012, the California legislature adopted Assembly Bill 1484 (Chapter 26, Statutes of 2011-12, Regular Session) ("AB 1484") amending certain provisions of AB 26 (collectively the "Dissolution Law"). Section 34177.5(a)(4) of AB 1484 provides that a successor agency may issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge.

Subsequent to the adoption of AB 1484, the City and County of San Francisco Board of Supervisors ("Board of Supervisors") adopted Ordinance No. 215-12 to create a new Successor Agency Commission and provide it with certain authority to act as the Successor Agency of the Former Redevelopment Agency. Specifically, Ordinance No. 215-12 allows the Successor Agency Commission to approve the issuance of bonds to carry out the enforceable obligations, subject to any approval of the Oversight Board.

On June 4, 2013, the Commission adopted a budget for the period of July 1, 2013 to June 30, 2014 (Resolution No. 23-2013), which envisioned potential issuance and associated expenditure of up to \$58.6 million in bond proceeds for the Mission Bay North and South project areas, subject to Oversight Board and Department of Finance approval. On July 16, 2013, the Board of Supervisors, through Resolution 237-13, approved the Agency budget (Resolution 237-13) and the issuance of up to \$58.6 million in bonds, subject to Oversight Board and Department of Finance approval.

On November 5, 2013, Commission Resolution 52-2013 approved issuance of up to \$70 million in bonds for Mission Bay South, conditional upon Board of Supervisors, Oversight Board, and

Department of Finance concurrence (Attachment A). On November 13, 2013, the Oversight Board approved the bond issuance through Resolution 11-2013 (Attachment B).

The proposed bond issuance is being planned under the provisions of the former Redevelopment Agency's Debt Policy.

Financing Team

In addition to OCII staff, the Financing Team is comprised of:

- **Bond Counsel:** Jones-Hall
- **Financial Advisor:** Public Financial Management
- **Disclosure Counsel:** Schiff-Hardin
- **Fiscal Consultant:** Urbics
- **Underwriters:** De La Rosa & Company (Managing Underwriter) and Backstrom McCarley Berry and Company (Co-manager).
- **City and County of San Francisco Liaison:** Office of Public Finance (Controller's Office)

Proposed Bond Issuance

The proposed issuance is to sell up to \$70 million in tax allocation bonds ("2014 Bonds") for the purpose of reimbursing developer-funded infrastructure projects in the Mission Bay South Project Area, pursuant to the Mission Bay South Owner Participation Agreement (OPA). The increase to \$70 million from the \$58.6 million in anticipated bond proceeds included in the Agency's Fiscal Year 2013-2014 budget is proposed in order to take advantage of recent changes in Mission Bay South bonding capacity and potential changes in market conditions. The actual amount of bonds proceeds realized would be dependent on market conditions at the time of the sale and could be significantly less than \$70 million. Pursuant to Dissolution Law, issuance of the bonds would be conditional upon approval by the Oversight Board and California Department of Finance. Bond proceeds in excess of approved ROPS amounts would be proposed for expenditure on future ROPS submissions.

OCII, in consultation with Financial Advisor PFM recommends that credit and market conditions require a negotiated bond sale in order to secure the best terms for these bonds. This method of sale allows the underwriter to assist prospective investors in a detailed analysis of the credit supporting the bonds. The events of recent years have increased investor attention to the specific credit of each bond issue. Additionally this will likely be the first successor agency "new money" bond issuance under authority granted in AB1484. Under these circumstances, a negotiated sale should result in broader investor interest in the Agency's bonds and lower interest rates than would be otherwise achieved.

The bonds will be issued with a final maturity not later than exceed August 2043. In order to maximize available proceeds from the sale, it is anticipated that the debt service for the 2014 Bonds will be structured to use tax increment made available when the 2011 Series D bonds retire in 2041, respectively. This would result in the overall combined Mission Bay South Debt annual service being level at about \$10 million through the final maturity of the 2014 Bonds.

Previously, the 2011 Bonds were structured in the same way with respect to the 2009 Mission Bay South bonds, maximizing bond proceeds under debt capacity constraints.

The Bonds are anticipated to be priced as soon as possible in the first calendar quarter of 2014. The true interest cost is expected to be around 5.25%. This estimate is based on the current market and the actual rate will be determined by market conditions at the time of the bond pricing. As the amount available to pay debt service is fixed, the interest rate will determine the total amount of bonds that can be issued.

Potential Impact to Taxing Entities: Debt service costs would be paid from Mission Bay South tax increment already pledged to the developer pursuant to the OPA, so there would be no negative impact on the amount of funds passed through to taxing entities from approval of these bonds. A positive impact for taxing entities is likely to the extent that this bond financing for infrastructure speeds up the completion of high value taxable properties in the Mission Bay South project area, thus increasing the amount of AB 1290 pass-through funds provided to taxing entities.

Attachment A: Commission on Investment and Infrastructure Resolution 52-2013

Attachment B: Oversight Board Resolution 11-2013

**Office of Community
Investment and Infrastructure**
(Successor to the San Francisco
Redevelopment Agency)

One South Van Ness Avenue
San Francisco, CA 94103
415.749.2400



EDWIN M. LEE, Mayor

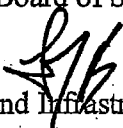
Christine Johnson, Chair
Mara Rosales, Vice-Chair
Theodore Ellington
Marily Mondejar
Darshan Singh
Tiffany Bohee, Executive Director

November 14, 2013

107-11013-146

MEMORANDUM

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the issuance of up to \$58.6 million in bonds, subject to Oversight Board and Department of Finance approval.

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OCII, in consultation with Financial Advisor PFM recommends that credit and market conditions require a negotiated bond sale in order to secure the best terms for these bonds. This method of sale allows the underwriter to assist prospective investors in a detailed analysis of the credit supporting the bonds. The events of recent years have increased investor attention to the specific credit of each bond issue. Additionally this will likely be the first successor agency "new money" bond issuance under authority granted in AB1484. Under these circumstances, a negotiated sale should result in broader investor interest in the Agency's bonds and lower interest rates than would be otherwise achieved.

The bonds will be issued with a final maturity not later than exceed August 2043. In order to maximize available proceeds from the sale, it is anticipated that the debt service for the 2014 Bonds will be structured to use tax increment made available when the 2011 Series D bonds retire in 2041, respectively. This would result in the overall combined Mission Bay South Debt annual service being level at about \$10 million through the final maturity of the 2014 Bonds. Previously, the 2011 Bonds were structured in the same way with respect to the 2009 Mission Bay South bonds, maximizing bond proceeds under debt capacity constraints.

The Bonds are anticipated to be priced as soon as possible in the first calendar quarter of 2014. The true interest cost is expected to be around 5.25%. This estimate is based on the current market and the actual rate will be determined by market conditions at the time of the bond pricing. As the amount available to pay debt service is fixed, the interest rate will determine the total amount of bonds that can be issued.

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Attachment A: Commission on Investment and Infrastructure Resolution 52-2013

Attachment B: Oversight Board Resolution 11-2013

Commission on Community Investment and Infrastructure

RESOLUTION NO. 52-2013
Adopted November 5, 2013

AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$70,000,000, AND APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST, AND A BOND PURCHASE CONTRACT, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the "Former Redevelopment Agency") and FOCIL-MB, LLC (the "Master Developer"), as assignee of Catellus Development Corporation, are parties to a Mission Bay South Owner Participation Agreement executed November 16, 1998, as amended by the First Amendment, dated February 17, 2004, by the Second Amendment, dated Nov. 1, 2005, and by the Third Amendment, dated May 21, 2013 (the "OPA"), which includes Attachment E thereto, entitled "Mission Bay South Financing Plan" (the "Financing Plan"); and,

WHEREAS, In connection with the execution of the OPA, and as part of the OPA, the Former Redevelopment Agency entered into a series of binding agreements regarding the public and private project to be financed through the OPA, including the Mission Bay South Tax Increment Allocation Pledge Agreement executed November 16, 1998, by and between the City and County of San Francisco and the Former Redevelopment Agency (the "Pledge Agreement"), to which the Master Developer is an express third-party beneficiary; and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the "State"), including the Former Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities, Section 34173 (g) the California Health and Safety Code, and have the authority, with approval of the oversight board and Department of Finance, to issue certain bonds, Section 34177.5(a)(4) of the California Health and Safety Code ("Section 34177.5(a)(4)"), and the Governor of the State signed the bill and it became effective on June 27, 2012; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the "Redevelopment Dissolution Law"), title to all assets, and all rights, obligations and liabilities of the Former Redevelopment Agency, (c) declared that the name of the Successor Agency is the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (d) established the Successor Agency Commission (the "Successor Agency Commission") and delegated to the Successor Agency Commission the authority (excluding authority as to the "Housing Assets," as defined in the Implementing Ordinance) to act in place of the Former Redevelopment Agency Commission to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency's enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the Oversight Board of the Successor Agency established pursuant to the provisions of the Redevelopment Dissolution Law (the "Oversight Board"), (e) designated the means by which the five members of the Successor Agency Commission would be determined, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure ("OCII") and its commission is known as the Commission on Community Investment and Infrastructure; and,

WHEREAS, The Financing Plan and the Pledge Agreement pledge tax increment generated from the Mission Bay South Redevelopment Project Area to the Master Developer to reimburse the Master Developer for Infrastructure Costs (as defined in the Financing Plan), which includes using such tax increment revenues to pay debt service on Tax Allocation Debt (as such term is defined in the Financing Plan); and,

WHEREAS, Pursuant to the Financing Plan, the Successor Agency is obligated to issue Tax Allocation Debt so long as any of the Infrastructure has not been completed or the costs of Infrastructure have not been reimbursed to the Master Developer from the

proceeds of Net Available Increment (as such term is defined in the Financing Plan) or Tax Allocation Debt, the Master Developer has submitted a written request to the Successor Agency, as successor to the Former Redevelopment Agency, requesting the Successor Agency to issue CFD debt or Tax Allocation Debt (as such terms are defined in the Financing Plan), and the staff of the Successor Agency and appropriate Successor Agency consultants have met and conferred with the Master Developer as to the amount and timing of the proposed bond issue, Sections 6.A. of Financing Plan at p. 13-14; and,

WHEREAS, The Master Developer has submitted such a written request to the Successor Agency, Letter, November 15, 2012 and the staff of the Successor Agency, appropriate Successor Agency consultants and the Master Developer have met and conferred and have determined that, pursuant to the Financing Plan and the Pledge Agreement, the Successor Agency will issue Tax Allocation Debt to reimburse the Master Developer for Infrastructure Costs; and,

WHEREAS, Section 34177.5(a)(4) provides that a successor agency may issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge; and,

WHEREAS, The OPA, including the Financing Plan and the Pledge Agreement, contain an irrevocable pledge of property tax increment, formerly tax increment revenues, to the payment of Infrastructure Costs, and the Successor Agency is obligated, under the OPA, including the Financing Plan and the Pledge Agreement, to issue bonds or incur other indebtedness secured by an irrevocable pledge of tax increment revenues to pay such Infrastructure Costs; and,

WHEREAS, In as much as the requirements of Section 34177.5(a)(4) have been met, in response to the request of the Master Developer, the Successor Agency has determined to issue, pursuant to the authority set forth in Section 34177.5(a)(4), its 2014 Bonds (as defined below); and,

WHEREAS, The 2014 Bonds will be payable from Tax Revenues, as such termed in defined in the hereinafter mentioned Indenture; and,

WHEREAS, The financial advisors to the Successor Agency for the 2013 Bonds have had input into the staff report for this Resolution, which staff report addresses matters described in Section 34177.5(h) of the California Health and Safety Code; and,

WHEREAS, The following documents and instruments have been made available to the Successor Agency and the public, are on file with the Secretary of the Successor Agency: an Indenture of Trust (the "Indenture") providing for the issuance of the 2014 Bonds, and a Bond Purchase Contract to be used in connection with the sale of the 2014 Bonds (the "Purchase Contract"); and,

WHEREAS, The Board of Supervisors in its Resolution No. 237-13 has heretofore approved the issuance of the 2014 Bonds in the amount of not to exceed \$58,600,000 and

the Successor Agency intends to request that the Board of Supervisors increase the amount of the 2014 Bonds that the Successor Agency may issue to the amount of \$70,000,000; and,

WHEREAS, The sale and issuance of the 2014 Bonds are Successor Agency fiscal activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, The Successor Agency Commission finds that:

The Successor Agency has full authority under Section 34177.5(a)(4) of the California Health and Safety Code to issue the 2014 Bonds to reimburse the Master Developer for Infrastructure Costs, as required by the OPA, and upon the Oversight Board's approval and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2014 Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee (as defined below) and duly issued, the valid, binding and legal special obligations of the Successor Agency, and to constitute the Indenture a valid and binding agreement for the uses and purposes therein set forth, in accordance with its terms, will have been done or taken and the execution and delivery of the Indenture will have been in all respects duly authorized; and, be it further

RESOLVED, The Executive Director is authorized to prepare and submit a resolution for the Board of Supervisors to request an increase in the Fiscal Year 2013-2014 authority to issue bonds from the previously approved \$58.6 million level to a new maximum level of \$70.0 million.

RESOLVED, Pursuant to the Act, this Resolution, the Indenture, and Section 34177.5(a)(4) of the California Health and Safety Code, tax increment bonds of the Successor Agency are hereby authorized to be issued, designated as "Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project)" (the "2014 Bonds"). The aggregate initial amount of the 2014 Bonds shall not exceed \$70,000,000, or \$58,600,000 in the event the Board of Supervisors does not increase the not to exceed amount of 2014 Bonds that the Successor Agency may issue to \$70,000,000; and the initial principal amount of each series of the 2014 Bonds shall be as provided in the Purchase Contract, as executed by the Executive Director as further provided herein. The 2014 Bonds shall be executed in the form set forth in and otherwise as provided in the Indenture; and, be it further

RESOLVED, The Indenture is hereby approved in the form lodged with the Successor Agency's Secretary. The Executive Director and the Deputy Executive Director, Finance and Administration (each being hereinafter referred to as an "Authorized Officer"), each acting alone, are hereby authorized and directed, subject to the Oversight Board's approval, and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the

Indenture in said form, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer. The date, manner of payment, interest rate or rates, interest payment dates, denominations, form, registration, privileges, manner of execution, place of payment terms of redemption and other terms of the 2014 Bonds shall be as provided in the Indenture as finally executed, and be it further

RESOLVED, The Successor Agency hereby approves the selection of De La Rosa & Co., Inc. and Backstrom McCarley Berry & Co., LLC (collectively, the "Underwriters") as the underwriters for the Bonds. The Purchase Contract among the Successor Agency, the City and County of San Francisco Redevelopment Financing Authority (the "Authority") and the Underwriters is hereby approved in the form lodged with the Successor Agency's Secretary. An Authorized Officer is hereby authorized and directed to accept the offer of the Authority to purchase the 2014 Bonds from the Successor Agency for resale to the Underwriters (pursuant to Sections 6588 and 6589 of the California Government Code) as set forth in the Purchase Contract (provided that the aggregate initial amount of the 2014 Bonds sold thereby is not in excess of \$70,000,000, the true interest cost of the 2014 Bonds is not in excess of 7.00% per annum and the Underwriters' discount, without regard to any original issue discount, is not in excess of 0.65% of the aggregate initial amount of the 2014 Bonds) and, subject to the Oversight Board's approval, and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Purchase Contract in said form, with such additions thereto or changes therein as are recommended or approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Purchase Contract by an Authorized Officer; and, be it further

RESOLVED, Following approval by the Oversight Board of the issuance of the 2014 Bonds by the Successor Agency and upon approval by the California Department of Finance of such approval by the Oversight Board, the Successor Agency will, with the assistance of disclosure counsel, its Financial Advisor, and its bond counsel cause to be prepared a form of Official Statement describing the 2014 Bonds and containing material information relating to the 2014 Bonds, the preliminary form of which will be submitted to the Successor Agency (but not to the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2014 Bonds; and, be it further

RESOLVED, The 2014 Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the 2014 Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the 2014 Bonds, when duly executed and authenticated, to the Underwriters in accordance with written instructions executed on behalf of the Successor Agency by an Authorized Officer, which instructions such officer is hereby authorized and directed to execute and deliver to

the Trustee. Such instructions shall provide for the delivery of the 2014 Bonds to the Underwriters in accordance with the Purchase Contract, upon payment of the purchase price therefor; and, be it further

RESOLVED, Upon the issuance of the 2014 Bonds, the combined debt service on the 2014 Bonds and the other obligations of the Successor Agency payable from Tax Revenues will be substantially level, and such combined debt service will not include any bullets or spikes; and be it further

RESOLVED, The Successor Agency will spend the proceeds of the 2014 Bonds in accordance with the requirements of the Redevelopment Dissolution Law, and has and will include such expenditures, prior to their being made, on the Recognized Obligation Payment Schedules in accordance with the Redevelopment Dissolution Law; and, be it further

RESOLVED, That, subject to the preparation and approval of the Official Statement, as described above, this Commission authorizes all actions heretofore taken by the officers and agents of the Successor Agency with respect to the sale and issuance of the 2014 Bonds herein authorized, the expenditure of the proceeds of the 2014 Bonds is hereby approved, confirmed and ratified, and the proper officers of the Successor Agency are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2014 Bonds in accordance with this Resolution and any certificate, agreement and other document described in the documents herein approved.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of November 5, 2013.

Natasha Jones
Commission Secretary

Oversight Board

**RESOLUTION NO. 11-2013
Adopted November 13, 2013**

RESOLUTION APPROVING, UNDER SECTIONS 34177.5 (a) (4) AND (f) AND 34180(b) OF THE CALIFORNIA HEALTH AND SAFETY CODE, THE ISSUANCE OF TAX ALLOCATION BONDS BY THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO AND RELATED ACTIONS, MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, The Former Redevelopment Agency and FOCIL-MB, LLC (the "Master Developer"), as assignee of Catellus Development Corporation, are parties to a Mission Bay South Owner Participation Agreement (the "OPA") pursuant to which the Former Redevelopment Agency is obligated, at the request of the Master Developer, to incur indebtedness payable from tax increment revenue from time to time to finance various public capital improvements within or in the vicinity of the Former Redevelopment Agency's Mission Bay South Redevelopment Project, and the OPA has been included on Recognized Obligation Payment Schedules of the Successor Agency to the Former Redevelopment Agency (the "Successor Agency"); and,

WHEREAS, To provide financing for the Improvements, the Former Redevelopment Agency has, pursuant to the terms of the OPA, heretofore entered into the following loan agreements (collectively, the "Existing Loan Agreements"), and pledged Tax Revenues (as defined in the Existing Loan Agreements) to the repayment of the loans (the "Existing Loans") made to the Former Redevelopment Agency under the Existing Loan Agreements:

- (i) Loan Agreement dated as of August 1, 2009 among the Former Agency, U.S. Bank National Association, as trustee, and the City and County of San Francisco Redevelopment Financing Authority (the "Authority"); and
- (ii) Loan Agreement dated as of March 1, 2011 among the Former Agency, U.S. Bank National Association, as trustee, and the Authority;

WHEREAS, Section 34177.5(a)(4) of the Code authorizes successor agencies to issue bonds to make payments under enforceable obligations of their former redevelopment agencies, and Section 34177.5(f) of the Code provides that the actions authorized under the foregoing Sections of the Code are subject to the approval of the applicable oversight board; and,

WHEREAS, To take advantage of current bond market conditions and to provide additional funds to finance the Improvements, on November 5, 2013, the Commission on Community Investment and Infrastructure (also known as the "Successor Agency Commission") adopted Resolution No. 52-2013 (the "Successor Agency Resolution"), a copy of which is attached to this Resolution as Exhibit A: (a)

authorizing the issuance of tax allocation bonds (the "2014 Bonds") of the Successor Agency in an aggregate principal amount of up to \$70,000,000 (which 2014 Bonds will be payable from Tax Revenues on a parity with the Existing Loans), with the net proceeds of the 2014 Bonds to be used to finance Improvements, and (b) approving related documents and actions; and,

WHEREAS, Under Sections 34177.5(f) and 34180(b) of the California Health and Safety Code and the provisions of Ordinance No. 215-12 adopted by the Board of Supervisors of the City and County of San Francisco on October 2, 2012, the Successor Agency's issuance of bonds is subject to the approval of this Oversight Board; and,

WHEREAS, Approval of the 2014 Bonds complies with the OPA, an enforceable obligation of the Successor Agency, and with Redevelopment Dissolution Law; and,

WHEREAS, A copy of the Successor Agency Resolution has been attached to this Resolution and submitted to the Administrative Officer and the Auditor-Controller of the City and County of San Francisco, and the California Department of Finance, as required by Section 34180(j) of the California Health and Safety Code; and,

WHEREAS, The approval of the issuance of the 2014 Bonds as authorized by the Successor Agency are Oversight Board fiscal oversight activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and is not subject to environmental review under CEQA; and,

WHEREAS, This Oversight Board now desires to approve the issuance of the 2014 Bonds by the Successor Agency and the other actions of the Successor Agency contemplated by the Successor Agency Resolution, attached hereto as Exhibit A; now therefore, be it

RESOLVED, That this Oversight Board approves the issuance of the 2014 Bonds by the Successor Agency for the purposes of providing additional financing for the Improvements; and, be it, further

RESOLVED, That the Oversight Board approves the Successor Agency's execution and delivery of the Indenture of Trust, attached hereto as Exhibit B, pursuant to which the 2014 Bonds will be issued.

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of November 13, 2013.

Natasha Jones
Oversight Board Secretary

Commission on Community Investment and Infrastructure

RESOLUTION NO. 52-2013
Adopted November 5, 2013

AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$70,000,000, AND APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST, AND A BOND PURCHASE CONTRACT, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the "Former Redevelopment Agency") and FOCIL-MB, LLC (the "Master Developer"), as assignee of Catellus Development Corporation, are parties to a Mission Bay South Owner Participation Agreement executed November 16, 1998, as amended by the First Amendment, dated February 17, 2004, by the Second Amendment, dated Nov. 1, 2005, and by the Third Amendment, dated May 21, 2013 (the "OPA"), which includes Attachment E thereto, entitled "Mission Bay South Financing Plan" (the "Financing Plan"); and,

WHEREAS, In connection with the execution of the OPA, and as part of the OPA, the Former Redevelopment Agency entered into a series of binding agreements regarding the public and private project to be financed through the OPA, including the Mission Bay South Tax Increment Allocation Pledge Agreement executed November 16, 1998, by and between the City and County of San Francisco and the Former Redevelopment Agency (the "Pledge Agreement"), to which the Master Developer is an express third-party beneficiary; and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the "State"), including the Former Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities, Section 34173 (g) the California Health and Safety Code, and have the authority, with approval of the oversight board and Department of Finance, to issue certain bonds, Section 34177.5(a)(4) of the California Health and Safety Code ("Section 34177.5(a)(4)"), and the Governor of the State signed the bill and it became effective on June 27, 2012; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the "Redevelopment Dissolution Law"), title to all assets, and all rights, obligations and liabilities of the Former Redevelopment Agency, (c) declared that the name of the Successor Agency is the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (d) established the Successor Agency Commission (the "Successor Agency Commission") and delegated to the Successor Agency Commission the authority (excluding authority as to the "Housing Assets," as defined in the Implementing Ordinance) to act in place of the Former Redevelopment Agency Commission to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency's enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the Oversight Board of the Successor Agency established pursuant to the provisions of the Redevelopment Dissolution Law (the "Oversight Board"), (e) designated the means by which the five members of the Successor Agency Commission would be determined, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure ("OCII") and its commission is known as the Commission on Community Investment and Infrastructure; and,

WHEREAS, The Financing Plan and the Pledge Agreement pledge tax increment generated from the Mission Bay South Redevelopment Project Area to the Master Developer to reimburse the Master Developer for Infrastructure Costs (as defined in the Financing Plan), which includes using such tax increment revenues to pay debt service on Tax Allocation Debt (as such term is defined in the Financing Plan); and,

WHEREAS, Pursuant to the Financing Plan, the Successor Agency is obligated to issue Tax Allocation Debt so long as any of the Infrastructure has not been completed or the costs of Infrastructure have not been reimbursed to the Master Developer from the

proceeds of Net Available Increment (as such term is defined in the Financing Plan) or Tax Allocation Debt, the Master Developer has submitted a written request to the Successor Agency, as successor to the Former Redevelopment Agency, requesting the Successor Agency to issue CFD debt or Tax Allocation Debt (as such terms are defined in the Financing Plan), and the staff of the Successor Agency and appropriate Successor Agency consultants have met and conferred with the Master Developer as to the amount and timing of the proposed bond issue, Sections 6.A. of Financing Plan at p. 13-14; and,

WHEREAS, The Master Developer has submitted such a written request to the Successor Agency, Letter, November 15, 2012 and the staff of the Successor Agency, appropriate Successor Agency consultants and the Master Developer have met and conferred and have determined that, pursuant to the Financing Plan and the Pledge Agreement, the Successor Agency will issue Tax Allocation Debt to reimburse the Master Developer for Infrastructure Costs; and,

WHEREAS, Section 34177.5(a)(4) provides that a successor agency may issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge; and,

WHEREAS, The OPA, including the Financing Plan and the Pledge Agreement, contain an irrevocable pledge of property tax increment, formerly tax increment revenues, to the payment of Infrastructure Costs, and the Successor Agency is obligated, under the OPA, including the Financing Plan and the Pledge Agreement, to issue bonds or incur other indebtedness secured by an irrevocable pledge of tax increment revenues to pay such Infrastructure Costs; and,

WHEREAS, In as much as the requirements of Section 34177.5(a)(4) have been met, in response to the request of the Master Developer, the Successor Agency has determined to issue, pursuant to the authority set forth in Section 34177.5(a)(4), its 2014 Bonds (as defined below); and,

WHEREAS, The 2014 Bonds will be payable from Tax Revenues, as such termed in defined in the hereinafter mentioned Indenture; and,

WHEREAS, The financial advisors to the Successor Agency for the 2013 Bonds have had input into the staff report for this Resolution, which staff report addresses matters described in Section 34177.5(h) of the California Health and Safety Code; and,

WHEREAS, The following documents and instruments have been made available to the Successor Agency and the public, are on file with the Secretary of the Successor Agency: an Indenture of Trust (the "Indenture") providing for the issuance of the 2014 Bonds, and a Bond Purchase Contract to be used in connection with the sale of the 2014 Bonds (the "Purchase Contract"); and,

WHEREAS, The Board of Supervisors in its Resolution No. 237-13 has heretofore approved the issuance of the 2014 Bonds in the amount of not to exceed \$58,600,000 and

the Successor Agency intends to request that the Board of Supervisors increase the amount of the 2014 Bonds that the Successor Agency may issue to the amount of \$70,000,000; and,

WHEREAS, The sale and issuance of the 2014 Bonds are Successor Agency fiscal activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, The Successor Agency Commission finds that:

The Successor Agency has full authority under Section 34177.5(a)(4) of the California Health and Safety Code to issue the 2014 Bonds to reimburse the Master Developer for Infrastructure Costs, as required by the OPA, and upon the Oversight Board's approval and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2014 Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee (as defined below) and duly issued, the valid, binding and legal special obligations of the Successor Agency, and to constitute the Indenture a valid and binding agreement for the uses and purposes therein set forth, in accordance with its terms, will have been done or taken and the execution and delivery of the Indenture will have been in all respects duly authorized; and, be it further

RESOLVED, The Executive Director is authorized to prepare and submit a resolution for the Board of Supervisors to request an increase in the Fiscal Year 2013-2014 authority to issue bonds from the previously approved \$58.6 million level to a new maximum level of \$70.0 million.

RESOLVED, Pursuant to the Act, this Resolution, the Indenture, and Section 34177.5(a)(4) of the California Health and Safety Code, tax increment bonds of the Successor Agency are hereby authorized to be issued, designated as "Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project)" (the "2014 Bonds"). The aggregate initial amount of the 2014 Bonds shall not exceed \$70,000,000, or \$58,600,000 in the event the Board of Supervisors does not increase the not to exceed amount of 2014 Bonds that the Successor Agency may issue to \$70,000,000, and the initial principal amount of each series of the 2014 Bonds shall be as provided in the Purchase Contract, as executed by the Executive Director as further provided herein. The 2014 Bonds shall be executed in the form set forth in and otherwise as provided in the Indenture; and, be it further

RESOLVED, The Indenture is hereby approved in the form lodged with the Successor Agency's Secretary. The Executive Director and the Deputy Executive Director, Finance and Administration (each being hereinafter referred to as an "Authorized Officer"), each acting alone, are hereby authorized and directed, subject to the Oversight Board's approval, and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the

Indenture in said form, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer. The date, manner of payment, interest rate or rates, interest payment dates, denominations, form, registration, privileges, manner of execution, place of payment terms of redemption and other terms of the 2014 Bonds shall be as provided in the Indenture as finally executed, and be it further

RESOLVED, The Successor Agency hereby approves the selection of De La Rosa & Co., Inc. and Backstrom McCarley Berry & Co., LLC (collectively, the "Underwriters") as the underwriters for the Bonds. The Purchase Contract among the Successor Agency, the City and County of San Francisco Redevelopment Financing Authority (the "Authority") and the Underwriters is hereby approved in the form lodged with the Successor Agency's Secretary. An Authorized Officer is hereby authorized and directed to accept the offer of the Authority to purchase the 2014 Bonds from the Successor Agency for resale to the Underwriters (pursuant to Sections 6588 and 6589 of the California Government Code) as set forth in the Purchase Contract (provided that the aggregate initial amount of the 2014 Bonds sold thereby is not in excess of \$70,000,000, the true interest cost of the 2014 Bonds is not in excess of 7.00% per annum and the Underwriters' discount, without regard to any original issue discount, is not in excess of 0.65% of the aggregate initial amount of the 2014 Bonds) and, subject to the Oversight Board's approval, and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Purchase Contract in said form, with such additions thereto or changes therein as are recommended or approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Purchase Contract by an Authorized Officer; and, be it further

RESOLVED, Following approval by the Oversight Board of the issuance of the 2014 Bonds by the Successor Agency and upon approval by the California Department of Finance of such approval by the Oversight Board, the Successor Agency will, with the assistance of disclosure counsel, its Financial Advisor, and its bond counsel cause to be prepared a form of Official Statement describing the 2014 Bonds and containing material information relating to the 2014 Bonds, the preliminary form of which will be submitted to the Successor Agency (but not to the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2014 Bonds; and, be it further

RESOLVED, The 2014 Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the 2014 Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the 2014 Bonds, when duly executed and authenticated, to the Underwriters in accordance with written instructions executed on behalf of the Successor Agency by an Authorized Officer, which instructions such officer is hereby authorized and directed to execute and deliver to

the Trustee: Such instructions shall provide for the delivery of the 2014 Bonds to the Underwriters in accordance with the Purchase Contract, upon payment of the purchase price therefor; and, be it further

RESOLVED, Upon the issuance of the 2014 Bonds, the combined debt service on the 2014 Bonds and the other obligations of the Successor Agency payable from Tax Revenues will be substantially level, and such combined debt service will not include any bullets or spikes; and be it further

RESOLVED, The Successor Agency will spend the proceeds of the 2014 Bonds in accordance with the requirements of the Redevelopment Dissolution Law, and has and will include such expenditures, prior to their being made, on the Recognized Obligation Payment Schedules in accordance with the Redevelopment Dissolution Law; and, be it further

RESOLVED, That, subject to the preparation and approval of the Official Statement, as described above, this Commission authorizes all actions heretofore taken by the officers and agents of the Successor Agency with respect to the sale and issuance of the 2014 Bonds herein authorized, the expenditure of the proceeds of the 2014 Bonds is hereby approved, confirmed and ratified, and the proper officers of the Successor Agency are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2014 Bonds in accordance with this Resolution and any certificate, agreement and other document described in the documents herein approved.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of November 5, 2013.

Natasha Jones
Commission Secretary

INDENTURE OF TRUST

Dated as of _____ 1, 2014

by and between the

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE
CITY AND COUNTY OF SAN FRANCISCO**

and

as Trustee

Relating to

\$ _____
**Successor Agency to the Redevelopment Agency
of the
City and County of San Francisco
2014 Series A Tax Allocation Bonds
(Mission Bay South Redevelopment Project)**

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EXHIBIT A	FORM OF 2014 SERIES A BOND
EXHIBIT B	FORM OF REDEVELOPMENT FUND DISBURSEMENT REQUEST

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is made and entered into and dated as of _____ 1, 2014, by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public entity duly existing under the laws of the State of California (the "Successor Agency"), as successor agency to the Redevelopment Agency of the City and County of San Francisco (the "Former Agency") and _____, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, prior to its dissolution (as described below), 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 the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (as amended, the "Law"), including the power to issue bonds and incur debt for any of its corporate purposes;

WHEREAS, a Redevelopment Plan (as defined herein) for a redevelopment project (the "Redevelopment Project") of the Former Agency known and designated as the "Mission Bay South Redevelopment Project" was adopted and subsequently amended in compliance with all requirements of the Law, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with;

WHEREAS, in order to finance redevelopment activities within or of benefit to the Redevelopment Project, the Former Agency entered into the following loan agreements (collectively, the "Existing Loan Agreements"), and pledged Tax Revenues (as defined in the Existing Loan Agreements) to the repayment of the loans (the "Existing Loans") made to the Former Agency under the Existing Loan Agreements:

(i) Loan Agreement dated as of August 1, 2009 among the Former Agency, U.S. Bank National Association, as trustee, and the City and County of San Francisco Redevelopment Financing Authority (the "Authority"); and

(ii) Loan Agreement dated as of March 1, 2011 among the Former Agency, U.S. Bank National Association, as trustee, and the Authority;

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the Law, and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (as amended, the "Dissolution Act"), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to the Dissolution Act, assumed the duties and obligations of the Former Agency as provided in the Dissolution Act, including, without limitation, the obligations of the Former Agency under the Existing Loan Agreements and the related documents to which the Former Agency was a party;

WHEREAS, in order to provide moneys to finance and refinance redevelopment activities for the Redevelopment Project, pursuant to and in accordance with the terms of the Mission Bay South Owner Participation Agreement, dated as of November 16, 1998, between the Former Agency, as succeeded by the Successor Agency, and Catellus Development Corporation, a Delaware corporation, as succeeded by FOCIL-MB, LLC, a Delaware limited liability company, the Successor Agency has determined to issue its 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "2014 Series A Bonds");

WHEREAS, the 2014 Series A Bonds will be issued pursuant to and in accordance with the provisions of Section 34177.5(a)(4) of the California Health and Safety Code;

WHEREAS, the 2014 Series A Bonds, and any additional Parity Debt, will be payable from Tax Revenues on a parity with the Successor Agency's repayment obligations under the Existing Loan Agreements;

WHEREAS, in order to provide for the authentication and delivery of the 2014 Series A Bonds, to establish and declare the terms and conditions upon which the 2014 Series A Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Successor Agency has determined that all acts and proceedings required by law necessary to make the 2014 Series A Bonds when executed by the Successor Agency, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the Successor Agency, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Bonds, including the 2014 Series A Bonds, 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, including the 2014 Series A Bonds, are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds, including the 2014 Series A Bonds, by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, including the 2014 Series A Bonds, as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01. Findings and Determinations. The Successor Agency has reviewed all proceedings heretofore taken 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 or be performed precedent to and in connection with the issuance of the 2014 Series A Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the 2014 Series A Bonds in the manner and form provided in this Indenture.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Authority" means the City and County of San Francisco Redevelopment Financing Authority.

"Allocable Tax Revenues" means all taxes annually allocable without regard to the Plan Limit following the Closing Date, to the Successor Agency with respect to the Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Law to be deposited in the Low and Moderate Income Housing Fund; but only to the extent necessary to repay that portion of the proceeds of the Bonds and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund, and also excluding all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless such payments are subordinated to payments on the 2014 Series A Bonds or under the Parity Debt Instruments pursuant to Section 33607.5(e) of the Law.

"Bonds" means the 2014 Series A Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Year" means each twelve (12) month period extending from August 2 in one calendar year to August 1 of the succeeding calendar year, both dates inclusive; provided that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on August 1, 2014.

"Business Day" means any day, other than a Saturday or Sunday or a day on which commercial banks in New York, New York, or any other city or cities where the Trust Office of

the Trustee is located are required or authorized by law to close or a day on which the Federal Reserve System is closed.

"City" and **"City and County"** means the City and County of San Francisco, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State.

"Closing Date" means the date on which a series of Bonds is delivered by the Successor Agency to the original purchaser thereof. The Closing Date with respect to the 2014 Series A Bonds is _____, 2014

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2014 Series A Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2014 Series-A Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate, with respect to the 2014 Series A Bonds, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, bond insurance premiums, if any, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, administrative costs of the Successor Agency and the City and County incurred in connection with the issuance of the Bonds, expenses of the underwriters of the Bonds, the fees and expenses of counsel to the underwriters of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.03.

"Defeasance Obligations" 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 and are in compliance with the Successor Agency's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency's investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

- (a) Cash;

(b) Federal Securities, including direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(d) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and

(e) 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) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) 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.

"Department of Finance" means the Department of Finance of the State of California.

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.11.

"Depository System Participant" means any participant in the Depository's book-entry system.

"Dissolution Act" means California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011, as it heretofore been amended and as it may hereafter be 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.

"Existing Loan Agreements" means, collectively, (i) the Loan Agreement dated as of September 1, 2009 among the Former Agency, U.S. Bank National Association, as trustee, and the Authority and (ii) the Loan Agreement dated as of March 1, 2011 among the Former Agency, U.S. Bank National Association, as trustee, and the Authority.

"Existing Loans" means the loans made by the Authority to the Successor Agency pursuant to the Existing Loan Agreements.

"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 Successor Agency 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 any direct, noncallable 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 and CATS and TGRS), or obligations the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

"Former Agency" means the now dissolved Redevelopment Agency of the City and County of San Francisco.

"Indenture" means this Indenture of Trust by and between the Successor Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Successor Agency or the City and County;

(b) does not have any substantial interest, direct or indirect, with the Successor Agency or the City and County; and

(c) is not connected with the Successor Agency or the City and County as an officer or employee of the Successor Agency or the City and County, but who may be regularly retained to make reports to the Successor Agency or the City and County.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Successor Agency (who may be an underwriter of bonds of the Successor Agency or the City and County), and who, or each of whom:

(a) is judged by the Successor 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 domination of the Successor Agency or the City and County;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency or the City and County; and

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

"Information Services" means, in accordance with then current guidelines of the Securities and Exchange Commission, such services providing information with respect to the redemption of bonds as the Successor Agency may designate in a Written Request of the Successor Agency filed with the Trustee.

"Insurer" means the provider of a municipal bond or financial guaranty insurance policy with respect to Parity Debt.

"Interest Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

"Interest Payment Date" means each February 1 and August 1, commencing August 1, 2014, for so long as any of the Bonds remain Outstanding hereunder.

"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 (including the Dissolution Act).

"Low and Moderate Income Housing Fund" means the fund of the Successor Agency by that name established pursuant to Section 33334.3 of the Law.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount for the current or any future Bond Year payable on the 2014 Series A Bonds, the Existing Loans or any Parity Debt in such Bond Year. For purposes of such calculation, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument pursuant to which such Parity Debt is issued. For purposes of such calculation, there shall be excluded payments with respect to the 2014 Series A Bonds, the Existing Loans or any Parity Debt to the extent that amounts due with respect to the 2014 Series A Bonds, the Existing Loans or such Parity Debt are prepaid or otherwise discharged in accordance with this Indenture, the Existing Loan Agreements or the relevant Parity Debt Instrument or to the extent the proceeds thereof are then deposited in an escrow fund from which amounts may not be released to the Successor Agency unless the amount of Allocable Tax Revenues for the most recent Fiscal Year (as evidenced in a written document from an appropriate official of the City and County), at least equals one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service which would result if any such moneys on deposit in such escrow fund were to be released and deposited in the Project Fund or a similar project fund established in connection with such Parity Debt.

"Moody's" means Moody's Investors Service and its successors.

"Nominee" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11(a).

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

"Oversight Board" means the Oversight Board of the Successor Agency established pursuant to the Section 34179 of the Dissolution Act.

"Owner" or **"Bondowner"** means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the 2014 Series A Bonds pursuant to Section 3.05.

"Parity Debt Instrument" means resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"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 and are in compliance with the Successor Agency's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency's investment policies then in effect), but only to the extent 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) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of Ginnie Mae (formerly known as 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 only as 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 Fannie Mae; (iv) senior debt obligations of Sallie Mae (formerly known as the Student Loan Marketing Association); (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds 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 at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above or by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates), but only to the extent that the amount being invested in such certificates of deposit, savings accounts, deposit accounts or money market deposits are fully insured by FDIC, including BIF and SAIF;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements with an entity rated "Aa" or better by Moodys' and "AA" or better by S&P, or unconditionally guaranteed by an entity rated "Aa" or better by Moodys' and "AA" or better by 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 an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's, and "A-1+" by S&P; and

(k) The Local Agency Investment Fund that is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

["Plan Limit" means the limitation, if any, contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Successor Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 of the Law.]

"Principal Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

"Principal Corporate Trust Office" means [to come].

"Project Area" means the redevelopment project area described in the Redevelopment Plan.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

["Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) in the case of a commercial bank, the long-term credit rating of such bank at the time of such issuance is at least "AA" from S&P or "Aa" from Moody's and, in the case of an insurance company, the claims paying ability of such insurance company at the time of such issuance is "AA" from S&P, or "Aa" from Moody's; (b) such letter of credit or surety bond has a term of at least 12 months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture.]

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

"Redemption Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(e).

"Redevelopment Plan" means, the Redevelopment Plan for the Mission Bay South Redevelopment Project, approved by ordinance of the Board of Supervisors of the City and County on November 2, 1998, as heretofore amended and as may hereafter be amended pursuant to the Law.

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

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

"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 Indenture 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.

"Reserve Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(c).

"Reserve Requirement" means, as of the date of calculation by the Successor Agency, the lesser of (i) the amount of Maximum Annual Debt Service on the Bonds (excluding from the calculation thereof Parity Debt other than Bonds), and (ii) one hundred and twenty five percent (125%) of average Annual Debt Service on the Bonds (excluding from the calculation thereof Parity Debt other than Bonds); provided, that in no event shall the Successor Agency, in connection with the issuance of additional Bonds, be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such additional Bonds, be increased only by the amount of such deposit as permitted by the Code.

"Retirement Fund" means the Redevelopment Obligation Retirement Fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the California Health and Safety Code.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, and its successors.

"Securities Depositories" means The Depository Trust Company, New York, New York 10041-0099, Fax-(212) 855-7232; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Written Request of the Successor Agency delivered to the Trustee.

"Serial Bonds" means all Bonds other than Term Bonds.

"Special Fund" means the fund held by the Successor Agency established pursuant to Section 4.02.

"State" means the State of California.

"Subordinate Debt" means any loans, advances or indebtedness issued or incurred by the Successor Agency pursuant to Section 3.06, 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 expressly subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the 2014 Series A Bonds, the Existing Loans and any Parity Debt.

"Subordinate Debt Instrument" means any instrument providing for the issuance of Subordinate Debt.

"Supplemental Indenture" means any resolution, agreement or other instrument which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Revenues" means all taxes annually allocated [within the Plan Limit] and paid to the Successor Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State and other applicable State laws and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the 2014 Series A Bonds, the Existing Loans and any Parity Debt (including applicable reserves and financing costs) used to increase or improve the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and investment earnings on amounts on deposit hereunder, and also excluding all amounts required to be paid to taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless such payments are subordinated to payments on the 2014 Series A Bonds or under the Parity Debt Instruments pursuant to Section 33607.5(e) of the Law.

"Term Bonds" means the 2014 Series A Bonds maturing on August 1, 20__ and 20__, and that portion of any other Bonds payable from mandatory sinking account payments.

"Trustee" means _____, as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

"2014 Series A Bonds" means the \$ _____ aggregate principal amount of Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project).

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the Executive Director or the Deputy Executive Director, Finance and Administration of the Successor Agency or her or his designee, or by any other officer of the Successor Agency or the City and County duly authorized by the Successor Agency for that purpose.

Section 1.03. Rules of Construction. All references herein 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.

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.01. Authorization of 2014 Series A Bonds. An initial issue of Bonds in the aggregate principal amount of _____ Dollars (\$_____) is hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture, and the Law. This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. Such initial issue of Bonds shall be designated the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project)".

Section 2.02. Terms of 2014 Series A Bonds. The 2014 Series A Bonds shall be issued in fully registered form without coupons. The 2014 Series A Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, so long as no 2014 Series A Bond shall have more than one maturity date. The 2014 Series A Bonds shall be dated as of their Closing Date. The 2014 Series A Bonds shall be lettered and numbered as the Trustee shall prescribe.

The 2014 Series A Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rate per annum as follows:

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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Each 2014 Series A 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; or (b) it is authenticated on or before July 15, 2014, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any 2014 Series A Bond, interest thereon is in default, such 2014 Series A Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2014 Series A Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of 2014 Series A Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2014 Series A Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal of the 2014 Series A Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

Section 2.03. Redemption of 2014 Series A Bonds.

(a) Optional Redemption. The 2014 Series A Bonds maturing on or prior to August 1, 202__, are not subject to optional redemption. The 2014 Series A Bonds maturing on or after August 1, 202__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem 2014 Series A Bonds under this subsection (a) with a designation of the principal amount and maturities to be redeemed at least forty five (45) days prior to the date fixed for such redemption (or such later date as shall be acceptable to the Trustee), and shall transfer to the Trustee for deposit in the Debt Service Fund all amounts required for such redemption at least five (5) Business Days prior to the date fixed for such redemption.

(b) Mandatory Sinking Fund Redemption. The 2014 Series A Bonds that are Term Bonds maturing August 1, 20__ and August 1, 20__ shall also be subject to mandatory redemption in whole, or in part by lot, on August 1 in each year, commencing August 1, 20__ and August 1, 20__, respectively, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on August 1 in the respective years as set forth in the following table; provided however, that (x) in lieu of redemption thereof such Term Bonds may be purchased by the Successor Agency pursuant to Section 2.03(g) hereof, and (y) if some but not all of such Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

Term Bonds of 20

<u>August 1</u>	<u>Principal Amount</u>
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Term Bonds of 20

<u>August 1</u>	<u>Principal Amount</u>
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(c) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) to the any Insurer and to the Owners of any Bonds designated for redemption at their respective

addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services designated in a Written Request of the Successor Agency filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice 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 redemption date and the redemption price, shall state, in the case of a redemption pursuant to (a) above, that such redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate 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.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled 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 this Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

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.

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

(e) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption shall have been duly deposited with the Trustee, 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 accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(f) Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such

Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be cancelled and destroyed.

(g) Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to the preceding sub-paragraph (b) or pursuant to a Supplemental Indenture, amounts on deposit in the Special Fund or in the Principal Account may also be used and withdrawn by the Successor Agency and the Trustee, respectively, at any time, upon the Written Request of the Successor Agency, for the purchase of the Term 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 Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Successor Agency in any twelve-month period ending on June 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds required to be redeemed pursuant to subsection (d) on August 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said June 1.

Section 2.04. Form of 2014 Series A Bonds. The 2014 Series A 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, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the Successor Agency by the signature of its Executive Director or its Deputy Executive Director, Finance and Administration or her or his designee and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Successor Agency although on the date of such Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.09 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.06. Transfer of Bonds. 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 a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any

Bond shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. 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 Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for Bonds of the same tenor and maturity and of other authorized denominations. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption.

Section 2.08. Registration of Bonds. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection and copying by the Successor Agency, upon reasonable prior notice to the Trustee; 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 the Registration Books Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Successor Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount 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 canceled by it. If any Bond 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 it and indemnity

satisfactory to it shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has 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 and the Successor Agency). The Successor Agency may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the Successor Agency and the Trustee in the premises. 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 additional contractual obligation on the part of the Successor Agency whether or not the Bond so 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 issued pursuant to this Indenture.

Section 2.11. Book-Entry System.

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond without coupons (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, neither the Successor Agency nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the Depository System Participant holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, neither the Successor Agency nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the Successor Agency elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new nominee in its

place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Successor Agency and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, upon written request of the Depository or the Trustee, the Successor Agency may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Successor Agency determines to terminate the Depository as such, then the Successor Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Successor Agency and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Successor Agency fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Article II. Prior to its termination, the Depository shall furnish the Trustee with the names and addresses of the Depository System Participants and respective ownership interests thereof.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Section 2.12. Applicability of Provisions to Additional Bonds. Unless otherwise provided in a Supplemental Indenture, the provisions of Sections 2.03(c) through (g) and 2.05 through 2.11 shall apply to additional Bonds.

ARTICLE III

DEPOSIT AND APPLICATION; ADDITIONAL DEBT

Section 3.01. Issuance of Bonds. Upon the execution and delivery of this Indenture, the Successor Agency shall execute and deliver to the Trustee the 2014 Series A Bonds in the aggregate principal amount of _____ Dollars (\$ _____) and the Trustee shall authenticate and deliver the 2014 Series A Bonds upon the Written Request of the Successor Agency.

Section 3.02. Application of Proceeds of Sale and Certain Other Amounts On the Closing Date with respect to the 2014 Series A Bonds, the proceeds of sale of the 2014 Series A Bonds (calculated as the par amount of the 2014 Series A Bonds, plus original issue premium in the amount of \$ _____, less the discount of the original purchaser in the amount of \$ _____), shall be paid to the Trustee and applied as follows:

- (a) The Trustee shall deposit in the Reserve Account the amount of \$ _____, which amount equals the Reserve Requirement.
- (b) The Trustee shall deposit the amount of \$ _____ in the Costs of Issuance Fund.
- (c) The Trustee shall deposit \$ _____, being the remaining amount of proceeds of the 2014 Series A Bonds, in the Project Fund.

Section 3.03. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund", which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2014 Series A Bonds upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date with respect to the 2014 Series A Bonds, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Project Fund.

Section 3.04. Project Fund. (a) There shall be established with respect to the Redevelopment Project a separate and segregated fund to be known as the "Mission Bay South Redevelopment Project 2014 Series A Project Fund (the "Project Fund)", which the Trustee shall hold in trust for the benefit of the Successor Agency. The moneys in the Project Fund shall be maintained separate and apart from other moneys of the Successor Agency. The moneys on deposit in the Project Fund shall be used in the manner provided by the Law solely for the purpose of aiding in financing and refinancing the Redevelopment Project, including, without limitation, the payment of any unpaid Costs of Issuance. The Successor Agency covenants that no funds on deposit in the Project Fund shall be applied for any purpose not authorized by the Law.

(b) The Trustee shall disburse amounts at any time on deposit in the Project Fund and the accounts therein upon receipt of a disbursement request of the Successor Agency substantially in the form attached hereto as Exhibit B. In no event shall the Trustee be responsible for the manner in which the Successor Agency applies the moneys disbursed to it

by the Trustee in accordance with any such disbursement request. Such requisition shall be executed by the Treasurer of the Successor Agency or her or his designee.

Section 3.05. Issuance of Parity Debt. In addition to the 2014 Series A Bonds, the Successor Agency may issue additional bonds (including pursuant to a supplemental Indenture) or incur other loans, advances or indebtedness payable from Tax Revenues on a parity with the 2014 Series A Bonds to finance or refinance redevelopment activities with respect to the Redevelopment Project in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue and deliver any such Parity Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default hereunder or under any Parity Debt Instrument shall have occurred and be continuing;

(b) The Tax Revenues received or to be received for the then current Fiscal Year based on the most recent taxable valuation of property in the Project Area as evidenced in a written document from an appropriate official of the City and County, exclusive of State subventions and taxes levied to pay voter approved outstanding general obligation bonded indebtedness, shall be at least equal to one hundred percent (100%) of Maximum Annual Debt Service on the 2014 Series A Bonds, the Existing Loans and any other Parity Debt that will be outstanding immediately following the issuance of such Parity Debt, and Allocable Tax Revenues for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the City and County shall be at least equal to one hundred and twenty five percent (125%) of Maximum Annual Debt Service on the 2014 Series A Bonds, the Existing Loans and any other Parity Debt that will be outstanding immediately following the issuance of such Parity Debt;

[(c) The Successor Agency shall certify that the aggregate principal of and interest on the 2014 Series A Bonds, the Existing Loans and any other Parity Debt (including the Parity Debt to be incurred) and Subordinate Debt coming due and payable will not exceed the maximum amount of Tax Revenues permitted under any Plan Limit to be allocated and paid to the Successor Agency with respect to the Project Area after the issuance of such Parity Debt;]

(d) ~~The Successor Agency shall fund a reserve account relating to such Parity Debt in an amount equal to the Reserve Requirement (with respect to Parity Debt that are not issued as Bonds, as such term is defined in the Existing Loan Agreements); and~~

(e) The Successor Agency shall deliver to the Trustee a Written Certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a) and (b) above have been satisfied.

Section 3.06. Issuance of Subordinate Debt. The Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Tax Revenues on a subordinate basis to the payment of debt service on the Bonds.

Section 3.07. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of his obligation with respect to the Redevelopment Project.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01. Security of Bonds; Equal Security. Except as provided in Section 6.06, the 2014 Series A Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues and the moneys in the Special Fund, and the 2014 Series A Bonds and any additional Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency 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 Successor Agency 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 and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.02. Special Fund; Deposit of Tax Revenues. There is hereby established a special fund to be known as the "Mission Bay South Redevelopment Project 2014 Series A Special Fund" which is to be held by the Successor Agency and which shall be known as the "Special Fund". The Successor Agency shall transfer all of the Tax Revenues received in any Bond Year ratably to the Special Fund, to the special funds created with respect to the Existing Loans, and the special funds created with respect to any additional Parity Debt, promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account, the Principal Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to Section 4.03 hereof and, if applicable, and (ii) with respect to the Existing Loans and any additional Parity Debt (other than additional Bonds issued pursuant to a Supplemental Indenture) pursuant to the Existing Loan Agreements and the applicable Parity Debt Instruments. If the amount of Tax Revenues available in such Bond Year shall be insufficient to deposit the full amount required to be deposited pursuant to subsections (i) and (ii) of this paragraph, then the Successor Agency shall transfer such Tax Revenues for deposit pro rata based on the full amounts required to be so deposited.

All Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund and the other special funds mentioned in the preceding paragraph during such Bond Year pursuant to the preceding paragraph of this Section 4.02 shall be released from the pledge, security interest and lien hereunder for the security of the Bonds and any additional Parity Debt and may be applied by the Successor Agency for any lawful purpose of the Successor Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to Section 5.14. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other

amounts payable hereunder and under any Supplemental Indenture or Parity Debt Instrument, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in this Indenture and in any Supplemental Indenture or Parity Debt Instrument.

Section 4.03. Deposit of Amounts by Trustee. There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder in trust. Moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority (provided further that, if on the fifth (5th) Business Day prior to the date the Successor Agency is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Debt other than Bonds, the Successor Agency shall immediately notify the Trustee of the amount of any such insufficiency):

(a) Interest Account. On or before the fourth (4th) Business Day preceding each Interest Payment Date, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. 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 pursuant to this Indenture).

(b) Principal Account. On or before the fourth (4th) Business Day preceding August 1 in each year beginning August 1, 201_, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next August 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next August 1 on all of the Outstanding Serial Bonds and Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

(c) Reserve Account. In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and

deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts, or for the retirement or defeasance of the Bonds then Outstanding (as may be permitted herein), except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before the fifth (5th) Business Days preceding each March 1 and August 1, and the date of redemption or defeasance of any Bonds, by the Trustee and deposited in the Interest Account or, in the case of the redemption or defeasance of Bonds, also in the Principal Account or an escrow account established for the defeasance of any of the Bonds. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then to the Successor Agency.

The Successor Agency shall have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2014 Series A Bonds or any other Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be used for any lawful purpose that does not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the Bonds. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues.

[In the event that a Qualified Reserve Account Credit Instrument is available to be drawn upon for only one particular issue of Bonds, a separate subaccount in the Reserve Account may be established for such issue, and the calculation of the Reserve Requirement with respect to all other Bonds shall exclude the debt service on such issue of Bonds, and the Bonds secured by such Qualified Reserve Account Credit Instrument shall not have access to any other amounts on deposit in the Reserve Account except as expressly provided in the applicable Supplemental Indenture. Additionally, the Reserve Account may be maintained in the form of one combined Reserve Account or in the form of one more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of Bonds in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee.]

If the Reserve Requirement with respect to a series of Bonds is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture. If the Reserve Requirement with respect to a series of Bonds is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture shall be pro-rata with respect to each such instrument.

(d) Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to Section 2.03(a), the Trustee shall withdraw from the Debt Service Fund any amount transferred by the Successor Agency pursuant to Section 2.03(a) for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the 2014 Series A Bonds and on other Bonds to be redeemed on such date pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the 2014 Series A Bonds and on such other Bonds to be redeemed pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture on the date set for such redemption. Interest due on the 2014 Series A Bonds or such other Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such 2014 Series A Bonds or such other Bonds, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of the 2014 Series A Bonds or such other Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such 2014 Series A Bonds or such other Bonds, which is payable from the Interest Account) as shall be directed by the Successor Agency.

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01. Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of this Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, all Supplemental Indentures and the Bonds. Nothing herein contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02. Limitation on Additional Indebtedness; Against Encumbrances. The Successor Agency hereby covenants that, so long as the Bonds are Outstanding, the Successor 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 2014 Series A Bonds, the Existing Loans, any Parity Debt and any Subordinate Debt. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien herein created for the benefit of the Bonds.

Section 5.03. Extension of Payment. The Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of 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 which shall not have been so extended or funded.

Section 5.04. Payment of Claims. The Successor Agency shall promptly 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 properties owned by the Successor Agency or upon the Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Section 5.05. Books and Accounts; Financial Statements. The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City and County, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues, the Project Fund and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Insurer 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 Successor Agency will cause to be prepared, within one hundred and eighty (180) days after the close of each Fiscal Year so long as the Bonds are Outstanding, complete

audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements of Tax Revenues 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. The Successor Agency shall promptly furnish a copy of such financial statements to the Trustee and any Insurer at no expense and to any Owner upon reasonable request and at the expense of such Owner. In addition, the Successor Agency shall deliver to the Trustee and any Insurer, on or about February 1 of each year, a Written Certificate of the Successor Agency and a written certificate or opinion of an Independent Accountant stating that the Successor Agency is in compliance with its obligations hereunder. The Trustee shall have no obligation to review any financial statements provided to it by the Successor Agency.

Section 5.06. Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to the 2014 Series A Bonds, the 2014 Series A Bonds shall be incontestable by the Successor Agency.

Section 5.07. Payments of Taxes and Other Charges. Except as otherwise provided herein, the Successor 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 Successor Agency or the properties then owned by the Successor Agency in the Redevelopment Project, or upon the revenues therefrom when the same shall become due. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

Section 5.08. Taxation of Leased Property. All amounts derived by the Successor Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of this Indenture.

Section 5.09. Disposition of Property. The Successor 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 issuance of the 2014 Series A Bonds) 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 unless such disposition is permitted as hereinafter provided in this Section 5.09. If the Successor Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the security of the Bonds, or the rights of the Authority, the Bond Owners and the Trustee hereunder will not be materially impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If said Report concludes that such security will be materially impaired by said proposed disposition, the Successor Agency shall disapprove said proposed disposition.

Section 5.10. Maintenance of Tax Revenues. The Successor Agency shall comply with all requirements of the Law to ensure 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 City and County and, in the case of amounts payable by the State, appropriate officials of the State. The Successor Agency shall not undertake proceedings for amendment of the Redevelopment Plan if such amendment shall result in payments to one or more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless the Successor Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Successor Agency's ability to pay debt service on the Bonds. Additionally, the Successor Agency shall not approve any amendment to the Redevelopment Plan which would, in and of itself, cause the amount of Tax Revenues available to the Successor Agency for application hereunder in any succeeding Fiscal Year to fall below 125% of Maximum Annual Debt Service without the written consent of the Insurers, if any.

Section 5.11. No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2014 Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2014 Series A Bonds would have caused the 2014 Series A Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 5.12. Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the 2014 Series A Bonds are not so used as to cause the 2014 Series A Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 5.13. Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2014 Series A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.14. Rebate Requirement. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2014 Series A Bonds.

Section 5.15. Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the 2014 Series A Bonds from the gross income of the Owners of the 2014 Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2014 Series A Bonds.

Section 5.16. Compliance with the Law; Low and Moderate Income Housing Fund. The Successor Agency shall ensure that all activities undertaken by the Successor 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 5.17. Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent the Trustee has been indemnified from and

against any loss, liability, cost or expense, including, without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.18. Compliance with the Dissolution Act. The Successor Agency acknowledges that, due to the passage of Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Tax Revenues to make the deposits as and when required to be made into the Special Fund pursuant to Section 4.02 of this Indenture, and in order to ensure the payment of debt service on the Bonds, including the 2014 Series A Bonds, on a timely basis. The Successor Agency covenants that it will take all such actions as required to make the deposits as and when required to be made into the Special Fund pursuant to Section 4.02 of this Indenture, and to make the timely payment of debt service on the Bonds. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all Tax Revenues are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the Law, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the Bonds are Outstanding. The Successor Agency hereby agrees that it will hold the Special Fund, as well as the special funds established with respect to the Existing Loans and the special funds established with respect to any future Parity Debt, as an account within Retirement Fund and will continue to deposit all Tax Revenues, as and when received, into the Special Fund and such other special funds as required by Section 4.02 hereof in order to ensure that all Tax Revenues are available for the payment of debt service on the Bonds, the Existing Loans and any other Parity Debt on a timely basis.

The Successor Agency further covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds, including the 2014 Series A Bonds, the Existing Loans and any additional Parity Debt on the date, at the place and in the manner provided in the Bonds and the applicable Parity Debt Instruments, and that it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, including the 2014 Series A Bonds, the Existing Loans and any additional Parity Debt, all amounts required to be deposited in the Special Fund and the special funds relating to the Existing Loans and any other Parity Debt pursuant to and in accordance with Section 4.02 of this Indenture, as well as any amount required under this Indenture to replenish the Reserve Account and the reserve accounts relating to the Existing Loans and any other Parity Debt, in Recognized Obligation Payment Schedules (as defined in the Dissolution Act) for each six-month period so as to enable the Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund on each January 2 and June 1 all amounts required for the Successor Agency to pay principal of, and interest on, the Bonds, including the 2014 Series A Bonds, the Existing Loans and any other Parity Debt, and all amounts required to be deposited in the Special Fund and the special funds relating to the Existing Loans and any other Parity Debt (pursuant to and in accordance with Section 4.02 of this Indenture), which amounts will to be used to pay debt service on the Bonds, including the 2014 Series A Bonds, the Existing Loans and any other Parity Debt. Specifically, the Successor Agency covenants that it will place on the periodic Recognized Obligation Payment Schedules for approval by the Oversight Board and State Department of Finance, all amounts required by Section 4.02 of this Indenture to be deposited and held by the Successor Agency in the Special Fund and the special funds relating to the Existing Loans and any other Parity Debt, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act.

The Successor Agency also covenants to calculate the amount of Tax Revenues received during each six-month period, as described above, to ensure that Tax Revenues are properly credited to and deposited in the Special Fund, as required by Section 4.02 of this Indenture.

Section 5.19. Further Assurances. The Successor 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 Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Successor Agency has knowledge that the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, with a copy to and any Insurer, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by giving the Owners and any Insurer notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing, with notice of such appointment to be furnished to any Insurer and any Insurer.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the Successor Agency for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named

Trustee herein; but, nevertheless at the Written Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Successor Agency shall cause either the predecessor Trustee or the successor Trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books.

(e) 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 6.03(e) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the any Insurer and 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 Successor Agency to make any payment when due, the Trustee shall, within thirty (30) days of the Trustee's knowledge thereof, give such notice to any Insurer, and the Trustee, with the consent of any Insurer may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

(f) The Successor Agency agrees that, so long as any Bonds or any Parity Debt are Outstanding, the Trustee shall be a financial institution having a trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution 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 subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (f), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 6.02. Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as 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 the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(c) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or misconduct of the Trustee. Where the Trustee is given the permissive right to do things enumerated in this Indenture, such right shall not be construed as a mandatory duty.

(d) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer shall have actual knowledge thereof, or shall have received written notice thereof from the Successor Agency at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no Event of Default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the Successor Agency's certificates to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Special Fund and the investment and application of moneys on deposit in the Special Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) The Trustee shall have no liability or obligation to the Bondowners with respect to the payment of debt service on the Bonds by the Successor Agency or with

respect to the observance or performance by the Successor Agency of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Successor Agency pursuant to this Indenture or otherwise.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall not be responsible for any intentional misconduct or negligence on the part of any agent, attorney or receiver appointed with due care by it hereunder.

(h) The Trustee shall have no responsibility, opinion, 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.

(i) Before taking any action under Article VIII or this Article at the request of the Owners or any Insurer, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners or any Insurer 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 misconduct in connection with any action so taken.

Section 6.04. Right to Rely on Documents and Opinions. The Trustee shall have no liability in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail, or other paper or document reasonably believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and, in the absence of negligence or intentional misconduct by the Trustee, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of and copying by the Successor Agency and any Insurer and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Section 6.06. Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the Successor Agency and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a lien on the Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The Successor Agency further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur to the extent arising out of or in connection with the exercise and performance of its powers and duties hereunder, 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 misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency and the rights of the Trustee under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.07. Deposit and Investment of Moneys in Funds. Moneys in the Project Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account, the Redemption Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee, except that moneys in the Reserve Account shall not be invested in Permitted Investments having a maturity of more than five (5) years, unless any such Permitted Investment is described in clause (h) of the definition thereof. In the absence of any such Written Request of the Successor Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (e) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the Successor Agency's expense. Moneys in the Special Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. 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 held by

the Trustee hereunder shall be deposited in the Interest Account; *provided, however*, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Successor Agency or otherwise made in accordance with this Section. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Successor Agency for earnings derived from funds that have been invested.

The Successor Agency 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 applicable provisions of the Code shall be valued by the Successor Agency at their present value (within the meaning of section 148 of the Code). Investments on deposit in the Reserve Account shall be valued on June 30 of each year at their market value.

Section 6.08. 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 corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, on at least a monthly basis, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.09. Other Transactions with Agency. The Trustee, either as principal or agent, may engaged in or be interested in any financial or other transaction with the Successor Agency.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Amendment With And Without Consent of Owners. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption without the consent of any 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 Successor Agency in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Successor Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt in accordance with Section 3.05; or

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or

(e) to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of any other and 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 Successor Agency to pay the principal, interest, or redemption 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 any Insurer or the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In no event shall any Supplemental Indenture modify any of the rights or obligations of any Insurer without its prior written consent.

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, 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 amendment or modification hereof pursuant to this Article VII, the Successor Agency may, with the prior written consent of any Insurer, determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared at the expense of the Successor Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office of the Trustee, without cost to such Owners.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond and, provided further that written consent to such amendment shall first be obtained from any Insurer.

Section 7.05. Opinion of Counsel. Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Bonds from personal income taxation by the State.

Section 7.06. Copy of Supplemental Indenture to S&P and Moody's. The Successor Agency shall provide to S&P and Moody's, for so long as S&P and Moody's, as the case may be, maintain a rating on any of the Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least 15 days prior to its proposed effective date.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the Successor Agency of written notice from the Trustee or any Insurer or written notice from any Owner (with a copy of said notice delivered to the Trustee and any Insurer) of the occurrence of such default, provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency (with the prior written consent of the Series 2005 Insurer and any Insurer) within such thirty (30) day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time as approved by any Insurer; or

(c) If the Successor Agency files a petition 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 will approve a petition by the Successor 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 will approve a petition by the Successor 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 will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

In determining whether an Event of Default has occurred under (a) above, no effect shall be given to payments made under any municipal bond insurance policy, financial guaranty insurance policy or Qualified Reserve Account Credit Instrument.

If an Event of Default has occurred under this Section and is continuing, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to any Insurer and to the Successor Agency by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall, with the written consent of a majority in aggregate principal amount of the Owners of the Bonds, deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults 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 Trustee shall promptly give written notice of the foregoing to the Series 2005 Insurer, any Insurer and the Owners of all Bonds then Outstanding, and with the prior written approval of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, 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 any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture (including the Trustee's share of any Tax Revenues) and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon 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 exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, as applicable, with interest on the overdue principal, and

installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority, ratably to the aggregate of such principal and interest.

Section 8.03. 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 a majority in 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 principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.04. Limitation on Owner's Right to Sue. 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 Successor Agency, the Trustee and any Insurer written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the 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; and (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.

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 any remedy hereunder; it being understood and intended that no one or more Owners 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 premium, if any) and interest on such Bond as herein provided, 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 8.05. 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 Successor Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or

impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner 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 Owners and the Trustee by the 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 Owners and the Trustee.

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

Section 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner 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 similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners 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 as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, *provided, however,* the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

Section 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners 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 Law or any other law.

Section 8.08. Determination of Percentage of Bond Owners. Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Outstanding Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Bonds determined as of the next succeeding Interest Payment Date.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Series 2005 Insurer, any Insurer, the Trustee and the Owners, 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 Successor Agency shall be for the sole and exclusive benefit of the Trustee, the Series 2005 Insurer, any Insurer and the Owners. To the extent that this Indenture confers upon or gives or any Insurer any right, remedy or claim under or by reason of this Indenture, such Insurer is hereby explicitly recognized as being third-party beneficiaries hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency 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 Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Indenture. (a) If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or an escrow agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations 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 this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion thereof (including all principal, interest and redemption premiums) at or before maturity;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(b) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid

and discharged, except only (a) the covenants of the Successor Agency hereunder with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds hereunder, (c) the obligations of the Successor Agency under Section 6.06 hereof, and (d) the obligation of the Successor Agency to pay or cause to be paid to the Owners (or any Insurer), from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee and any Insurer all fees, expenses and costs of the Trustee and any Insurer. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency.

(b) Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due of the Bonds is paid by any Insurer pursuant to its municipal bond or financial guaranty insurance policy, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, and the assignment and pledge of the Tax Revenues and other assets hereunder and all covenants, agreements and other obligations of the Successor Agency to the Bond Owners so paid shall continue to exist and shall run to the benefit of such Insurer, and such Insurer shall be subrogated to the rights of such Bond Owners, as applicable.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by such Owner's attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any demand, request, direction, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 9.05. 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 Successor Agency or the and County (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.

Section 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. Destruction of Cancelled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the Successor Agency provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.08. Notices. (a) Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, registered or certified mail, postage prepaid, or sent by facsimile, addressed as follows:

If to the Successor Agency:

Successor Agency to the Redevelopment
Agency of the City and County of San
Francisco
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attention: Executive Director

If to the Trustee:

[to come]

The Successor Agency and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and

vest in the Treasurer of the Successor Agency in trust for the benefit of the Owners. The Successor Agency covenants for the direct benefit of the Owners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

Section 9.11. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO has caused this Indenture to be signed in its name by its _____, and _____, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____

as Trustee

By: _____
Authorized Officer

EXHIBIT A

(FORM OF 2014 SERIES A BOND)

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE
CITY AND COUNTY OF SAN FRANCISCO
2014 SERIES A TAX ALLOCATION BONDS
(MISSION BAY SOUTH REDEVELOPMENT PROJECT)**

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:
 August 1, _____ [Closing Date]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

The SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before July 15, 2014, in which event it shall bear interest from the Dated Date above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on March 1 and August 1 in each year, commencing August 1, 2014 (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the corporate trust office of _____ in _____, as trustee (the "Trustee"), or at such other place designated by the Trustee (the "Principal Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee

as of the Record Date for such Interest Payment Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose prior to the Record Date preceding the applicable Interest Payment Date. This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project)" (the "Bonds"), of an aggregate principal amount of _____ Dollars (\$ _____), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption and other provisions) and all issued pursuant to the provisions of the Community Redevelopment Law, being Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), and pursuant to an Indenture of Trust, dated as of _____ 1, 2014, entered into by and between the Successor Agency and the Trustee (the "Indenture"), providing for the issuance of the Bonds. The Bonds are being issued in the form of registered Bonds without coupons. Additional bonds, or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds have been issued by the Successor Agency for the purpose of providing funds to finance and refinance certain redevelopment activities with respect to its Mission Bay South Redevelopment Project (the "Project Area") and to pay certain expenses of the Successor Agency in issuing the Bonds.

The Bonds are special obligations of the Successor Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are payable from, and are secured by a pledge of, security interest in and lien on the Tax Revenues derived by the Successor Agency from the Project Area.

There has been created and will be maintained by the Successor Agency, the Special Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the Bonds and any additional Parity Debt as defined in the Indenture. As and to the extent set forth in the Indenture, all such Tax Revenues and the moneys in the Special Fund (as such terms are defined in the Indenture) are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds, the Existing Loans (as defined in the Indenture) and any additional Parity Debt (as defined in the Indenture). In addition, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account and

the Redemption Account (as such terms are defined in the Indenture). Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

The A Bonds maturing on or prior to August 1, 202__, are not subject to optional redemption. The Bonds maturing on or after August 1, 202__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Bonds maturing on August 1, 20__ and August 1, 20__ (the "Term Bonds") shall also be subject to mandatory redemption in whole, or in part by lot, on August 1 in each year, commencing August 1, 20__ and August 1, 20__, respectively, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on August 1 in the respective years as set forth in the following table; provided however, that (x) in lieu of redemption thereof the Term Bonds may be purchased by the Successor Agency pursuant to the Indenture, and (y) if some but not all of the Term Bonds have been redeemed pursuant to optional redemption, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of \$5,000 (notice of which determination shall be given by the Successor Agency to the Trustee).

Term Bonds of 20__

<u>August 1</u>	<u>Principal Amount</u>
-----------------	-------------------------

Term Bonds of 20__

<u>August 1</u>	<u>Principal Amount</u>
-----------------	-------------------------

As provided in the Indenture, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be canceled 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. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of any 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 Trustee may refuse to transfer or exchange (a) any Bond during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bond selected for redemption.

The Successor Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Successor Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Successor Agency and the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but 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 Successor Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the registered 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.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Successor Agency or 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.

This Bond is not a debt, liability or obligation of the City of and County of San Francisco, the State of California, or any of its political subdivisions, and neither said City and County, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those pledged by the Successor Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Successor Agency to the Redevelopment Agency of the City and County of San Francisco has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Treasurer and attested by the facsimile signature of its Secretary, all as of the Dated Date set forth above.

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____

ATTEST:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Authentication Date: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT _____	Custodian _____
TEN ENT --	as tenants by the entireties	(Cust.)	(Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____	(State)
COMM PROP --	as community property		

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

(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-registered 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: _____

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF REDEVELOPMENT FUND DISBURSEMENT REQUEST

DISBURSEMENT REQUEST NO.: _____

[Trustee Address]

Attention: _____

Re: \$ _____ Successor Agency to the Redevelopment Agency
of the City and County of San Francisco 2014 Series A Tax
Allocation Bonds (Mission Bay South Redevelopment Project)

Ladies and Gentlemen:

In accordance with the terms of an Indenture of Trust, by and between you and the undersigned, dated as of _____ 1, 2014 (the "Indenture"), you are hereby authorized and requested to make immediate disbursement of funds held by you in the Project Fund for costs of financing the Redevelopment Project (as defined in the Indenture) pursuant to Section 3.04 of the Indenture.

You are hereby requested to pay to the person(s), corporation(s) or other entity(ies) designated on Schedule A attached hereto as Payee(s), the sum set forth on said Schedule, in payment of all or a portion of the costs of the Redevelopment Project described on said Schedule.

Dated: _____, 2014

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____

1 [Office of Community Investment and Infrastructure, operating as Successor Agency to the
2 San Francisco Redevelopment Agency, Authorize Issuance and Expenditure of Bonds in an
3 Amount Not To Exceed \$70,000,000 for Mission Bay South Redevelopment Project Area
enforceable obligations]

4 **Resolution authorizing the Office of Community Investment and Infrastructure (OCII),**
5 **operating as the Successor Agency to the San Francisco Redevelopment Agency to**
6 **issue and expend bonds in an aggregate principal amount not to exceed \$70,000,000**
7 **for the purpose of financing a portion of enforceable obligations in the Mission Bay**
8 **South redevelopment project Area;**

9
10 WHEREAS, the Office of Community Investment and Infrastructure ("OCII"), as
11 Successor Agency to the San Francisco Redevelopment Agency, is implementing enforceable
12 obligations and surviving redevelopment projects of the former agency in accordance with the
13 Community Redevelopment Law, Cal. Health & Safety Code §§ 33000 et seq., as amended
14 by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq. (the
15 "Law"), and with San Francisco City and County Board of Supervisors ("Board of Supervisor's")
16 Ordinance No. 215-12; and

17 WHEREAS, the Law, Cal. Health & Safety Code § 34177.5, and Ordinance No. 215-12
18 authorize the Successor Agency Commission ("OCII Commission") to issue bonds to carry out
19 enforceable obligations, subject to approval of the OCII's Oversight Board and the California
20 Department of Finance; and

21 WHEREAS, Board of Supervisors Resolution 237-13 passed on July 16, 2013,
22 authorized the OCII to issue bonds in an aggregate principal amount not to exceed \$58.6
23 million for the purpose of financing a portion of enforceable obligations; and

24 WHEREAS, on November 5, 2013, the OCII Commission passed Resolution 52-2013,
25 authorizing the issuance of bonds related to the Mission Bay South redevelopment project

1 area of up to \$70.0 million, with the amount increased from the original Fiscal Year 2013-2014
2 budget due to improved bonding capacity and market conditions potentially allowing for the
3 larger issuance than originally envisioned, along with the need for infrastructure cost
4 reimbursement well in excess of \$70.0 million, and requesting staff to seek Board of
5 Supervisors concurrence for the increased bond issuance authorization; and

6 WHEREAS, On November 13, 2013, The OCII's Oversight Board Resolution 11-2013
7 approved the issuance of up to \$70.0 million in bonds for the Mission Bay South
8 Redevelopment Project Area which OCII forwarded to the California Department of Finance
9 for review; and

10 WHEREAS, The Law requires OCII to receive approval from OCII's Oversight Board
11 and the California Department of Finance for its expenditures as listed in Recognized
12 Obligation Payment Schedules that cover six month fiscal periods; now therefore be it

13 RESOLVED, By the Board of Supervisors that it does hereby increase its prior
14 conditional authorization for OCII to issue bonds in a principal amount of up to \$58.6 million by
15 \$11.4 million to a new not to exceed amount of \$70.0 million for the Mission Bay South
16 redevelopment project area, provided, however, that the California Department of Finance
17 subsequently approve the issuance of the Bonds; and, be it

18 FURTHER RESOLVED, That OCII is authorized to expend these authorized bond
19 proceeds in the current or future budget years in conformance with the purposes for which the
20 bonds are sold and in conformance with Recognized Obligation Payment Schedules approved
21 by the Oversight Board and the California Department of Finance.

1 [Office of Community Investment and Infrastructure, operating as Successor Agency to the
2 San Francisco Redevelopment Agency, Authorize Issuance and Expenditure of Bonds in an
3 Amount Not To Exceed \$70,000,000 for Mission Bay South Redevelopment Project Area
enforceable obligations]

4 **Resolution authorizing the Office of Community Investment and Infrastructure (OCII),**
5 **operating as the Successor Agency to the San Francisco Redevelopment Agency to**
6 **issue and expend bonds in an aggregate principal amount not to exceed \$70,000,000**
7 **for the purpose of financing a portion of enforceable obligations in the Mission Bay**
8 **South redevelopment project Area;**

9
10 WHEREAS, the Office of Community Investment and Infrastructure ("OCII"), as
11 Successor Agency to the San Francisco Redevelopment Agency, is implementing enforceable
12 obligations and surviving redevelopment projects of the former agency in accordance with the
13 Community Redevelopment Law, Cal. Health & Safety Code §§ 33000 et seq., as amended
14 by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq. (the
15 "Law"), and with San Francisco City and County Board of Supervisors ("Board of Supervisor's")
16 Ordinance No. 215-12; and

17 WHEREAS, the Law, Cal. Health & Safety Code § 34177.5, and Ordinance No. 215-12
18 authorize the Successor Agency Commission ("OCII Commission") to issue bonds to carry out
19 enforceable obligations, subject to approval of the OCII's Oversight Board and the California
20 Department of Finance; and

21 WHEREAS, Board of Supervisors Resolution 237-13 passed on July 16, 2013,
22 authorized the OCII to issue bonds in an aggregate principal amount not to exceed \$58.6
23 million for the purpose of financing a portion of enforceable obligations; and

24 WHEREAS, on November 5, 2013, the OCII Commission passed Resolution 52-2013,
25 authorizing the issuance of bonds related to the Mission Bay South redevelopment project

1 area of up to \$70.0 million, with the amount increased from the original Fiscal Year 2013-2014
2 budget due to improved bonding capacity and market conditions potentially allowing for the
3 larger issuance than originally envisioned, along with the need for infrastructure cost
4 reimbursement well in excess of \$70.0 million, and requesting staff to seek Board of
5 Supervisors concurrence for the increased bond issuance authorization; and

6 WHEREAS, On November 13, 2013, The OCII's Oversight Board Resolution 11-2013
7 approved the issuance of up to \$70.0 million in bonds for the Mission Bay South
8 Redevelopment Project Area which OCII forwarded to the California Department of Finance
9 for review; and

10 WHEREAS, The Law requires OCII to receive approval from OCII's Oversight Board
11 and the California Department of Finance for its expenditures as listed in Recognized
12 Obligation Payment Schedules that cover six month fiscal periods; now therefore be it

13 RESOLVED, By the Board of Supervisors that it does hereby increase its prior
14 conditional authorization for OCII to issue bonds in a principal amount of up to \$58.6 million by
15 \$11.4 million to a new not to exceed amount of \$70.0 million for the Mission Bay South
16 redevelopment project area, provided, however, that the California Department of Finance
17 subsequently approve the issuance of the Bonds; and, be it

18 FURTHER RESOLVED, That OCII is authorized to expend these authorized bond
19 proceeds in the current or future budget years in conformance with the purposes for which the
20 bonds are sold and in conformance with Recognized Obligation Payment Schedules approved
21 by the Oversight Board and the California Department of Finance.

November 14, 2013

MEMORANDUM

TO: City and County of San Francisco Board of Supervisors

FROM: Tiffany Bohee, Executive Director
Office of Community Investment and Infrastructure

SUBJECT: Resolution authorizing the Office of Community Investment and Infrastructure (OCII), operating as the Successor Agency to the San Francisco Redevelopment Agency to issue and expend bonds in an aggregate principal amount not to exceed \$70,000,000 for the purpose of financing a portion of enforceable obligations in the Mission Bay South redevelopment project Area

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (OCII) requests the Board of Supervisors to conditionally approve an increase in OCII's Fiscal Year 2013-2014 authority to issue property tax allocation bonds from the budgeted level of \$58.6 million to a new not-to-exceed level of \$70.0 million and to expend the proceeds on approved project expenditures, subject to State Department of Finance concurrence. The proposed bond proceeds would be used to reimburse the Mission Bay South Developer for infrastructure costs pursuant to the Mission Bay South Owner Participation Agreement ("OPA"). Debt service costs would be paid from Mission Bay South tax increment already pledged to the developer pursuant to the OPA, so there would be no negative impact on the amount of funds passed through to taxing entities from approval of these bonds. A positive impact for taxing entities is likely to the extent that this bond financing for infrastructure speeds up the completion of high value taxable properties in the Mission Bay South project area, thus increasing the amount of AB 1290 pass-through funds provided to taxing entities. The proposed issuance has been conditionally approved by the OCII Commission and OCII's Oversight Board.

BACKGROUND

Mission Bay North and South Project Area

The Mission Bay North and South Redevelopment Project Areas ("Mission Bay") are comprised of roughly 303 acres of former rail yards, located adjacent and to the south of AT&T ballpark and the 4th and King Caltrain station. At full build-out Mission Bay is expected to house approximately 6,350 units of housing (29% affordable), 9 million square feet of research, medical, education, biotech, office and retail space, generate thousands of construction jobs and 30,000 permanent jobs, and spur \$9 billion in total new investment in the City. The 2014 Bonds will fund public improvements within the Mission Bay South Project Area, which is comprised of the land bound by Mission Creek / China Basin Channel to the north, the Interstate-280 flyover and Caltrain tracks to the west, Mariposa Street to the south, and the San Francisco Bay to the east.

The Mission Bay South Project Area is in the middle of extensive new development of housing, commercial office and retail, a new public safety building, and the University of California, San Francisco ("UCSF") research campus and medical center. Approximately 620 of a total of 3,350+ units of housing have already been built in the Mission Bay South Project Area, with another 1,500 under construction, of which 150 are affordable. Over 1.7 million of a total of 4.4 million square feet of new office and lab space has been built to date. The \$243 million public safety building, future home to San Francisco's police administrative headquarters and a new police station and firehouse, is currently under construction and scheduled to open in 2014. The UCSF research campus already has over 2 million square feet of new facilities built out of a total of 2.65 million square feet approved. Finally, the \$1.6 billion first phase of UCSF's Mission Bay Medical Center, currently under construction and scheduled to open in early 2015.

Significant new public streets, utilities, parks and open space ("Improvements") are needed to serve this development and extend the street grid into this former rail yard. The Improvements are comprised of an estimated \$700 million in new infrastructure across the Mission Bay Project Areas. In order to facilitate the development of the Improvements, the Former Redevelopment Agency entered into a series of agreements with Catellus, the original landowner of a majority of Mission Bay. In 2004, Catellus transferred its rights and obligations under these agreements to FOCIL-MB, LLC, the current Master Developer. The agreements, now between the Successor Agency and the Master Developer, include the OPA which contains both an Infrastructure Plan that specifies scope and phasing of the Improvements, and a Financing Plan for funding the Improvements. Under these agreements with the Master Developer, Improvements are first built by the Master Developer, and then reimbursed through a variety of funding sources, including tax increment, grants and community facilities district ("CFD") bonds, and tax allocation bonds proceeds like those from the 2014 Bonds.

The developer has reported that approximately \$55 million of completed infrastructure work in Mission Bay South is still pending reimbursement and a further \$120 million is needed and scheduled to be completed through June 2015. The proposed \$70 million bond issuance would reimburse just a portion of those costs. The balance would have to be reimbursed from future tax increment or future tax increment bond proceeds supported by increases in assessed valuation in the Mission Bay South project area.

Enforceable Obligation: Mission Bay South Owner Participation Agreement

The Mission Bay South Owner Participation Agreement ("OPA") between the former San Francisco Redevelopment Agency ("Former Redevelopment Agency") and now, the Successor Agency, and FOCIL-MB, LLC, ("Master Developer"), establishes the protocols for financing infrastructure improvements in the Mission Bay South Project Area, including the sale of bonds. The OPA is an enforceable obligation consistent with Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Session) ("AB 26") and has been included on all Recognized Obligation Payment Schedules ("ROPS") to date, including ROPS 13-14A for the period of July to December 2013 and on the ROPS 13-14B for the period January 2014 to June 2014, approved by the Oversight Board on September 23, 2013 (Resolution No. 9-2013) and currently under review by the California Department of Finance.

Under the OPA, including the Financing Plan and the Tax Increment Allocation Pledge Agreement, tax increment generated from the Mission Bay South Redevelopment Project Area is pledged to the Master Developer to reimburse Infrastructure costs. Under the Financing Plan, the Successor Agency is obligated to issue Tax Allocation Debt as long as any of the Infrastructure has not been completed or the costs of Infrastructure have not been reimbursed to the Master Developer. Pursuant to the Financing Plan, the Master Developer has submitted a written request to the Successor Agency and the staff of the Successor Agency, appropriate Successor Agency consultants and the Master Developer have met and conferred and have determined that, pursuant to the Financing Plan and the Pledge Agreement, the Successor Agency, subject to necessary approvals, will issue Tax Allocation Debt to reimburse the Master Developer for Infrastructure Costs.

Section 34177.5(a)(4) provides that a successor agency may issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge.

The OPA, including the Financing Plan and the Pledge Agreement contain an irrevocable pledge of property tax increment to the payment of Infrastructure Costs, and the Successor Agency is obligated, under those agreements, to issue these bonds or incur other indebtedness.

Successor Agency Debt Policies and Authorizations

In June of 2012, the California legislature adopted Assembly Bill 1484 (Chapter 26, Statutes of 2011-12, Regular Session) ("AB 1484") amending certain provisions of AB 26 (collectively the "Dissolution Law"). Section 34177.5(a)(4) of AB 1484 provides that a successor agency may issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge.

Subsequent to the adoption of AB 1484, the City and County of San Francisco Board of Supervisors ("Board of Supervisors") adopted Ordinance No. 215-12 to create a new Successor Agency Commission and provide it with certain authority to act as the Successor Agency of the Former Redevelopment Agency. Specifically, Ordinance No. 215-12 allows the Successor Agency Commission to approve the issuance of bonds to carry out the enforceable obligations, subject to any approval of the Oversight Board.

On June 4, 2013, the Commission adopted a budget for the period of July 1, 2013 to June 30, 2014 (Resolution No. 23-2013), which envisioned potential issuance and associated expenditure of up to \$58.6 million in bond proceeds for the Mission Bay North and South project areas, subject to Oversight Board and Department of Finance approval. On July 16, 2013, the Board of Supervisors, through Resolution 237-13, approved the Agency budget (Resolution 237-13) and the issuance of up to \$58.6 million in bonds, subject to Oversight Board and Department of Finance approval.

On November 5, 2013, Commission Resolution 52-2013 approved issuance of up to \$70 million in bonds for Mission Bay South, conditional upon Board of Supervisors, Oversight Board, and

Department of Finance concurrence (Attachment A). On November 13, 2013, the Oversight Board approved the bond issuance through Resolution 11-2013 (Attachment B).

The proposed bond issuance is being planned under the provisions of the former Redevelopment Agency's Debt Policy.

Financing Team

In addition to OCII staff, the Financing Team is comprised of:

- **Bond Counsel:** Jones-Hall
- **Financial Advisor:** Public Financial Management
- **Disclosure Counsel:** Schiff-Hardin
- **Fiscal Consultant:** Urbics
- **Underwriters:** De La Rosa & Company (Managing Underwriter) and Backstrom McCarley Berry and Company (Co-manager).
- **City and County of San Francisco Liaison:** Office of Public Finance (Controller's Office)

Proposed Bond Issuance

The proposed issuance is to sell up to \$70 million in tax allocation bonds ("2014 Bonds") for the purpose of reimbursing developer-funded infrastructure projects in the Mission Bay South Project Area, pursuant to the Mission Bay South Owner Participation Agreement (OPA). The increase to \$70 million from the \$58.6 million in anticipated bond proceeds included in the Agency's Fiscal Year 2013-2014 budget is proposed in order to take advantage of recent changes in Mission Bay South bonding capacity and potential changes in market conditions. The actual amount of bonds proceeds realized would be dependent on market conditions at the time of the sale and could be significantly less than \$70 million. Pursuant to Dissolution Law, issuance of the bonds would be conditional upon approval by the Oversight Board and California Department of Finance. Bond proceeds in excess of approved ROPS amounts would be proposed for expenditure on future ROPS submissions.

OCII, in consultation with Financial Advisor PFM recommends that credit and market conditions require a negotiated bond sale in order to secure the best terms for these bonds. This method of sale allows the underwriter to assist prospective investors in a detailed analysis of the credit supporting the bonds. The events of recent years have increased investor attention to the specific credit of each bond issue. Additionally this will likely be the first successor agency "new money" bond issuance under authority granted in AB1484. Under these circumstances, a negotiated sale should result in broader investor interest in the Agency's bonds and lower interest rates than would be otherwise achieved.

The bonds will be issued with a final maturity not later than exceed August 2043. In order to maximize available proceeds from the sale, it is anticipated that the debt service for the 2014 Bonds will be structured to use tax increment made available when the 2011 Series D bonds retire in 2041, respectively. This would result in the overall combined Mission Bay South Debt annual service being level at about \$10 million through the final maturity of the 2014 Bonds.

Previously, the 2011 Bonds were structured in the same way with respect to the 2009 Mission Bay South bonds, maximizing bond proceeds under debt capacity constraints.

The Bonds are anticipated to be priced as soon as possible in the first calendar quarter of 2014. The true interest cost is expected to be around 5.25%. This estimate is based on the current market and the actual rate will be determined by market conditions at the time of the bond pricing. As the amount available to pay debt service is fixed, the interest rate will determine the total amount of bonds that can be issued.

Potential Impact to Taxing Entities: Debt service costs would be paid from Mission Bay South tax increment already pledged to the developer pursuant to the OPA, so there would be no negative impact on the amount of funds passed through to taxing entities from approval of these bonds. A positive impact for taxing entities is likely to the extent that this bond financing for infrastructure speeds up the completion of high value taxable properties in the Mission Bay South project area, thus increasing the amount of AB 1290 pass-through funds provided to taxing entities.

Attachment A: Commission on Investment and Infrastructure Resolution 52-2013

Attachment B: Oversight Board Resolution 11-2013

November 14, 2013

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FROM: Tiffany Bohee, Executive Director
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Attachment A: Commission on Investment and Infrastructure Resolution 52-2013

Attachment B: Oversight Board Resolution 11-2013

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *EM* Mayor Edwin M. Lee *EL*
RE: Office of Community Investment and Infrastructure, operating as
Successor Agency to the San Francisco Redevelopment Agency,
Authorize Issuance and Expenditure of Bonds in an Amount Not To
Exceed \$70,000,000 for Mission Bay South Redevelopment Project Area
enforceable obligations
DATE: November 26, 2013

Attached for introduction to the Board of Supervisors is the Resolution authorizing the Office of Community Investment and Infrastructure (OCII), operating as the Successor Agency to the San Francisco Redevelopment Agency to issue and expend bonds in an aggregate principal amount not to exceed \$70,000,000 for the purpose of financing a portion of enforceable obligations in the Mission Bay South redevelopment project Area;

I request that this item be calendared in Budget and Finance Committee on December 4, 2013.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

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