

REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO
RESOLUTION NO. 2145
ADOPTED ON OCTOBER 6, 1992

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, CALIFORNIA, AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$38,000,000 AGGREGATE PRINCIPAL AMOUNT OF TAX ALLOCATION REFUNDING BONDS (SERIES 1992) OF SAID AGENCY TO FINANCE A PORTION OF THE COST OF THE REDEVELOPMENT PROJECT KNOWN AS THE CENTRE CITY REDEVELOPMENT PROJECT.

WHEREAS, the Redevelopment Agency of the City of San Diego, California (the "Agency"), is a redevelopment agency (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) and the powers of such Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, a redevelopment plan for a redevelopment project known and designated as the "Centre City Redevelopment Project" has heretofore been adopted and approved and all requirements of law for, and precedent to, the adoption and approval of said plan have been duly complied with, except for certain provisions (if any) of the redevelopment plan applicable to, or otherwise regulating, land use and development within the coastal zone portion of the redevelopment project under the jurisdiction of the California Coastal Commission and which constitute a proposed "local coastal program amendment," which provisions (if any) will replace the applicable portion of the existing local coastal program thirty (30) days after such provisions have been approved by the California Coastal Commission; and

WHEREAS, the Centre City Redevelopment Project consists of three prior redevelopment project areas of the Agency plus an additional area which had not previously been included in a redevelopment project area, said three prior project areas being the Marina Redevelopment Project Area, the Columbia Redevelopment Project Area and the Gaslamp Quarter

Redevelopment Project Area; and

WHEREAS, said plan contemplates that the Agency will issue its bonds to finance and refinance a portion of the cost of redevelopment under such redevelopment plan; and

WHEREAS, the Agency previously issued \$19,500,000 aggregate original principal amount of Marina Redevelopment Project Tax Allocation Refunding Bonds, Series 1987 and \$18,355,000 aggregate original principal amount of Columbia Redevelopment Project Tax Allocation Refunding Bonds, Series 1987 (collectively the "Prior Bonds"); and

WHEREAS, the Agency has been informed and believes that it is necessary and desirable to issue bonds to refinance a portion of the costs of the Centre City Redevelopment Plan by refunding the Prior Bonds;

NOW, THEREFORE, BE IT RESOLVED, by the Redevelopment Agency of the City of San Diego, California, as follows:

SECTION 1. Definitions. As used in this resolution the following terms shall have the following meanings:

"Agency" means the Redevelopment Agency of The City of San Diego, California.

"Annual Debt Service" for the Series 1992 Bonds and any Parity Debt means, for each Bond Year, the sum of (1) the interest falling due on such Outstanding indebtedness in such Bond Year, assuming that such Outstanding indebtedness is retired as scheduled and that any mandatory sinking fund account payments are made as scheduled, and (2) the principal amount of such Outstanding indebtedness falling due by their terms in such Bond Year including any principal required to be prepaid by operation of mandatory sinking fund payments, together with the redemption premiums, if any, thereon.

"Bonds" means the Series 1992 Bonds and any applicable Parity Debt.

"Bond Insurer" means AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company or any successor company or entity which issues a Municipal Bond Insurance Policy (other than a Reserve Fund Surety Bond) insuring the payment of principal of and interest on the Series 1992 Bonds.

"Bond Year" means the twelve month period ending on September 2 of each year or, for the first Bond Year, the period beginning on the date of initial sale of Series 1992 Bonds and ending on September 2, 1993.

"Defeasance Obligations" means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the following clause), (ii) direct obligations of (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 (iii) Resolution Trust Corporation obligations consisting of the right to receive interest separate from the right to

receive principal.

"Escrow Agreement" means the Escrow Agreement authorized under Section 13A hereof by and between the Agency and the Fiscal Agent, as escrow agent, setting forth the terms by which a portion of the proceeds of the Series 1992 Bonds shall be used to redeem and defease the Prior Bonds.

"Fiscal Agent" means First Trust of California, National Association, appointed by the Agency as fiscal agent pursuant to Section 21 hereof, its successors and assigns, and any other bank or trust company which may at any time be substituted in its place, as provided in this resolution.

"Fiscal Year" means the year period beginning on July 1st and ending on the next following June 30th.

"General Tax Revenues" means all Tax Revenues other than Housing Tax Revenues.

"Housing Tax Revenues" means those Tax Revenues which are required to be deposited into the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3, 33334.6 and 33487 of the Law.

"Interest Payment Date" means March 1 and September 1 of each year beginning March 1, 1993.

"Law" or "Redevelopment Law" means the Community Redevelopment Law of the State of California as cited in the recitals hereof.

"Maximum Annual Debt Service" as computed from time to time pursuant to the provisions hereof means the largest Annual Debt Service during the period from the date of such determination through the final maturity of such Outstanding Bonds.

"Moody's" means Moody's Investors Service, Inc. and any successor entity providing ratings on municipal obligations.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer insuring payment when due of the principal of and interest on the Series 1992 Bonds.

"Nonarbitrage and Tax Certificate" means the Certificate as to Arbitrage signed by the Agency on the date of closing of the Series 1992 Bonds setting forth certain of the Agency's expectations and certain tax covenants with respect to the proceeds of the Series 1992 Bonds.

"Outstanding" when used as of any particular time with reference to the Bonds means all such Bonds theretofore issued by the Agency except:

- (1) Bonds theretofore canceled or surrendered for cancellation in accordance with Section 23 hereof;
- (2) Bonds for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 34 hereof) shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds); provided

that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this resolution or any applicable Parity Debt Resolution; and

(3) Bonds which have been replaced by the Agency pursuant to Section 22 hereof.

"Parity Debt Resolution" means any resolution of the Agency providing for the issuance of Parity Debt.

"Parity Debt" means tax allocation bonds, loans and any other indebtedness payable from the General Tax Revenues on a parity pursuant to the terms of Section 17 of this resolution with payments from such General Tax Revenues for the Series 1992 Bonds.

"Paying Agent" means any paying agent appointed by the Agency pursuant to Section 21 hereof.

"Permitted Investments" means, if and to the extent permitted by law:

- (1) Defeasance Obligations;
- (2) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export - Import Bank
- Farmers Home Administration
- Federal Services Administration
- U. S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U. S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration;

(3) bonds, notes or other evidences of indebtedness rated "AAA" by S&P and "Aaa" by Moody's Investors Service issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years.

(4) U. S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest rating classification provided for by Moody's and S&P (so long as the respective rating agency maintains a rating with respect to the

Bonds). Eligible commercial paper is further limited to issuing corporations that are organized and operating within the United States having total assets in excess of five hundred million dollars (\$500,000,000), and having an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by Moody's and S&P (so long as the respective rating agency maintains a rating with respect to the Bonds). Eligible commercial paper may not mature more than 180 days after the date of purchase thereof nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation;

(6) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and which are rated, based on the escrow, in the highest rating category of S&P and Moody's or any successors thereto;

(8) Investments in repurchase agreements of any securities enumerated above, if the Trustee shall have received a perfected first security interest in such securities securing such repurchase agreement and the Trustee or its appointed agent shall hold such obligations free and clear of the claims of third parties. For purposes of this section, the term "repurchase agreement" means a purchase of securities pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount and will deliver the underlying securities by physical delivery or third-party custodial agreement. For the purposes of this subdivision, the term "counterpart" means the other party to the transaction. A counterpart bank's trust department or safekeeping department may be used for physical delivery of the underlying security. The term of repurchase agreements shall be for one year or less. Such securities, for purpose of repurchase under this subdivisions, shall mean securities of the same issuer, description, issue date and maturity.

(9) Registered warrants or treasury notes or bond of the State of California which are rated "A" or better by S&P and Moody's (so long as the respective rating

agency maintains a rating with respect to the Bonds), including without limitation bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State of California or by a department, board, agency, or authority thereof.

(10) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California (other than the Agency) which are rated "A" or better by S&P and Moody's (so long as the respective rating agency maintains a rating with respect to the Bonds), including without limitation bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority thereof.

(11) Any other prudent investments acceptable to the Bond Insurer and the Agency with notice to S&P.

(12) Amounts in the Redevelopment Fund attributable to the costs of issuance of the Series 1992 Bonds may be invested with the pooled funds of the City of San Diego until expended.

"Pledged Tax Revenues" means, for each Bond Year beginning with the Bond Year ending on September 2, 1993, the first General Tax Revenues in an amount that is equal to Annual Debt Service for such Bond Year, plus an amount, if any, equal to the amount required to maintain the Reserve Account at the Reserve Requirement (including any sums required to be repaid for amounts drawn under any Reserve Fund Surety Bond) but excluding any subvention payments made to the Agency pursuant to section 16110 et seq of the California Government Code and excluding payments, if any, made to the County of San Diego as an administrative fee pursuant to SB 2557.

"Prior Bonds" shall have the meaning given such term in the recitals hereof.

"Redevelopment Fund" means the fund created by this resolution for the purpose of financing a portion of the cost of the Redevelopment Project which fund is created by this resolution and any similar fund created or continued by any Parity Debt Resolution.

"Redevelopment Plan" means the redevelopment plan approved and adopted by the City Council of The City of San Diego, California by Ordinance No. 0-17767 and includes any amendment of said plan heretofore or hereafter made pursuant to law.

"Redevelopment Project" means the project of carrying out, pursuant to the Law, the Redevelopment Plan or any other redevelopment purpose.

"Redevelopment Project Area" means the project area described and defined in Ordinance No. 0-17767 which project area is known and designated as the "Centre City Redevelopment Project."

"Reserve Fund Surety Bond" means (i) a letter of credit, (ii) a

surety bond, (iii) a policy of insurance or (iv) any other security device (in each case rated in the highest rating category by each rating agency which rates the Bonds at such time or in such other category as shall be acceptable to the Bond Insurer and the Agency), in an amount which, together with any funds on deposit in the Reserve Account, will guarantee to the Fiscal Agent the full amount of the Reserve Requirement or a stated portion thereof at such times as all or any portion of the Reserve Requirement is needed for transfer to the Interest Account and/or the Principal Account.

"Reserve Requirement" means an amount equal to the lesser of Maximum Annual Debt Service, 125% of average Annual Debt Service or 10% of the proceeds of the Bonds. The Agency, with the consent of the Bond Insurer, may at any time elect to maintain all or a portion of the Reserve Requirement by obtaining a Reserve Fund Surety Bond.

"Series 1992 Bonds" means the not more than \$38,000,000 principal amount of Bonds authorized and issued pursuant to this resolution.

"S&P" means Standard & Poor's Corporation or any successor entity providing ratings on municipal obligations.

"Tax Increment Limitation" means the limitation of \$2,894,000,000 contained in the Redevelopment Plan setting the maximum amount of Tax Revenues which may be paid to the Agency for the Redevelopment Project, as said limitation may be amended from time to time pursuant to Redevelopment Law.

"Tax Revenues" means that portion of taxes levied (including all payments, reimbursements and subventions paid by the State, if any, specifically attributable to ad valorem taxes lost by reason of business inventory tax or other exemptions and tax rate limitations) upon taxable property in the Redevelopment Project Area which is allocated to and paid into a special fund of the Agency pursuant to Article 6 of Chapter 6 of the Law, Section 16 of Article XVI of the Constitution of the State of California and the Redevelopment Plan, as such portion of taxes shall be modified by the Tax Increment Limitation imposed by Section 33333.2 of the law.

"Treasurer" means the officer who is then performing the functions of Treasurer of the Agency.

"Value", which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

- a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination, provided that in lieu of the above, the Fiscal Agent may utilize the valuation shown on a computerized valuation service used by the Fiscal Agent, which computerized valuation service bases its calculation

- on the bid and asked prices of such investments;
- b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Fiscal Agent in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
 - c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
 - d) as to any investment not specified above: the value thereof established by prior agreement between the Agency, the Fiscal Agent and Bond Insurer.

"Written request" means an instrument in writing signed by the Chair, Executive Director, Deputy Executive Director of the Agency or by any other person or persons duly authorized by the Agency for that purpose.

SECTION 2. Amount, Issuance and Purpose of Series 1992 Bonds. Under and pursuant to said Law, and under and pursuant to this resolution, Series 1992 Bonds of the Agency in the principal amount not to exceed \$38,000,000 shall be issued by the Agency for the purpose of refinancing a portion of the cost of the Redevelopment Project and for other purposes related thereto as hereinafter provided.

SECTION 3. Nature of the Bonds. The Series 1992 Bonds shall be special obligations of the Agency secured by an irrevocable and first pledge of, and payable as to both principal and interest solely from Pledged Tax Revenues and other funds as hereinafter provided in Sections 14 and 16 hereof and in covenant 1 of Section 19 hereof. Except as specifically set forth herein, the Series 1992 Bonds and the interest thereon shall not be paid from any proceeds from the sale, lease or other disposition of property in the Redevelopment Project Area, nor shall the payment of such principal and interest be (a) secured by any interest in property used or to be used in a trade or business or in payments in respect of such property or (b) derived from payments in respect of property, or borrowed money, used or to be used in a trade or business, within the meaning of Section 141 of the Internal Revenue Code of 1986 and the regulations adopted thereunder. Said Series 1992 Bonds, the interest thereon, and any premiums payable upon the redemption of any thereof, are not a debt of The City of San Diego, the State of California or any of its political subdivisions (other than the Agency) and neither said city, said state nor any of its political subdivisions is liable for the payment thereof, nor in any event shall said Series 1992 Bonds, interest or premiums be payable out of any funds or properties other than those of the Agency as in this resolution set forth. The Series 1992 Bonds do not constitute an indebtedness in

contravention of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing the Series 1992 Bonds are liable personally on the Series 1992 Bonds by reason of their issuance.

The Series 1992 Bonds shall be and are equally secured by an irrevocable and first pledge of Pledged Tax Revenues and other funds as hereinafter provided, without priority for number, date of sale, date of execution, or date of delivery, except as expressly provided herein.

The validity of the Series 1992 Bonds is not and shall not be dependent upon the completion of the Redevelopment Project or upon the performance by anyone of his/her obligation relative to the Redevelopment Project.

Nothing in this resolution shall preclude the redemption and payment of the Series 1992 Bonds prior to maturity, or the payment thereof at maturity, from the proceeds of refunding bonds issued pursuant to law. Nothing in this resolution shall prevent the Agency from making advances of its own funds howsoever derived to any of the uses and purposes mentioned in this resolution.

SECTION 4. Description of Series 1992 Bonds. The Series 1992 Bonds shall be in the principal amount not to exceed \$38,000,000, shall be issued in registered form only, without coupon, in the denomination of \$5,000 or any integral multiple thereof and shall be numbered from A-1 or in such other manner as the Fiscal Agent shall determine. The Fiscal Agent shall be entitled to treat the registered owner of the Series 1992 Bonds, including any entity acting as a securities depository, as the holder and owner of the Series 1992 Bonds for all purposes hereunder. The Series 1992 Bonds shall be designated CENTRE CITY REDEVELOPMENT PROJECT TAX ALLOCATION REFUNDING BONDS, SERIES 1992,

shall be dated October 1, 1992 (or such later date as shall be acceptable to the Executive Director or the Deputy Executive Director or the written designee of either of said persons and shall mature on September 1 in each of the years and in the amounts set forth on Exhibit A attached hereto, which Exhibit A shall reflect the final maturity schedule and actual interest rates hereinafter fixed by resolution or other official action of the Agency or a duly authorized officer thereof.

The Series 1992 Bonds for which annual mandatory payments are provided for in Section 16 hereof are sometimes referred to herein as "Term Bonds" and the remaining Series 1992 Bonds are sometimes referred to herein as "Serial Bonds".

SECTION 5. Interest. The Series 1992 Bonds shall bear interest at a rate or rates to be hereafter fixed by resolution or other official action by the Agency or a duly authorized officer thereof (but such rate shall not exceed the maximum rate permitted by law), payable semiannually on March 1 and September 1 of each year commencing March 1,

1993. Interest on the Series 1992 Bonds will be payable from the Interest Payment Date proceeding the date of execution thereof, unless such date is after a Record Date and on or before the succeeding Interest Payment Date, in which case interest thereon will be payable from such Interest Payment Date or unless such date is on or before February 15, 1993, in which case interest with respect thereto will be payable from October 1, 1992. Each Series 1992 Bond shall bear interest until the principal sum thereof has been paid or redeemed; provided, however, that if at the maturity date of any Series 1992 Bond, or if the same has been duly called for redemption then at the date fixed for redemption, funds are available for the payment or redemption thereof, in full accordance with the terms of this resolution, said Series 1992 Bond shall then cease to bear interest.

SECTION 6. Place of Payment. The Series 1992 Bonds shall be payable by check denominated in lawful money of the United States of America upon surrender thereof for cancellation at the main office of the Fiscal Agent in San Francisco, California, or, at the option of the holder, at the office of the Paying Agent of the Agency, if any, in New York, New York. Interest on the Series 1992 Bonds shall be paid by check mailed by first class mail on such interest payment date to the person(s) whose names appear on the bond registration books of the Fiscal Agent as the registered owners of such bonds at the close of business on the 15th day of the month (whether or not a business day) preceding each such interest payment date at such persons' addresses as they appear on such registration books; provided, however, that upon the written request of an owner of not less than \$1,000,000 aggregate principal amount of Series 1992 Bonds received by the Fiscal Agent not less than three business days prior to said 15th day of the month, interest shall be paid by wire transfer to an account within the United States specified by such owner.

SECTION 7. Execution of Series 1992 Bonds. The Series 1992 Bonds shall be signed on behalf of the Agency by its Chair by his or her manual or facsimile signature and by its Secretary by his or her manual or facsimile signature, and authenticated by the Fiscal Agent and the seal of the Agency shall be impressed, imprinted or reproduced thereon. The foregoing officers and agent are hereby authorized and directed to sign the Series 1992 Bonds in accordance with this section. In case any officer of the Agency whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the authentication of such Bonds or the delivery time thereof, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication and delivery, and also, if a person signing a Bond is the proper officer on the nominal date of such Bond such signature or facsimile signature thereof shall nevertheless be valid and sufficient for all purposes even though, on the date of the resolution,

such person was not an officer.

SECTION 8. Transfer and Exchange of Series 1992 Bonds. Any Series 1992 Bond may, in accordance with its terms, be transferred, upon the books kept by the Fiscal Agent for such purpose, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 1992 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Fiscal Agent; provided, however, that the Fiscal Agent shall not be required to register the transfer of any Series 1992 Bond during the five (5) days next preceding any date established by the Fiscal Agent for the selection of Series 1992 Bonds for redemption or any Series 1992 Bond selected for redemption.

Whenever any Series 1992 Bond or Series 1992 Bonds shall be surrendered for transfer, the Fiscal Agent shall execute and deliver a new Series 1992 Bond or Series 1992 Bonds, of the same maturity and for a like aggregate principal amount. The Fiscal Agent shall require the payment by the bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and may charge such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Fiscal Agent with respect to such transfer. The Agency and the Fiscal Agent may treat the registered owner of any Series 1992 Bond as the absolute owner thereof for all purposes whatsoever in accordance with the resolution, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary.

Series 1992 Bonds may be exchanged at the principal corporate trust office of the Fiscal Agent in San Francisco, California for a like aggregate principal amount of Series 1992 Bonds of the same maturity of other authorized denominations. The Fiscal Agent shall require the payment by the bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and may charge such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Fiscal Agent with respect to such exchange.

SECTION 9. Optional Redemption of Series 1992 Bonds. Provided that no amounts are then due to the provider of a Reserve Fund Surety Bond as a result of payments made under the Reserve Fund Surety Bond, the Series 1992 Bonds due on or after September 1, 2003, may be called before maturity and redeemed at the option of the Agency, from any source of funds, on September 1, 2002, or thereafter, as a whole on any date, or in part on any interest payment date in inverse order of maturity and by lot within each maturity (each Series 1992 Bond being deemed to be composed of \$5,000 portions with any such portions being separately redeemable), at a redemption price for each redeemed Series 1992 Bond equal to the principal amount thereof, plus the following premium (percentage of par value) if redeemed at the following times:

Redemption	
Redemption Dates	Premium
September 1, 2002 through August 31, 2003	2 %
September 1, 2003 through August 31, 2004	1
September 1, 2004 and thereafter	0

The par amount of Series 1992 Bonds which are Term Bonds and are redeemed pursuant to the optional redemption provisions set forth above shall be credited against the sinking fund payments described in Section 16 hereof in such manner as the Agency shall direct and in the absence of such direction shall be credited on a prorata basis to reflect such optional redemptions. Series 1992 Bonds redeemed pursuant to sinking fund payments described in Section 16 hereof shall be redeemed without premium.

SECTION 10. Redemption Fund. Prior to the time the Agency determines to call and redeem any of said Series 1992 Bonds pursuant to the optional redemption provisions of Section 9 hereof, it shall establish with the Fiscal Agent a redemption fund to be described or known as the Centre City Redevelopment Project Tax Allocation Refunding Bonds, Series 1992, Redemption Fund (the "Redemption Fund"), and prior to the redemption, the Agency shall deposit with the Fiscal Agent moneys available for the purpose and sufficient to redeem, with the premiums payable as in this resolution provided, the Series 1992 Bonds designated in such notice of redemption. Said moneys shall be applied on or after the redemption date to payment (principal and premium) of the Series 1992 Bonds to be redeemed upon presentation and surrender of such Series 1992 Bonds and shall be used only for that purpose. Mandatory redemptions pursuant to the sinking fund provisions of Section 16 of this resolution need not comply with this Section 10. Any interest payment due on or prior to the redemption date shall be paid from the Revenue Fund described in Section 16 hereof. If after all of the Series 1992 Bonds called for redemption have been redeemed and canceled or paid and canceled there are moneys remaining in said Redemption Fund, said moneys shall be transferred to the Revenue Fund; provided, however, that if said moneys are part of the proceeds of refunding bonds said moneys shall be transferred to the fund created for the payment of principal of and interest on said refunding bonds.

SECTION 11. Notice of Redemption. Notice of redemption (except as provided below) shall be given for optional redemptions pursuant to Section 9 and for mandatory redemptions pursuant to Section 16 hereof not less than thirty nor more than sixty days before the redemption date, by first class mail to each of the registered owners of Series 1992 Bonds designated for redemption at their addresses appearing on the bond registration books of the Fiscal Agent on the date such Bonds are selected for redemption, provided, however, that said notice shall be given not less than 45 days nor more than 60 days before the redemption date so long as all the Series 1992 Bonds are registered in the name of

CEDE & CO. pursuant to Section 37 of this resolution. Each notice of redemption shall state the redemption date, the place or places of redemption, the numbers of the Series 1992 Bonds to be redeemed and, in the case of Series 1992 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said Series 1992 Bonds the redemption price thereof or of said specified portion of the principal thereof in the case of a Series 1992 Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 1992 Bonds be then surrendered. Upon surrender of any Series 1992 Bond redeemed in part only, the Fiscal Agent shall authenticate and deliver to the registered owner thereof, at the expense of the Agency, a new bond or bonds of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Series 1992 Bond surrendered.

The actual receipt by the holder of any Series 1992 Bond of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption. The notice or notices required by this section shall be given by the Fiscal Agent. A certificate by the Fiscal Agent that notice of call and redemption has been given to holders of registered Bonds as therein provided shall be conclusive as against all parties, and no bondholder whose registered Bond is called for redemption may object to the cessation of interest on the redemption date fixed by any claim or showing that he failed to receive actual notice of call and redemption.

When notice of redemption has been given, substantially as provided in this Section 11, the Series 1992 Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof at the place specified in the notice of redemption, such Series 1992 Bonds shall be redeemed and paid at said redemption price out of the Redemption Fund or, if applicable, the Principal Account, and no interest will accrue on such Series 1992 Bonds called for redemption after the redemption date specified in such notice, and the holders of said Series 1992 Bonds so called for redemption after such redemption date shall look for the payment of such Series 1992 Bonds and the premium thereon only to the Redemption Fund or, if applicable, the Principal Account. All Series 1992 Bonds redeemed shall forthwith be canceled and destroyed by the Fiscal Agent and the Fiscal Agent shall there upon issue a certificate of destruction for said Series 1992 Bonds.

SECTION 12. Disposition of Series 1992 Bonds Proceeds. The proceeds from the sale of the Series 1992 Bonds shall be deposited as

follows:

(a) In the Interest Account established pursuant to Section 16 hereof, the accrued interest and any premium paid with respect to the Series 1992 Bonds.

(b) In the Reserve Account established pursuant to Section 16 hereof, an amount equal to the Reserve Requirement (in cash or by purchase of an appropriate Reserve Fund Surety Bond or by a combination thereof).

(c) To the Fiscal Agent, as escrow agent, for deposit (into one or more Series 1992 Bond Proceeds Accounts) in the Escrow Fund established pursuant to Section 13A hereof, an amount sufficient, together with other available moneys, to defease the Prior Bonds.

(d) To the Agency for deposit in the Series 1992 Costs of Issuance Account in the Redevelopment Fund established pursuant to Section 13 hereof, the remainder of the proceeds of the Series 1992 Bonds to pay the cost of issuance of the Series 1992 Bonds.

SECTION 13. Redevelopment Fund. There is hereby created a fund entitled the Centre City Redevelopment Project Redevelopment Fund (the "Redevelopment Fund") which Redevelopment Fund shall be held and administered by the Agency in accordance with this resolution. All such proceeds and all investment earnings thereon shall be disbursed and expended for eligible costs of the Redevelopment Project in accordance with this resolution and the Nonarbitrage and Tax Certificate.

The moneys set aside and placed in the Series 1992 Bonds Costs of Issuance Account in the Redevelopment Fund, which account is hereby created within said Redevelopment Fund, shall remain therein until from time to time expended solely for the purpose of paying the necessary expenses in connection with the issuance and sale of the Series 1992 Bonds. If any sum remains in the Series 1992 Bonds Costs of Issuance Account after the earlier of the date that said costs are fully paid or September 1, 1994, said sum shall be transferred to the Revenue Fund hereinafter established.

SECTION 13A. Escrow Fund. There is hereby created and established an Escrow Fund which Escrow Fund shall be held by the Fiscal Agent as escrow agent and administered as set forth in this Section 13A. With the proceeds of the Series 1992 Bonds set aside and placed in the Escrow Fund pursuant to Section 12 above together with other funds and moneys transferred to the Fiscal Agent for such purpose, the Fiscal Agent shall purchase Escrowed Investments (defined in the Escrow Agreement) in the amount set forth in the Escrow Agreement which shall be fully sufficient, together with interest earnings thereon to pay from the date of said deposit to and including December 1, 1997, the principal of and interest on the outstanding Prior Bonds in the amounts and at the times such amounts become due, and to redeem on December 1, 1997, pursuant to Agency Resolution Nos. 1549 and 1550 the outstanding Prior Bonds by paying the remaining principal amount thereof plus the

applicable redemption premium.

The Fiscal Agent shall, from time to time, set aside sufficient moneys from the Escrow Fund to pay when due the principal of and interest on the Prior Bonds from the date of said deposit in the Escrow Fund to and including December 1, 1997.

Not less than 30 days nor more than 90 days prior to December 1, 1997, the Fiscal Agent shall give a redemption notice in the form and manner set forth in Agency Resolutions No. 1549 and 1550 in order to redeem on December 1, 1997 the outstanding Prior Bonds and shall on or before November 30, 1997 set aside sufficient money to pay on December 1, 1997 the outstanding principal amount of the Prior Bonds and the redemption premiums on said Prior Bonds and shall use said money to effect said redemptions.

The Agency and the Fiscal Agent shall enter into the escrow agreement listing the Escrowed Investments, containing the terms set forth in this Section 13A and containing such other terms and conditions consistent with this Section 13A as the Agency shall deem necessary or desirable to effectuate the redemption described herein. Any money remaining in the Escrow Fund on December 2, 1997 after the above transfers and set asides have been made shall be set aside and deposited in the Revenue Fund created under Section 14 of this Resolution.

SECTION 14. Pledge of Tax Revenues; Revenue Fund. All Pledged Tax Revenues, all money in the funds and accounts provided for in this Section and Section 16 and all moneys received pursuant to covenant 1 of Section 19 are hereby irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Pledged Tax Revenues, and such other money shall not be used in any manner other than those specified in this resolution so long as any Series 1992 Bonds remain outstanding. This pledge shall constitute a first and exclusive lien on the Pledged Tax Revenues and such other money for the payment of the Bonds in accordance with the terms thereof. All the Pledged Tax Revenues, together with any interest earned thereon, shall, so long as any Bonds shall be outstanding hereunder, be deposited when and as received by the Agency in the "Centre City Redevelopment Project Revenue Fund" (hereinafter called the "Revenue Fund"), which fund is hereby created and which fund the Agency hereby covenants and agrees to maintain with the Fiscal Agent so long as any Bonds shall be outstanding hereunder. Notwithstanding the foregoing, there shall not be deposited with the Fiscal Agent for deposit in the Revenue Fund any taxes eligible for allocation to the Agency pursuant to the Law in an amount in excess of that amount which, together with all money then on deposit with the Fiscal Agent in the Revenue Fund and the accounts therein, shall be sufficient to discharge all Outstanding Bonds as provided in Section 34.

SECTION 15. Receipt and Deposit of Pledged Tax Revenues. The Agency covenants and agrees that all Pledged Tax Revenues when and as

received, will be received by the Agency in trust hereunder and will be deposited by the Agency in the Revenue Fund and will be accounted for through and held in trust in the Revenue Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as specifically provided otherwise in this resolution. All such Pledged Tax Revenues, whether received by the Agency in trust or deposited with the Fiscal Agent, all as herein provided, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes hereinafter in this resolution set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

SECTION 16. Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. All money in the Revenue Fund shall be set aside by the Fiscal Agent in the following respective special accounts within the Revenue Fund (each of which is hereby created and each of which the Agency hereby covenants and agrees to cause to be maintained), in the following order of priority.

- (1) Interest Account,
- (2) Principal Account,
- (3) Reserve Account.

All money in each of such accounts shall be held by the Fiscal Agent and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section.

(1) Interest Account. On or before February 28 and August 31 of each year, beginning on February 28, 1993, the Fiscal Agent shall set aside from the Revenue Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all outstanding Bonds on the next succeeding interest payment date; provided, however, that in the event that all or a portion of the Reserve Requirement is funded by a Reserve Fund Surety Bond the Fiscal Agent shall make such transfers not later than the time sufficient to timely draw, if necessary, upon the Reserve Fund Surety Bond to make the above described payments on the applicable interest payment date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all outstanding Bonds on the next succeeding interest payment date. All money in the Interest Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(2) Principal Account. On or before August 31 of each year, beginning on August 31, 1993, the Fiscal Agent shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on all

Outstanding Bonds on the next succeeding principal payment date plus the aggregate amount of the mandatory sinking fund account payments required to be made on the next succeeding September 1 less amounts, if any, withdrawn and used to purchase Bonds. In the event that there shall be insufficient money in the Revenue Fund to make in full all such principal payments and mandatory sinking fund account payments required to be made at any one time, then the available money shall be applied pro rata to the making of such principal payments and such mandatory sinking fund account payments in the proportion which all such principal payments and mandatory sinking fund account payments bear to each other.

There is hereby created within the Principal Account a Series 1992 Sinking Fund Account for the payment of the principal of the Term Bonds, which account the Agency hereby covenants and agrees to cause to be maintained. The Fiscal Agent will transfer from the Principal Account to the Series 1992 Sinking Fund Account for deposit in each Bond Year, an amount of money equal to, but not greater than, the mandatory sinking fund account payment required to be deposited therein in such Bond Year, as set forth on Exhibit A attached hereto.

The Agency hereby covenants and agrees with the holders of the Term Bonds to call and redeem Term Bonds (without premium) from the Series 1992 Sinking Fund Account pursuant to and in accordance with the schedule set forth on Exhibit A attached hereto, and in accordance with the provisions of Section 11 hereof. In lieu of redemptions, the Fiscal Agent shall, at the direction of the Agency, use moneys in the Series 1992 Sinking Fund Account, to purchase Term Bonds in the open market at a price or prices not in excess of the principal amount thereof; in such event, the Fiscal Agent shall adjust the sinking fund maturities to reflect such purchases in any manner directed by the Agency and in the absence of such directions on a prorata basis to reflect such purchases. All Term Bonds purchased pursuant to this section shall be canceled.

No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all outstanding Serial Bonds maturing by their terms on the next succeeding principal payment date plus the aggregate amount of all mandatory sinking fund account payments required to be made in the year ending on the next succeeding September 2.

All money in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the principal of the Bonds as they shall become due and payable, except that all money in any sinking fund account shall be used and withdrawn by the Fiscal Agent only to purchase or to redeem Term Bonds for which such sinking fund account was created, as provided in this Section 16(2) or any Parity Debt Resolution.

(3) Reserve Account. On or before February 26 and August 26 of each year, beginning on February 26, 1993, the Fiscal Agent shall determine whether there are sufficient funds in the Interest Account and

Principal Account to make the above described payments on the following March 1 and September 1, respectively, and if insufficient moneys then exist, the Fiscal Agent shall promptly notify the Agency of such deficiency and shall on said date issue a demand for payment under the Reserve Fund Surety Bond, if any, said demand to be in the form required for such Reserve Fund Surety Bond. If the Reserve Requirement is made up of both cash and one or more Reserve Fund Surety Bonds, any deficiency in the Interest Account or Principal Account shall be reduced or paid first from said cash and then prorata among the Reserve Fund Surety Bonds securing the Series 1992 Bonds. On or before September 1 of each year, beginning on September 1, 1993, the Fiscal Agent shall determine the amount in the Reserve Account and promptly demand that the Agency set aside from the Tax Revenues and deposit in the Reserve Account an amount of money, if any, that shall be required to maintain the Reserve Account in the full amount of the Reserve Requirement (including any amounts required to reimburse any provider of a Reserve Fund Surety Bond for payments under the Reserve Fund Surety Bond). Such deposit shall first be used to reimburse the Reserve Fund Surety Bond provider for any drawings under the Reserve Fund Surety Bond, and then to restore the cash deposit. No deposit need be made in the Reserve Account so long as there shall be on deposit therein (including amounts available under the Reserve Fund Surety Bond) a sum equal to at least the Reserve Requirement (valued at market). All money in the Reserve Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of funding the Interest Account or the Principal Account, in such order, in the event of any deficiency at any time in either of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds except that so long as the Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement may be withdrawn on each March 1 and September 1 from the Reserve Account and deposited in the Revenue Fund.

On or before September 2 of each year, after all of the above transfers have been made, any moneys remaining in the Revenue Fund (other than the Reserve Requirement maintained in the Reserve Account) shall be set aside and returned to the Agency for use by the Agency for any lawful purpose.

SECTION 17. Issuance of Parity Debt to Pay Project Costs.

(a) The Agency may provide for the issuance of, and sell, Parity Debt subject to the following conditions precedent to such sale:

(1) The Agency shall be in compliance with all covenants set forth in this resolution.

(2) General Tax Revenues received or to be received by the Agency based upon the most recent assessed valuation of taxable property in the Redevelopment Project Area (as indicated by records of the Auditor-Controller of San Diego County excluding any revenues attributable to business inventory replacement/special subventions or

attributable to any misplaced unsecured taxable value) and upon the most recently established tax rates (limited to 1% so long as Article XIII A of the California Constitution has not been amended to permit a higher rate for other than voted indebtedness) are at least equal to 125% of Maximum Annual Debt Service payable from such General Tax Revenues on all Bonds which will be outstanding following the issuance of such Parity Debt (120% of such Maximum Annual Debt Service if the aggregate total taxable assessed valuation of property in the Redevelopment Project Area last equalized for each subarea of said Redevelopment Project Area prior to the adoption of the applicable ordinance which first created a redevelopment plan for such subarea is equal to or less than 25% of the most recent assessed valuation of taxable property in the Redevelopment Project Area).

(3) The Parity Debt Resolution shall require that from the proceeds of such sale there shall be deposited in the Reserve Account an amount sufficient to raise the balance therein (together with amounts required to be deposited hereunder including any Reserve Fund Surety Bond) to an amount equal to the Reserve Requirement.

(b) Notwithstanding Section 17 (a)(2) above, the Agency may issue Parity Debt for the purpose of refunding in whole or in part one or more series of Outstanding Bonds if after such refunding, Maximum Annual Debt Service for the Bonds is reduced.

SECTION 18. Deposit and Investment of Money in Funds and Accounts. All money held by the Agency or Fiscal Agent in any of the funds or accounts established pursuant to this resolution shall be held in Permitted Investments. Moneys in the Escrow Fund shall be invested and disbursed as set forth in the Escrow Agreement for the Prior Bonds and shall not be subject to the provisions of this Section 18. Moneys in the Rebate Fund established under Section 35 of this resolution shall be held and disbursed as set forth in said Section 35. Money in the Revenue Fund or in the Interest Account or in the Principal Account or in the Redemption Fund may, and upon the written direction of the Agency shall, be invested by the Fiscal Agent in Permitted Investments. In the absence of instructions, the Fiscal Agent shall invest in Permitted Investments described in subsections (1) and (6) of the definition thereof. Investments of money in the Revenue Fund or in the Interest Account or in the Principal Account or in the Redemption Fund must mature prior to the date on which such money is estimated to be required to be paid out hereunder. Money in the Reserve Account may, and upon the written direction of the Agency shall, be invested by the Fiscal Agent in Permitted Investments except the type described in subsection (8) thereof, half of which shall mature not more than three years from the date of purchase by the Fiscal Agent and the balance of which shall mature not more than five years from the date of purchase by the Fiscal Agent. All investment income received on any money so invested shall be transferred to the Revenue Fund on a semiannual basis (or such other

basis as is acceptable to the Agency and the Fiscal Agent). The Agency covenants with the holders of all the Bonds at any time outstanding that it will make no use of the proceeds of the Bonds which will cause the Series 1992 Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986. To that end, so long as any of the Bonds are outstanding, the Agency, with respect to the proceeds of the Series 1992 Bonds, shall comply with all requirements of said Section 148 including the rebate provision of Section 148(f) thereof and all regulations of the United States Department of the Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

SECTION 19. Covenants of the Agency. The Agency shall preserve and protect the security of the Bonds and the rights of the bondholders and defend their rights against all claims and demands of all persons. Until such time as an amount has been set aside sufficient to pay at maturity, or to call prior to maturity, all Outstanding Bonds, plus unpaid interest thereon to maturity, or to the call date, the Agency will (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this resolution or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the bondholders:

1. The Agency covenants and agrees that it will diligently carry out and continue to completion, with all practicable dispatch, the Redevelopment Project in accordance with its duty to do so under and in accordance with the Law and the Redevelopment Plan and in a sound and economical manner. The Redevelopment Plan may be amended as provided in the Law but unless said amendment is agreed to in writing by the Bond Insurer no amendment shall be made which would cause, in the Bond year following such amendment, General Tax Revenues to fall below 125% of Maximum Annual Debt Service as certified by an independent redevelopment consultant. The Agency further covenants and confirms to take any and all further actions necessary to enforce the lien and pledge of all Tax Revenues lawfully received by the Agency from all properties within the Redevelopment Project Area, whether the authority therefor is derived from the Ordinance, or from the redevelopment plans for the prior redevelopment project areas (Columbia, Marina and Gaslamp Quarter Redevelopment Plans), for payment of principal of and interest on the Bonds to the fullest extent permitted by law.

2. The Agency covenants and agrees that the proceeds of the sale of the Series 1992 Bonds will be deposited and used as provided in this resolution and that it will manage and operate all properties owned by it and constituting any part of the Redevelopment Project in a sound and businesslike manner.

3. The Agency covenants and agrees that it will not issue any obligation or enter into any tax sharing agreements payable, as to

either principal or interest, from the General Tax Revenues, which have or purport to have, any lien upon the General Tax Revenues superior to the lien of the Series 1992 Bonds and further covenants and agrees that, except as permitted in Section 17 hereof, it will not issue any other obligations payable, as to either principal or interest, from the General Tax Revenues which have, or purport to have, any lien upon the General Tax Revenues on a parity with the lien of the Series 1992 Bonds; provided, however, that nothing in this resolution shall prevent the Agency from issuing and selling pursuant to law refunding bonds or other refunding obligations payable from and having a first lien upon the General Tax Revenues if such refunding bonds or other refunding obligations are issued, and are sufficient, for the purpose of refunding all of the Series 1992 Bonds then outstanding.

4. The Agency covenants and agrees that it will take no action related to the expenditure of Tax Revenues which would preclude the due and timely payment of principal and interest on the Bonds and that it will comply with the requirements of Section 33675 of the Law, including the annual filing of a "statement of indebtedness" with the Auditor-Controller of San Diego County.

5. The Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Agency or any of the properties then owned by it in the Redevelopment Project Area, or upon the revenues and income therefrom and will pay all lawful claims for labor, material and supplies which if unpaid might become a lien or charge upon any of said properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues, Pledged Tax Revenues or other funds to pay the principal of and interest thereon, all to the end that the priority and security of said Bonds shall be preserved; provided that nothing in this paragraph shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity thereof.

6. The Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Pledged Tax Revenues and other funds herein provided for, and will prepare within 270 days after the close of each of its fiscal years a complete financial statement or statements for such year in reasonable detail covering such Redevelopment Project, Pledged Tax Revenues and other funds and certified by a certified public accountant or firm of certified public accountants selected by the Agency, and will furnish a copy of such statement or statements to the Fiscal Agent, the Bond Insurer and to any bondholder upon written request.

7. The Agency covenants and agrees that if all or more than five percent of the Redevelopment Project Area should be taken from it, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, the Agency shall use its best efforts to adjust, in accordance with applicable law, the tax increment base of the Redevelopment Project Area to reflect such taking(s).

8. The Agency covenants and agrees that it will not dispose of more than 10% of the land area in the Redevelopment Project Area (except property shown in the Redevelopment Plan in effect on the date this resolution is adopted as planned for public use) to public bodies or other persons or entities whose property is tax exempt if as a result of such disposition the Agency has determined, in consultation with an independent outside consultant, the security of the bonds or the rights of the bondholders would be substantially impaired. Any such proposed disposition shall be made only with the consent of the Bond Insurer.

9. The Agency covenants that under no circumstances shall any initial investment, subsequent investment or reinvestment of the proceeds of the Series 1992 Bonds be made in such a manner as to result in the loss of exclusion from gross income for federal income tax purposes of interest on the Series 1992 Bonds, nor shall the proceeds of the Series 1992 Bonds be invested directly or indirectly in taxable obligations so as to produce a yield which is materially higher than the yield on the Series 1992 Bonds such as would result in the Series 1992 Bonds constituting "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, but such sums may be otherwise invested if and when such Section and any regulations thereunder permit the investment to be made in the manner made without causing the Series 1992 Bonds to become "arbitrage bonds."

10. The Agency covenants that it will fully comply with the rebate requirements set forth in Section 148 of the Internal Revenue Code of 1986 and will pay to the U. S. Government any and all amounts required to be so paid at the times and in the manner required by said Section 148 and the regulations of the Department of Treasury related thereto.

11. The Agency covenants that it will preserve and protect the security of the Series 1992 Bonds and the rights of the owners of the Series 1992 Bonds, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Series 1992 Bonds by the Agency, the validity and enforceability of the Series 1992 Bonds shall be incontestable by the Agency.

12. The Agency covenants that it will make no use of the portion of the proceeds of the Bonds allocated as reimbursement proceeds under Treasury Regulation Section 1.103-18 promulgated under

the Code which use would cause those moneys to be treated other than as an expenditure of tax exempt bond proceeds, e.g., that within one year from the date of such reimbursement, such moneys will not be used to refund a governmental obligation, or to create or increase the balance in a sinking fund, reserve or replacement fund or to reimburse any person for any expenditure originally paid with tax exempt proceeds, all within the meanings given such transactions under said Treasury Regulation Section 1.103-18.

13. The Agency covenants and agrees to annually review the total amount of Tax Revenues remaining available to be received by the Agency under the Tax Increment Limitation, as well as future cumulative annual debt service. The Agency will not accept Tax Revenues or incur additional obligations payable from Tax Revenues, if such acceptance or incurrence will cause the amount remaining under the Tax Increment Limitation to fall below remaining cumulative debt service on all of the Agency's bonds or other indebtedness established pursuant to Section 33333.2 of the Law, except for the purpose of depositing such revenues in escrow for future debt service payment with respect to such bonds or other indebtedness.

14. So long as the Bond Insurer is not in default under its Municipal Bond Insurance Policy, the Agency shall furnish to the Bond Insurer (a) as soon as practicable after the filing thereof, a copy of any financial statement of the Agency and a copy of any audit and annual report of the Agency; (b) a copy of any notice to be given to the registered owners of the Series 1992 Bonds, including, without limitation, the notice of any redemption of or defeasance of the Series 1992 Bonds, and any certificate rendered pursuant to this resolution relating to the security for the Series 1992 Bonds; and (c) such additional information as the Bond Insurer may reasonably request.

15. The Agency will permit the Bond Insurer to discuss the affairs, finances and accounts of the Agency or any information the Bond Insurer may reasonably request regarding the security for the Series 1992 Bonds with appropriate officers of the Agency. The Fiscal Agent shall permit the Bond Insurer to have access to and to make copies of all books and records relating to the Series 1992 Bonds at any reasonable time.

16. The Bond Insurer shall have the right to direct an accounting of the Tax Revenues at the Agency's expense, and the Agency's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 192 Bonds.

17. Notwithstanding any other provision of this

resolution, the Fiscal Agent and the Agency shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest on the Series 1992 Bonds as required hereunder and immediately upon the occurrence of any event of default hereunder.

SECTION 20. Taxation of Leased Property. Whenever any property in the Redevelopment Project Area has been redeveloped and thereafter is leased by the Agency to any person or persons (other than The City of San Diego or any public instrumentality thereof), the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Health and Safety Code.

SECTION 21. Fiscal Agent and Paying Agents. The Agency hereby appoints First Trust of California, National Association as Fiscal Agent and Paying Agent to act as the agent and depository of the Agency for the purpose of receiving Pledged Tax Revenues and other funds as provided in this resolution, to hold, allocate, use and apply such Pledged Tax Revenues, and other funds as provided in this resolution, and to perform such other duties and powers of the Fiscal Agent (and only such duties and powers) as are prescribed in this resolution.

The Agency, with the written consent of the Bond Insurer, may remove the Fiscal Agent initially appointed or any successor thereto upon reasonable notice to the Fiscal Agent and in such case shall forthwith appoint a successor thereto but any successor shall be a bank or trust company doing business and having an office in the State of California, duly authorized to exercise trust powers and subject to examination by federal or State of California authorities, having a combined capital and surplus of at least \$50,000,000. If such bank or trust company is part of a bank holding company system, it may qualify to act as Fiscal Agent hereunder if the combined capital and surplus of the related bank holding company is at least \$75,000,000. The Fiscal Agency may be removed at any time, at the request of the Bond Insurer, for any breach of its duties set forth herein. The Fiscal Agent herein appointed or any substituted Fiscal Agent may at any time resign as such by a prior written notice thereof given to the Bond Insurer and a notice filed in writing with the Agency in which event the Agency, with the consent of the Bond Insurer, shall forthwith appoint a substitute Fiscal Agent and the resignation shall become effective upon such appointment. In the event that the Fiscal Agent or any successor becomes incapable of acting as such the Agency shall forthwith appoint a substitute Fiscal Agent. Any bank or trust company into which the Fiscal Agent may be merged or with which it may be consolidated shall become the Fiscal Agent without action of the Agency. A Fiscal Agent may become the owner of any of the Bonds with the same rights it would have had if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of or to exercise diligence in the enforcement of

the collection of funds assigned to it hereunder, or to ascertain the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. Notwithstanding the foregoing, the Fiscal Agent shall maintain adequate records in accordance with industry standards, verified by Bond Insurer, as to the amount available to be drawn at any given time under the Reserve Fund Surety Bond and as to the amounts paid and owing to the Bond Insurer or other person pursuant to any drawings made under the Reserve Fund Surety Bond.

The recitals of fact and all promises, covenants and agreements contained herein and in the bonds shall be taken as statements, promises, covenants and agreements of the Agency, and the Fiscal Agent assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this resolution of the Bonds and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Fiscal Agent shall be protected in acting on any notice, resolution, request, consent, order, certificate, report or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel of or to the Agency, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

Notwithstanding any other provisions of this resolution, in determining whether the rights of the bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this resolution, the Fiscal Agent shall consider the effect on the bondholders as if there were no Municipal Bond Insurance Policy.

The Agency further agrees to pay to the Fiscal Agent from time to time reasonable compensation for all services rendered under this resolution, and all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents, and employees incurred in and about the performance of its powers and duties hereunder. The Agency further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities which the Fiscal Agent may incur in the exercise and performance of its powers and duties hereunder which are not due to the Fiscal Agent's negligence or willful misconduct. The obligation of the Agency under this Section shall survive resignation or removal of the Fiscal Agent under this resolution and payment of the Series 1992 Bonds.

The Agency may, during the life of the Series 1992 Bonds, provide

for a paying agent, in New York, New York at the office of which the Series 1992 Bonds are payable at the option of their holders.

SECTION 22. Lost, Destroyed or Mutilated Bonds. In the event that any Series 1992 Bond is lost, stolen, destroyed or mutilated, the Agency will cause to be issued a new Series 1992 Bond of like tenor, maturity and amount to replace the same in such manner and upon such reasonable terms and conditions, including the payment of costs and the posting of a surety bond if the Agency deems such surety bond necessary, as may from time to time be determined and prescribed by resolution. The Agency may authorize such new Series 1992 Bond to be signed and authenticated in such manner as it determines in said resolution, but if said resolution does not specify such manner, such new Series 1992 Bond shall be signed and authenticated as set forth in this resolution.

SECTION 23. Cancellation of Bonds. All Series 1992 Bonds surrendered to the Fiscal Agent or any Paying Agent for payment upon maturity or for redemption shall upon payment therefor be canceled and destroyed by the Fiscal Agent and the Fiscal Agent shall thereupon issue a certificate of destruction for such Series 1992 Bonds.

SECTION 24. Amendments.

(a) Without consent of the owners of the Series 1992 Bonds. This resolution may be amended by the Agency with the consent of the Fiscal Agent and Bond Insurer and without the consent of any owner of the Series 1992 Bonds but only for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this resolution or in any other respect as the Agency and Bond Insurer, if any, may deem necessary or desirable or adding covenants or agreements to the Agency; provided, however, that any such amendment shall not, in the opinion of nationally-recognized bond counsel and as set forth in a Certificate of the Agency, materially adversely affect the owners of the Series 1992 Bonds.

(b) With the consent of the owners of the Series 1992 Bonds. This resolution and the rights and obligations of the Agency and of the owners of the Series 1992 Bonds may be modified or amended at any time by supplemental resolution adopted by the Agency with the consent of bondholders holding at least sixty percent (60%) in aggregate principal amount of the outstanding Series 1992 Bonds, exclusive of Series 1992 Bonds, if any, owned by the Agency or The City of San Diego, and obtained as hereinafter set forth and the written consent of Bond Insurer; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of the Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date, reduce the premium payable upon redemption thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor shall any such modification or amendment reduce the percentage of consent is required for amendment or

modification.

(c) Any act done pursuant to a modification or amendment so approved or consented to shall be binding upon the holders of all of the Series 1992 Bonds and shall not be deemed an infringement of any of the provisions of this resolution or of the Law, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this resolution, and after such approval or consent relating to such specified matters has been given, no bondholder shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the Agency or any officer thereof from taking any action pursuant thereto. The Fiscal Agent shall give written notice of any amendment of this resolution to S&P and Moody's.

SECTION 25. Calling Bondholders' Meeting; Notice of Meeting. Except as set forth in Section 30 of this resolution, if the Agency shall desire to obtain any such consent it shall duly adopt a resolution calling a meeting of bondholders for the purpose of considering the action, the consent to which is desired.

Notice specifying the purpose, place, date and hour of such meeting shall be mailed, postage prepaid, to the respective registered owners of the Series 1992 Bonds at their addresses appearing on the bond registry books in the hands of the Fiscal Agent. The place, date and hour of holding such meeting and the date or dates of publishing and mailing such notice shall be determined by the Agency in its discretion except as set forth in Section 36 hereof. Such notice shall set forth the nature of the proposed action to which consent is desired.

The actual receipt by any bondholder of notice of any such meeting shall not be a condition precedent to the holding of such meeting, and failure to receive such notice shall not affect the validity of the proceedings thereat. A Certificate by the Secretary of the Agency, approved by resolution of the Agency, that the meeting has been called and that notice thereof has been given as herein provided shall be conclusive as against all parties and it shall not be open to any bondholder to show that he failed to receive notice of such meeting.

SECTION 26. Voting Qualifications. The Fiscal Agent shall prepare and deliver to the chairman of the meeting a list of the names and addresses of the registered owners of Series 1992 Bonds, with a statement of the maturities and serial numbers of the Series 1992 Bonds held, and no bondholder shall be entitled to vote at such meeting unless his name appears upon such list or unless he shall present at the meeting his Series 1992 Bond or Series 1992 Bonds, properly endorsed, or a certificate of deposit thereof, satisfactory to the Agency, executed by a bank, trust company or similar entity. No bondholder shall be permitted to vote with respect to a larger aggregate principal amount of Series 1992 Bonds than is set against his name on such list, unless he shall produce the Series 1992 Bonds upon which he desires to vote, or a

certificate of deposit thereof as above provided.

SECTION 27. Agency-Owned Bonds. The Agency covenants that it will present at the meeting a certificate signed and verified by one member thereof and by the Treasurer, stating the maturities and serial numbers of all Series 1992 Bonds owned by, or held for the account of, the Agency or The City of San Diego, directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any bond appearing upon such certificate, or any bond which it shall be established at or prior to the meeting is owned by the Agency or The City of San Diego, directly or indirectly, and no such bond (in this resolution referred to as "Agency owned Series 1992 Bonds") shall be counted in determining whether a quorum is present at the meeting.

SECTION 28. Quorum and Procedure. A representation of at least sixty percent (60%) in aggregate principal amount of the Series 1992 Bonds then outstanding (exclusive of Agency owned Series 1992 Bonds, if any) shall be necessary to constitute a quorum at any meeting of bondholders, but less than a quorum may adjourn the meeting from time to time, and the meeting may be held as so adjourned without further notice, whether such adjournment shall have been had by a quorum or by less than a quorum. The Agency shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and secretary. At any meeting each bondholder shall be entitled to one vote for every \$5,000 principal amount of Series 1992 Bonds with respect to which he shall be entitled to vote as aforesaid, and such vote may be given in person or by proxy duly appointed by an instrument in writing presented at the meeting. The Agency, by its duly authorized representative, may attend any meeting of the bondholders, but shall not be required to do so.

SECTION 29. Vote Required. At any meeting held as aforesaid there shall be submitted for the consideration and action of the bondholders a statement of the proposed action for which consent is desired, and if such action shall be consented to and approved by bondholders holding at least sixty percent (60%) in aggregate amount of the Series 1992 Bonds then outstanding (exclusive of Agency and owned Series 1992 Bonds) the chair and secretary of the meeting shall so certify in writing to the Agency, and such certificate shall constitute complete evidence of consent of bondholders under the provisions of this resolution. A certificate signed and verified by the chairman and the secretary of any such meeting shall be conclusive evidence and the only competent evidence of matters stated in such certificate relating to proceedings taken at such meeting.

SECTION 30. Consent Without a Meeting. If the Agency should desire to obtain the consent of the Owners to any proposed amendment hereto without a meeting of the Owners, the Agency may, by resolution, propose the amendment to which consent is desired. A copy of such resolution, together with a request to Owners for their consent to the

amendment proposed therein, shall be mailed by the Fiscal Agent, at the expense of the Agency first class mail, postage prepaid, to each registered owner at such Owner's address as it appears on the Bond Register.

The lack of actual receipt by an Owner of such resolution and request for consent and any defects in such resolution and request for consent shall not affect the validity of the proceedings for the obtaining of such consent. A certificate by the Agency Secretary, approved by resolution of the Agency, that said resolution and request for consent have been delivered as herein provided shall be conclusive as against all parties.

Any such written consent shall be binding upon the Owner giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or by the subsequent Owner. To be effective, any revocation of consent must be given before the adoption of the resolution accepting consents as hereinafter provided.

After the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Agency owned Series 1992 Bonds) shall have consented in writing, the Agency shall adopt a resolution accepting such consents and such resolution shall constitute complete evidence of the consent of Owners under this Section.

Notice specifying the amendment that has received the consent of Owners as required by this Section shall be mailed by the Fiscal Agent, at the expense of the Agency, first-class mail, postage prepaid, not more than 60 days following the final action in the proceedings for the obtaining of such consent, to each registered Owner at such Owner's address as it appears on the bond registration books of the Fiscal Agent. Said notice is only for the information of Owners, and failure to mail such notice or any defect therein shall not affect the validity of the proceedings theretofore taken in the obtaining of such consent.

SECTION 31. Series 1992 Bond Form. The Series 1992 Bonds shall be issued in fully registered form substantially as set forth in Exhibit B attached to this resolution.

SECTION 32. Proceedings Constitute Contract; Breach. The provisions of this resolution and of any other resolution supplementing or amending this resolution and adopted prior to the issuance of the Series 1992 Bonds, shall constitute a contract between the Agency and bondholders and the provisions thereof shall be enforceable by any bondholder for the equal benefit and protection of all bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction, provided, however, that so long as Bond Insurer is not in default under its municipal bond insurance policy for

the Series 1992 Bonds, no action or remedy for any breach by the Agency under this resolution shall be undertaken or pursued under this resolution without the prior written consent of Bond Insurer. Said contract is made under and is to be construed in accordance with the laws of the State of California. No remedy conferred hereby upon any bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law of the State of California. No waiver of any default or breach of duty or contract by any bondholder shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and should said suit, action or proceeding be abandoned, or be determined adversely to the bondholders, then, and in every such case, the Agency and the bondholders shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Series 1992 Bonds this resolution and supplementary resolutions thereto shall be irrevocable, but shall be subject to modification or amendment to the extent and in the manner provided in this resolution, but to no greater extent and in no other manner.

To the extent that this resolution gives or grants the Bond Insurer any right, remedy or claim under or by reason of this resolution, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

Nothing in this resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Agency, the Fiscal Agent, the Bond Insurer, any paying agent and the registered owners of the Series 1992 Bonds, any right, remedy or claim under or by reason of this resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this resolution contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Agency, the Fiscal Agent, the Bond Insurer, any paying agent and the registered owners of the Series 1992 Bonds.

SECTION 33. Temporary Bonds. Any Series 1992 Bonds issued under this resolution may be initially issued in temporary form exchangeable

for definitive Series 1992 Bonds. The temporary Series 1992 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency and may contain such reference to any of the provisions of this resolution as may be appropriate. Every temporary Series 1992 Bond shall be executed and sealed by the Agency in substantially the same manner as provided in Section 7 hereof. If the Agency issues temporary Series 1992 Bonds it will execute and furnish definitive Series 1992 Bonds without delay and thereupon the temporary Series 1992 Bonds may be surrendered for cancellation at the main office of the Fiscal Agent in San Francisco, California and the Fiscal Agent shall deliver in exchange for such temporary Series 1992 Bonds an equal aggregate principal amount of definitive Series 1992 Bonds of the same interest rate and maturities. Until so exchanged, the temporary Series 1992 Bonds shall be entitled to the same benefits under this resolution as definitive Series 1992 Bonds issued hereunder.

SECTION 34. Defeasance. If the Agency shall pay or cause to be paid, or shall have made provisions to pay, or there shall have been set aside in trust funds to pay, to the holders of the Bonds, the principal and interest, and premium, if any, to become due thereon (other than by provision for payment pursuant to the Municipal Bond insurance policy guaranteeing payment of principal and interest on the Series 1992 Bonds or pursuant to the Reserve Fund Surety Bond), then the pledge of the Pledged Tax Revenues and all other rights granted hereby, shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1992 Bonds for the payment and discharge of which upon maturity, or upon redemption prior to maturity, provision (other than by provision pursuant to the Municipal Bond insurance policy guaranteeing payment of principal and interest on the Series 1992 Bonds or pursuant to the Reserve Fund Surety Bond) has been made through the setting apart in a reserve fund or special trust account created pursuant to this resolution or otherwise to insure the payment thereof, of money sufficient for the purpose or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account of moneys sufficient therefor, including, but not limited to, investment income earned or to be earned on Defeasance Obligations shall, as provided herein, no longer be deemed to be outstanding and unpaid; provided, however, that if any such bonds are to be redeemed prior to the maturity thereof, the Agency shall have taken all action necessary to redeem such bonds and notice of such redemption shall have been duly given or provision made for the giving of such notice; and provided, further, that if the maturity or redemption date of any such bond shall not have arrived, provision shall have been made by the Agency by deposit, for the payment to the holder of any such bonds, upon surrender thereof, whether or not prior to the maturity or redemption date thereof, of the full amount to which they would be entitled by way of

principal, premium, if any, or interest to the date of such maturity or redemption, including in the computation of said full amount any income to be earned by way of investment of said deposit, as provided below, and provision shall have been made by the Agency for the publication, in a financial newspaper or journal published in or near the City of New York, New York, of a notice to the holders of such Series 1992 Bonds that such moneys are available for such payment.

Moneys held for payment or redemption in accordance with the provisions of this section shall be invested in Defeasance Obligations which mature or are withdrawable, as the case may be, not later than the time when needed for such payment or redemption. Net income earned on such investments may be paid to the Agency or may be used for the payment or redemption of Series 1992 Bonds, and to the extent permitted by law may be considered as adequate provision for payment.

In the event that the principal and/or interest due on the Bonds shall be paid by Bond Insurer pursuant to the Municipal Bond insurance policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Agency, and the assignment and pledge of the Pledged Tax Revenues and all covenants, agreements and other obligations of the Agency to the registered owners shall continue to exist and shall run to the benefit of Bond Insurer, and Bond Insurer shall be subrogated to the rights of such registered owners.

SECTION 35. Rebate Fund.

(a) The Fiscal Agent shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund (the "Rebate Fund"). Subject to the transfer provisions provided in paragraph (e) below, all moneys at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust, to the extent required to satisfy the Rebate Requirement (defined in the Nonarbitrage and Tax Certificate) for payment to the federal government of the United States of America. Neither the Agency nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 35.

(b) The Fiscal Agent shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the funds and accounts created under this resolution or from other moneys provided to it by the Agency.

(c) The Fiscal Agent shall invest all amounts held in the Rebate Fund at the written direction of the Agency in Defeasance Obligations. The Fiscal Agent shall retain all earnings (calculated by taking into account net gains or losses on sales or exchanges and taking into account amortized discount or premium as a gain or loss, respectively) on investments held in the Rebate Fund. Money shall not be transferred from the Rebate Fund except as provided in paragraph (e) below.

(d) Upon receipt of the Agency's written directions, the Fiscal Agent shall remit part or all of the balances in the Rebate Fund for the Series 1992 Bonds to the United States, as so directed. In addition, on any date so directed by the Agency and on the first day of any Bond Year for the Series 1992 Bonds, if the amount credited to the Rebate Fund exceeds the Rebate Requirement, the Fiscal Agent will deposit moneys into or transfer moneys out of the Rebate Fund into such accounts or funds as directed in writing by the Agency. Any funds remaining in the Rebate Fund after redemption and payment of all of the Series 1992 Bonds and payment and satisfaction of any Rebate Requirement shall be withdrawn and remitted to the Agency.

(e) Notwithstanding any other provision of this resolution, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section and the Nonarbitrage and Tax Certificate shall survive the payment in full of the Series 1992 Bonds for six years.

SECTION 36. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this resolution, or the application thereof to any person or circumstances, is held to be unconstitutional, invalid or unenforceable, the remainder of this resolution and the application of any such covenant, agreement or provision or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected, and this resolution and the Series 1992 Bonds issued pursuant hereto shall remain valid and the bondholders shall retain all valid rights and benefits accorded to them under this resolution and the Constitution and laws of the State of California. If the provisions relating to the appointment and duties of a Fiscal Agent are held to be unconstitutional, invalid or unenforceable, said duties shall be performed by the Treasurer.

SECTION 37. Use of Depository. Notwithstanding any provision of this resolution to the contrary:

(a) The Series 1992 Bonds shall be initially issued registered in the name of "Cede & Co.," as nominee (the "Nominee") of The Depository Trust Company (the "Depository"), and shall be evidenced by one Series 1992 Bond maturing on each of the maturity dates set forth in Section 4 of this resolution to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Series 1992 Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to clause (2) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any substitute depository selected by the Agency or the Fiscal Agent, upon (i) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (ii) a determination by the Agency that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (i) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository or (ii) a determination by the Agency that The Depository Trust Company or its successor (or substitute depository or its successor) is no longer able to carry out its functions as depository.

(b) In the case of any transfer pursuant to clause (1) or clause (2) of Section 37(a) hereof, upon receipt of all outstanding Series 1992 Bonds by the Fiscal Agent, together with a written request of the Agency to the Fiscal Agent, a single new Series 1992 Bond shall be executed and delivered for each maturity of such Series 1992 Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Agency. In the case of any transfer pursuant to clause (3) of Section 37(a) hereof, upon receipt of all outstanding Series 1992 Bonds by the Fiscal Agent together with a written request of the Agency, new Series 1992 Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in a written request of the Agency provided that the Fiscal Agent shall not be required to deliver such new Series 1992 Bonds within a period less than 60 days from the date of receipt of such a written request of the Agency.

(c) In the case of partial prepayment or an advance refunding of any Series 1992 Bonds evidencing all of the principal maturing in a particular year, The Depository Trust Company shall make an appropriate notation on the Series 1992 Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Fiscal Agent.

(d) The Agency and the Fiscal Agent shall be entitled to treat the person in whose name any Series 1992 Bond is registered as the absolute Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Fiscal Agent or the Agency; and the Agency and the Fiscal Agent shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Series 1992 Bonds. Neither the Agency nor the Fiscal Agent will have any responsibility or obligations, legal or otherwise, to the beneficial

owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Series 1992 Bond.

(e) So long as all outstanding Series 1992 Bonds are registered in the name of Cede & Co. or its registered assign, the Agency and the Fiscal Agent shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal of and redemption premium, if any, and interest on the Series 1992 Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) Payment of principal or interest for the Series 1992 Bonds registered in the name of the Nominee shall be made on each March 1 and September 1 by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which, on the record date, is shown for the Nominee in the records of the Fiscal Agent.

(g) In the event of a redemption or any other early withdrawal (e.g., tenders made and accepted in response to the Trustee's invitation) necessitating a reduction in aggregate principal amount of Series 1992 Bonds Outstanding, or a redemption of part of the Series 1992 Bonds Outstanding, the Depository shall request the Fiscal Agent to execute and deliver a new Series 1992 Bonds.

(h) The Fiscal Agent shall pay all principal, premium, if any, and interest on the Series 1992 Bonds only to or "upon the order of" (as the term is used in the Uniform Commercial Code as adopted in the State of California) the respective Owner, as shown in the records of the Fiscal Agent, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to payment of principal, redemption premium, if any, and interest on the Series 1992 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the records of the Fiscal Agent, shall receive a Series 1992 Bond evidencing the obligation to make payments of principal, prepayment premium, if any, and interest on the Series 1992 Bonds. Upon delivery by the Depository to the Owner, Fiscal Agent and the Agency of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to record dates, the work Nominee in this resolution shall refer to such nominee of the Depository.

(i) As part of the process to qualify the Series 1992 Bonds for the Depository's book-entry system, the Fiscal Agent shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Agency or the Fiscal Agent any obligation whatsoever with

respect to persons having interests in such Series 1992 Bonds other than the Owners, as shown on the records of the Fiscal Agent. Such Letter of Representations may provide the time, form, content, and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the Fiscal Agent, the Agency and the Fiscal Agent shall take such other actions, not inconsistent with this resolution, as are reasonably necessary to qualify Series 1992 Bonds for the Depository's book-entry program.

(j) Notwithstanding any other provision of this resolution to the contrary, so long as any Series 1992 Bonds is registered in the name of the Nominee, all payments with respect to principal, redemption premium, if any, and interest on such Series 1992 Bonds and all notices with respect to such Series 1992 Bonds shall be made and given, respectively, as provided in the Letter of Representations as such letter may from time to time be amended or as otherwise instructed by the Depository. The Administrator of the Agency is hereby authorized to amend the provisions of this Section 37 in such manner as shall be acceptable to the Administrator and the Depository.

(k) In connection with any notice or other communication to be provided to Owners pursuant to the resolution by the Agency with respect to any consent or other action to be taken by Owners, the Agency or the Fiscal Agent, as the case may be, shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to the Depository shall be given only when the Depository is the sole Owner of the Series 1992 Bonds. If the Agency determines to invite Owners of Series 1992 Bonds to tender Series 1992 Bonds, the Agency shall give the Fiscal Agent not less than 14 days' advance notice of such invitation to tender.

(l) The Owner shall in writing provide the Fiscal Agent with examples of signatures of those authorized to act on its behalf, which will be subject to change, and the Fiscal Agent shall accept direction in writing from such persons or their designated successors on behalf of the registered Series 1992 Bond.

SECTION 38. Procedures Related to Municipal Bond Insurance Policy.

So long as the Municipal Bond Insurance Policy shall be in full force and effect, the Agency and the Fiscal Agent (including any paying agent) shall comply with the following provisions:

(a) At least one (1) day prior to all Interest Payment Dates the Fiscal Agent will determine whether there will be sufficient funds in the Revenue Fund and the accounts thereunder to pay the principal of or interest on the Series 1992 Bonds on such Interest Payment Date. If the Fiscal Agent determines that there will be insufficient funds in such fund and accounts, the Bond Insurer shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 1992 Bonds to which such deficiency is applicable and whether

such Series 1992 Bonds will be deficient as to principal or interest, or both. If the Fiscal Agent has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Series 1992 Bonds on or before the first (1st) day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Fiscal Agent.

(b) the Fiscal Agent shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the United States Trust Company of New York, as insurance trustee for the Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Agency maintained by the Fiscal Agent and all records relating to the funds and accounts maintained under this resolution.

(c) the Fiscal Agent shall provide the Bond Insurer and the Insurance Trustee with a list of registered owners of the Series 1992 Bonds entitled to received principal or interest payments from the Bond Insurer under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of the Series 1992 Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon Series 1992 Bonds surrendered to the Insurance Trustee by the registered owners of Series 1992 Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) the Fiscal Agent shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify registered owners of Series 1992 Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, inform satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Series 1992 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 1992 Bonds to be registered in the name of the Bond Insurer for payment to the Insurance Trustee, and not the Fiscal Agent and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Series 1992 Bonds for payment thereon first to the Fiscal Agent and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) in the event that the Fiscal Agent has notice that any payment of principal of or interest on a Series 1992 Bond which has become due for payment and which is made to a Bondholder by or on behalf of the

Agency has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final nonappealable order of a court having competent jurisdiction, the Fiscal Agent shall, at the time the bond insurer is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Fiscal Agent shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 1992 Bonds which have been made by the Fiscal Agent, if any, and subsequently recovered from registered owners and the dates on which payments were made.

(f) in addition to those rights the Bond Insurer under this resolution, shall, to the extent it makes payment of principal of or interest on Series 1992 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond insurance policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Fiscal Agent shall note the Bond Insurer's rights as subrogee on the registration books of the Agency maintained by the Fiscal Agent upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series 1992 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Fiscal Agent shall note the Bond Insurer's rights as subrogee on the registration books of the Agency maintained by the Fiscal Agent upon surrender of the Series 1992 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

SECTION 39. Effective Date. This resolution shall take effect upon adoption.

ADOPTED AND APPROVED the 6th day of October, 1992

/s/ Maureen O'Connor

Chair of the Redevelopment Agency
of the City of San Diego, California

APPROVED: JOHN W. WITT, General Counsel

By

Allisyn Thomas
Deputy Counsel