

**THIRD SUPPLEMENTAL TRUST AGREEMENT  
(CITY HEIGHTS REDEVELOPMENT PROJECT)**

**By and Between**

**REDEVELOPMENT AGENCY  
OF THE CITY OF SAN DIEGO**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of August 1, 2010**

**Relating to**

\$ \_\_\_\_\_  
City Heights Redevelopment Project  
Tax Allocation Bonds,  
Series 2010 A (Tax-Exempt)

\$ \_\_\_\_\_  
City Heights Redevelopment Project  
Tax Allocation Bonds  
2010 Series B (Taxable)



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**THIRD SUPPLEMENTAL TRUST AGREEMENT  
(CITY HEIGHTS REDEVELOPMENT PROJECT)**

Providing for

§ \_\_\_\_\_  
City Heights Redevelopment Project  
Tax Allocation Bonds,  
2010 Series A (Tax-Exempt)

and

§ \_\_\_\_\_  
City Heights Redevelopment Project  
Tax Allocation Bonds,  
2010 Series B (Taxable)

This Third Supplemental Trust Agreement (City Heights Redevelopment Project) (this “Third Supplemental Trust Agreement”) dated as of August 1, 2010 between the Redevelopment Agency of the City of San Diego, a public body, corporate and politic, duly organized and existing under the Constitution and laws of the State of California (the “Agency”) and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “Trustee”) supplements that certain Master Trust Agreement (City Heights Redevelopment Project) (the “Agreement”) dated as of April 1, 1999 also by and between the Agency and the Trustee, as heretofore supplemented by a First Supplemental Trust Agreement dated as of April 1, 1999 and a Second Supplemental Trust Agreement, dated as of April 1, 1999.

The Agreement provides, in Section 2.09 thereof, for the issuance of Bonds, in Section 2.11, for the issuance of Project Parity Bonds, and, in Section 10.02 thereof, for the execution and delivery of Supplemental Trust Agreements setting forth the terms of such Bonds.

The Agency now, for the purpose of issuing its \$ \_\_\_\_\_ City Heights Redevelopment Project Tax Allocation Bonds, Series 2010 A (Tax Exempt) (the “Series 2010A Bonds”) and its \$ \_\_\_\_\_ City Heights Redevelopment Project Tax Allocation Bonds, Series 2010 B (Taxable) (the “Series 2010B Bonds,” and together with its Series 2010A Bonds, the “Series 2010 Bonds”), by execution and delivery of this Third Supplemental Trust Agreement and in compliance with the provisions of the Agreement, sets forth the terms of its Series 2010 Bonds, provides for the deposit and use of the proceeds of the Series 2010 Bonds and makes other provisions relating to the Series 2010 Bonds.

ARTICLE I  
DEFINITIONS

Section 1.1. Definitions. The following definitions shall apply to terms used in this Third Supplemental Trust Agreement unless the context clearly requires otherwise (capitalized terms not defined below shall have the meanings given such terms in the Agreement):

“Authorized Denominations” for the Series 2010 Bonds shall mean \$5,000 and integral multiples thereof.

“Bank Line of Credit” means the following credit agreement between the Agency and U.S. Bank National Association, as successor in interest to San Diego National Bank (the “Bank”):

– Credit Agreement (City Heights Non-Housing Project – Redevelopment Agency of the City of San Diego) dated as of July 26, 2007, between the Agency and the Bank, with respect to the City Heights Redevelopment Project, as amended by a First Amendment thereto.

“City Heights Loan Agreement” means a Loan Agreement, dated May 10, 2005, by and between the Agency and SDRC and relating to the development of a mixed use project described in a Disposition and Development Agreement dated as of May 3, 2005, by and between the Agency and SDRC.

“Closing Date” means the date the Series 2010 Bonds are delivered to the San Diego Redevelopment Financing Authority as the initial purchaser thereof.

“Code” means the Internal Revenue Code of 1986, as amended. Any reference to a provision of the Code shall be deemed to include the applicable Tax Regulations promulgated with respect to such provision.

“Continuing Disclosure Certificate” means an undertaking entered into by the Agency relative to the Original Purchaser’s obligations under Rule 15c2-12 of the Securities and Exchange Commission, as provided pursuant to Section 6.8 of this Third Supplemental Trust Agreement.

“Cooperation Agreements” means those subordinate tax sharing agreements authorized under Section 33401 of the Law entered into by the Agency with each of the County of San Diego, the San Diego Unified School District, the San Diego Community College District and the San Diego County Office of Education.

“Interest Payment Date” for the Series 2010A Bonds means each March 1 and September 1 commencing September 1, 2010.

“Opinion of Counsel” means a written opinion of counsel who is acceptable to the Agency. The counsel may be an employee of or counsel to the Agency or the Trustee.

“Original Purchaser” means, collectively, De La Rosa & Co., and Piper Jaffray & Co., as the original purchasers of the Series 2010 Bonds from the Authority.

“Permitted Investments” means any of the following investments to the extent permitted by law:

- (1) Government Obligations;
- (2) Obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing;

provided, that at the time of their purchase such obligations are rated “AAA” by two Rating Agencies;

(3) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by each Rating Agency in their respective highest short-term rating categories, or, if the term of such indebtedness is longer than three years, rated “AAA” by two Rating Agencies;

(4) Taxable commercial paper or tax-exempt commercial paper with a maturity of not more than 270 days, rated at the time of purchase “A1/P1/F1” by two Rating Agencies;

(5) Deposit accounts or certificates of deposit, whether negotiable or non-negotiable, issued by a state or national bank (including the Trustee and its affiliates) or a state or federal savings and loan association or a state-licensed branch of a foreign bank; provided, however, that such certificates of deposit or deposit accounts shall be either (a) continuously and fully insured by the Federal Deposit Insurance Corporation; or (b) have maturities of not more than 365 days (including certificates of deposit) and are issued by any state or national bank or a state or federal savings and loan association, the short-term obligations of which are rated in the highest short term letter and numerical rating category by two Rating Agencies;

(6) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which bank has short term obligations outstanding which are rated by two Rating Agencies in their respective highest short-term rating categories, and which bankers acceptances mature not later than 180 days from the date of purchase.

(7) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee), or a state-licensed branch of a foreign bank, having a minimum permanent capital of one hundred million dollars (\$100,000,000) and with short-term debt rated by two Rating Agencies in their respective three highest short-term rating categories or any government bond dealer reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities and obligations described in clause (1) of this definition, which shall have a market value (valued at least weekly) not less than 102% of the principal amount of such investment and shall be lodged with the Trustee, the Treasurer or other fiduciary, as a custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement. The entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least weekly) will be an amount equal to 102% the principal amount of such repurchase agreement and the Trustee shall be entitled to rely on each such undertaking;

(8) Investments in a money market fund, including those of an affiliate of the Trustee rated “AAAm” or “AAAm-G” or better by S&P and Moody’s, investments of which are limited to investments described in clauses (1), (2) and (7) of this definition.

(9) Certificates, notes, warrants, bonds or other evidence of indebtedness of the State or of any political subdivision or public agency thereof which are rated in the highest short-term rating category or within one of the three highest long-term rating categories of two Rating

Agencies (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(10) For amounts less than \$10,000, interest-bearing demand or time deposits (including certificates of deposit) in a nationally or state-chartered bank, or a state or federal savings and loan association in the State, fully insured by the Federal Deposit Insurance Corporation, including the Trustee or any affiliate thereof;

(11) Investments in taxable money market funds or portfolios restricted to obligations with an average maturity of one year or less and which funds or portfolios are rated in either of the two highest rating categories by two Rating Agencies or have or are portfolios guaranteed as to payment of principal and interest by the full faith and credit of the United States of America and which may include funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services;

(12) Investments in the City's pooled investment fund;

(13) Investments in the Local Agency Investment Fund created pursuant to Section 16429.1 of the Government Code of the State;

(14) Shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (1) through (11) of this definition and which companies are rated in their respective highest rating categories by two Rating Agencies or have an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience investing in such securities and obligations and with assets under management in excess of five hundred million dollars (\$500,000,000); and

(15) Any guaranteed investment contract, including forward delivery agreements ("FDAs") and forward purchase agreements ("FPAs"), with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims-paying ability rated within the two highest rating categories of two or more Rating Agencies. Only Permitted Investments described in clause (1) above and having maturities equal to or less than 30 years from their date of delivery will be considered eligible for any collateralization/delivery purposes for guaranteed investment contracts, FDAs or FPAs;

(16) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which consists exclusively of investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended.

"Pledged Tax Revenues" with respect to the Series 2010 Bonds means all Project Tax Revenues received by the Agency (or by the Trustee on behalf of the Agency) for each Bond Year, the first Project Tax Revenues received by the Agency (or by the Trustee on behalf of the Agency) in an amount that is equal to Annual Debt Service for the Series 2010 Bonds for such Bond Year, plus an amount, if any, equal to the amount required to maintain the Reserve Fund at the Reserve Requirement.

“Rebate Account” means the fund by that name established by Section 6.6 hereof.

“Record Date” means for a March 1 Interest Payment Date the immediately preceding February 15 and for a September 1 Interest Payment Date the immediately preceding August 15.

“SDRC” means the San Diego Revitalization Corporation, a California municipal public benefit corporation.

“Series 1999 Bonds” means the Agency’s \$5,690,000 aggregate principal amount City Heights Redevelopment Project Tax Allocation Bonds, Series 1999A.

“Series 2010 Bonds” means the Series 2010A Bonds and the Series 2010B Bonds.

“Series 2010 Cost of Issuance Fund” means the fund by that name created pursuant to Section 5.2 hereof.

“Series 2010 Redevelopment Fund” means the fund by that name created pursuant to Section 5.3 hereof.

“Series 2010A Bonds” means the \$ \_\_\_\_\_ aggregate original principal amount of Bonds issued under the Agreement and this Third Supplemental Trust Agreement and designated as “City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series A (Tax-Exempt).”

“Series 2010B Bonds” means the \$ \_\_\_\_\_ aggregate original principal amount of Bonds issued under the Agreement and this Third Supplemental Trust Agreement and designated as “City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series B (Taxable).”

“Tax Increment Limitation” means, with respect to the Redevelopment Project, the maximum amount of tax increment which may be paid to the Agency for the Redevelopment Project, as said limitation may be amended from time to time pursuant to Section 33333.2 of the Redevelopment Law.

“Tax Regulations” means temporary and permanent regulations promulgated under Section 103 and related provisions of the Code.

“Third Supplemental Trust Agreement” means this Third Supplemental Trust Agreement (City Heights Redevelopment Project) dated as of August 1, 2010, between the Agency and the Trustee, which sets forth the terms of the Series 2010A Bonds.

Section 1.2. Incorporation of Definitions Contained in the Agreement. Except as otherwise provided in Section 1.1 of this Third Supplemental Trust Agreement, all words, terms and phrases defined in the Agreement shall have the same meanings herein as in the Agreement.

Section 1.3. Articles and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Third Supplemental Trust Agreement.

ARTICLE II  
THE SERIES 2010A BONDS

Section 2.1. Designation of the Bonds: Principal Amount. The Bonds authorized to be issued under the Agreement and this Third Supplemental Trust Agreement shall be issued in two series, as the Series 2010A Bonds and the Series 2010B Bonds. The Series 2010 Bonds shall be issued in the aggregate principal amount of \$ \_\_\_\_\_. The Series 2010A Bonds shall be designated as “Redevelopment Agency of the City of San Diego, City Heights Redevelopment Project Tax Allocation Bonds, Series 2010A (Tax-Exempt) and shall be issued in the aggregate principal amount of \$ \_\_\_\_\_. The Series 2010B Bonds shall be designated as “Redevelopment Agency of the City of San Diego, City Heights Redevelopment Project Tax Allocation Bonds, Series 2010B (Taxable),” and shall be issued in the aggregate principal amount of \$ \_\_\_\_\_.

Section 2.2. Series 2010 Bonds Under the Agreement: Security. The Series 2010 Bonds are issued under and subject to the terms of the Agreement and are secured by and payable from the Pledged Tax Revenues in accordance with the terms of the Agreement and this Third Supplemental Trust Agreement and any Parity Bonds.

Section 2.3. Terms of the Series 2010 Bonds. The Series 2010 Bonds shall be issuable only as fully registered Bonds in denominations of \$5,000 and integral multiples thereof. The Series 2010 Bonds shall be numbered as determined by the Trustee.

The Series 2010 Bonds shall, upon initial issuance, be dated as of \_\_\_\_\_, 2010. Each Series 2010 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2010 Bond shall bear interest from such date of authentication or unless such date of authentication is after a Record Date and prior to the subsequent Interest Payment Date in which event such Bond shall bear interest from said subsequent Interest Payment Date or unless such date of authentication on or before August 15, 2010, in which event such Bond shall bear interest from \_\_\_\_\_, 2010. If interest on the Series 2010 Bonds shall be in default, Series 2010 Bonds issued in exchange for Series 2010 Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2010 Bonds surrendered.

Interest on the Series 2010 Bonds shall be paid on September 1, 2010 and semiannually thereafter on March 1 and September 1.

The Series 2010 Bonds shall mature in the years and in the amounts and bear interest at the annual rates as set forth in the following schedule:

\$ \_\_\_\_\_ CITY HEIGHTS REDEVELOPMENT PROJECT  
TAX ALLOCATION BONDS, SERIES 2010

Series 2010A Maturity Schedule

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u>	<u>Coupon</u>
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Series 2010B Maturity Schedule

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u>	<u>Coupon</u>
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Payment of principal of the Series 2010 Bonds shall be made upon surrender of the Series 2010A Bonds to the Trustee or its agent, and payment of interest on any Series 2010 Bond shall be made to such person as is, on the Record Date, the registered Owner thereof and shall be paid by check of the Trustee mailed by first class mail on the Interest Payment Date to such person at his address as it appears on the registration books of the Registrar; provided, however, that if an Owner of \$1,000,000 or more in principal amount of Series 2010A Bonds requests payment by wire transfer by submitting a written request therefor to the Trustee on or before the Record Date preceding an Interest Payment Date, the Trustee shall on the Interest Payment Date wire transfer the interest payment(s) in immediately available funds to the U.S. account designated by such Owner. The Series 2010 Bonds shall be substantially in the form of Exhibit A, in the case of the Series 2010A Bonds, and Exhibit B, in the case of the Series 2010B Bonds, which are part of this Third Supplemental Trust Agreement.

If the principal of a Series 2010 Bond becomes due and payable, but shall not have been paid, or provision made for its payment, then such Series 2010 Bond shall bear interest at the same rate after such default as on a day before the default occurred.

Section 2.4. Exchange of Series 2010 Bonds. Series 2010 Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of Series 2010 Bonds of the same series and maturity but of different Authorized Denominations.

The Registrar will not, however, be required to transfer or exchange any such Series 2010 Bond during the period established by the Trustee for the selection of Series 2010 Bonds for redemption, any Series 2010 Bond called for redemption, or during the period beginning on a Record Date and ending on an Interest Payment Date.

### ARTICLE III REDEMPTION

Section 3.1. Notices to Trustee; Notices to Bondholders. The Trustee shall give notice of redemption to Bondholders affected by such redemption as provided in Section 3.03 of the Agreement and the Trustee shall, at least 30 days before each redemption, send such notice of redemption by first-class mail (or with respect to Series 2010A Bonds held by the Depository by an express delivery service for delivery on the next following Business Day) to each Owner of a Series 2010 Bond to be redeemed; each such notice shall be sent to the Owner's registered address.

#### Section 3.2. Optional Redemption.

(a) Optional Redemption of Series 2010A Bonds. The Series 2010A Bonds maturing on or before September 1, 2020, are not subject to redemption prior to maturity. The Series 2010A Bonds maturing on or after September 1, 2021 shall be subject to redemption prior to maturity, at the option of the Agency, as a whole or in part, on any date, among maturities as shall be determined by the Agency, and by lot within each maturity (each Series 2010A Bond being deemed to be composed of \$5,000 portions with each such portion being separately redeemable), from funds derived by the Agency from any source, on or after September 1, 2020 at a redemption price for each redeemed Series 2010A Bond equal to the principal amount thereof, with accrued interest to the date of redemption, without premium. The Agency shall provide written notice to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee) prior to the redemption date of such optional redemption.

(b) Optional Redemption of Series 2010B Bonds. The Series 2010B Bonds maturing on or before September 1, 2020, are not subject to call and redemption prior to maturity. The Series 2010A Bonds maturing on or after September 1, 2021 shall be subject to call and redemption prior to maturity, at the option of the Agency, as a whole or in part, on any date, among maturities as shall be determined by the Agency, and by lot within each maturity (each Series 2010B Bond being deemed to be composed of \$5,000 portions with each such portion being separately redeemable), from funds derived by the Agency from any source, on or after September 1, 2020 at a redemption price for each redeemed Series 2010B Bond equal to the principal amount thereof, with accrued interest to the date of redemption, without premium.

#### Section 3.3.

(a) Sinking Fund Redemption of Series 2010A Bonds. The Series 2010A Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_ (the "Series 2010A Term Bonds") shall be subject to mandatory sinking fund redemption in part, by lot, on each September 1, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

**2010A Term Bonds Maturing September 1, 20\_\_**

<u>Payment Date</u> <u>(September 1)</u>	<u>Amount</u>
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**2010A Term Bonds Maturing September 1, 20\_\_**

<u>Payment Date</u> <u>(September 1)</u>	<u>Amount</u>
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In the event that all or a portion of the principal of the Series 2010A Bonds of the same maturity have been optionally redeemed by the Agency pursuant to Section 3.2(a) hereof or any Series 2010A Term Bonds have been redeemed pursuant to Section 3.2(a) hereof, and any Series 2010A Bonds of the same maturity have thus been redeemed, the total amount of all future sinking fund payments set forth in the preceding schedule for the Series 2010A Term Bonds of that maturity will be reduced by the aggregate principal amount of the Series 2010A Term Bonds of such maturity so redeemed, to be allocated among each sinking fund payment for the Series 2010A Term Bonds of that maturity on a pro rata basis in integral multiples of \$5,000 as determined by the Trustee. In lieu of depositing cash with the Trustee as a mandatory sinking fund payment, the Agency shall have the option to tender to the Trustee for cancellation at least 60 days prior to a sinking fund redemption date any amount of Series 2010A Term Bonds purchased by the Agency, which Series 2010A Term Bonds may be purchased by the Agency at public or private sale as and when and at such prices as the Agency may in its discretion determine. The par amount of any Series 2010A Term Bonds so purchased by the Agency and tendered to the Trustee in any twelve-month period ending on July 1, in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments required to be made in the order in which they are required to be made pursuant to this Section 3.3(a).

(b) Sinking Fund Redemption of Series 2010B Bonds. The Series 2010B Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_ (the "Series 2010B Term Bonds") shall be subject to mandatory sinking fund redemption in part, by lot, on each September 1, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

**2010B Term Bonds Maturing September 1, 20\_\_**

<u>Payment Date</u> <u>(September 1)</u>	<u>Amount</u>
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**2010B Term Bonds Maturing September 1, 20\_\_**

<u>Payment Date</u> <u>(September 1)</u>	<u>Amount</u>
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In the event that all or a portion of the principal of the Series 2010B Bonds of the same maturity have been optionally redeemed by the Agency pursuant to Section 3.2(b) hereof or any Series 2010B Term Bonds have been redeemed pursuant to Section 3.2(b) hereof, and any Series 2010B Bonds of the same maturity have thus been redeemed, the total amount of all future sinking fund payments set forth in the preceding schedule for the Series 2010B Term Bonds of that maturity will be reduced by the aggregate principal amount of the Series 2010B Term Bonds of such maturity so redeemed, to be allocated among each sinking fund payment for the Series 2010B Term Bonds of that maturity on a pro rata basis in integral multiples of \$5,000 as determined by the Trustee. In lieu of depositing cash with the Trustee as a mandatory sinking fund payment, the Agency shall have the option to tender to the Trustee for cancellation at least 60 days prior to a sinking fund redemption date any amount of Series 2010B Term Bonds purchased by the Agency, which Series 2010B Term Bonds may be purchased by the Agency at public or private sale as and when and at such prices as the Agency may in its discretion determine. The par amount of any Series 2010B Term Bonds so purchased by the Agency and tendered to the Trustee in any twelve-month period ending on July 1, in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments required to be made in the order in which they are required to be made pursuant to this Section 3.3(b).

Section 3.4. Selection of Series 2010 Bonds for Redemption. Except as otherwise provided herein, whenever provision is made in this Third Supplemental Trust Agreement for the redemption of less than all of the Series 2010 Bonds or any given portion thereof (other than pursuant to Section 3.3 hereof in which case such selection shall be by lot), the Trustee shall select the Series 2010 Bonds to be redeemed from all Series 2010 Bonds subject to redemption or such given portion thereof equal to a multiple of \$5,000 not previously called for redemption by lot in any manner which the Trustee in its sole discretion shall deem appropriate. The Trustee shall promptly notify the Agency in writing of the Series 2010 Bonds or portions thereof so selected for redemption.

Section 3.5. Notice of Redemption of Series 2010 Bonds. Notice of redemption shall be given by the Trustee for and on behalf of the Agency, not less than 30 nor more than 60 days prior to the redemption date by first class mail to each of the Owners designated for redemption

at their addresses appearing on the Bond registration books of the Trustee on the date such Series 2010 Bonds are selected for redemption. Each notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the place or places of redemption; (d) state the CUSIP numbers of the Series 2010 Bonds to be redeemed, the individual number of each Series 2010 Bond to be redeemed or that all Series 2010 Bonds between two stated numbers (both inclusive) or that all of the Series 2010 Bonds are to be redeemed and, in the case of Series 2010 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (e) state that on the redemption date there will become due and payable on each Series 2010 Bond the redemption price thereof and that from and after such redemption date interest thereon shall cease to accrue; and (f) require that such Series 2010A Bonds be then surrendered, with a written instrument of transfer duly executed by the Owner thereof or by his attorney duly authorized in writing if payment is to be made to a person other than the Owner. Except in the case of optional redemption from the issuance of refunding obligations, the Trustee will not mail a redemption notice prior to the receipt of funds required for the redemption. Any notice of optional redemption from the issuance of proceeds of refunding bonds shall state that such redemption is subject to the receipt of proceeds for such refunding obligations. Any optional redemption notice sent by the Trustee prior to the receipt of proceeds of refunding obligations may be rescinded if such refunding obligations are not issued and proceeds thereof are not received by the Trustee, upon the mailing to the Series 2010 Bond Owners by the Trustee of a written notice of such rescission, in which event the Series 2010 Bonds will not be redeemed and interest will continue to accrue thereon.

Additionally, on the date on which the notice of redemption is mailed to the Owners of the Series 2010 Bonds pursuant to the provisions above, such notice of redemption shall be given by (i) first class mail, postage prepaid, (ii) confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories and to one or more of the Information Services as shall be designated in writing by the Agency to the Trustee and to any additional Information Services.

The actual receipt of notice of such redemption by the Owner of any Series 2010 Bond or any Security Depository or Information Service shall not be a condition precedent to redemption, and failure to receive such notice or any defect therein shall not affect the validity of the proceedings for the redemption of such Series 2010 Bonds or the cessation of interest on the redemption date. A certificate by the Trustee that notice of call and redemption has been given to Owners of the Series 2010 Bonds as herein provided shall be conclusive as against all parties, and no Bondowner whose Series 2010 Bond, or portion thereof, 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.

Notice of redemption of Series 2010 Bonds shall be given by the Trustee at the expense of the Agency.

Section 3.6. Partial Redemption of Series 2010 Bonds. Upon surrender of any Series 2010 Bond redeemed in part only, the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new Series 2010 Bond or Series 2010 Bonds of authorized denominations, and of the same maturity and series and equal in aggregate principal amount to the unredeemed portion of the Series 2010 Bond surrendered.

Section 3.7. Effect of Redemption. When notice of redemption has been given substantially as provided above and when the amount necessary for the redemption of the Series 2010 Bonds called for redemption (principal and premium, if any) is set aside for that purpose, and when interest accrued and to accrue to the redemption date has been set aside for that purpose in the Interest Account, the Series 2010 Bonds designated for redemption shall become due and payable on the redemption date thereof at the place specified in the notice of redemption. Such Series 2010 Bonds shall be redeemed and paid at said redemption price, and no interest will accrue on such Series 2010 Bonds called for redemption from and after the redemption date specified in such notice.

All Series 2010 Bonds redeemed shall forthwith be canceled by the Trustee and shall not be reissued. All unpaid interest with respect to the Series 2010 Bonds payable at or prior to the redemption date shall continue to be payable to the respective Owners thereof, or their order, but without interest thereon.

Section 3.8. Open Market Purchase of Series 2010 Bonds. The Agency may at any time buy Series 2010 Bonds, of any series at public or private sale at a price which, inclusive of brokerage fees, will not exceed the par amount of the Series 2010 Bonds so purchased, plus any applicable premium and any Series 2010 Bonds so purchased shall be tendered to the Trustee for cancellation.

ARTICLE IV  
APPLICATION OF PROCEEDS;  
PAYMENT OF SERIES 2010 BONDS

Section 4.1. Application of Proceeds. (a) Proceeds of Series 2010A Bonds. The proceeds of the sale of the Series 2010A Bonds received by the Trustee shall be deposited by the Trustee as follows:

(1) the sum of \$ \_\_\_\_\_ shall be deposited in the Series 2010 Account of the Reserve Fund;

(2) the sum of \$ \_\_\_\_\_ shall be credited to the Series 2010 Cost of Issuance Fund; and

(3) the remaining sum of \$ \_\_\_\_\_ shall be credited to the Series 2010 Redevelopment Fund held by the Trustee.

(b) Proceeds of Series 2010B Bonds. The proceeds of the sale of the Series 2010B Bonds received by the Trustee shall be deposited by the Trustee as follows:

(1) the sum of \$ \_\_\_\_\_ shall be deposited in the Series 2010 Account of the Reserve Fund;

(2) the sum of \$ \_\_\_\_\_ shall be deposited in the Series 2010 Cost of Issuance Fund;

(3) the sum of \$\_\_\_\_\_ shall be transferred to SDRC as repayment of the City Heights Loan Agreement, as set forth in instructions of the Agency to the Trustee; and

(4) Transfer the amount of \$\_\_\_\_\_ to U.S. Bank National Association, as successor in interest to San Diego National Bank for repayment in full of the Bank Line of Credit, as set forth in instructions of the Agency to the Trustee.

The Trustee may, in its discretion, establish a temporary fund or account in its books or records to facilitate such transfers.

Section 4.2. Sources of Payment of Series 2010 Bonds. The Series 2010 Bonds shall be secured by and payable from the Pledged Tax Revenues as provided in the Agreement and this Third Supplemental Trust Agreement on a parity with the 1999 Bonds and any Parity Bonds. The Agency may, but is not obligated to, provide for payment of principal of and interest on the Series 2010 Bonds from any other source or from any other funds of the Agency.

#### ARTICLE V

#### CREATION OF SERIES 2010 FUNDS AND ACCOUNTS; SUPPLEMENT TO SECTIONS 4.05 AND 4.06 OF THE AGREEMENT AND PARITY BONDS TEST

Section 5.1. Creation of Series 2010 Account in Reserve Fund. There is hereby created within the Reserve Fund (created and held under Section 4.04 of the Agreement) a separate Account to be designated as the "Series 2010 Account." Such account shall be established for purposes of calculating and accounting for the amount of earnings upon the portion of the Reserve Fund related to the Series 2010 Bonds, but for all other purposes shall be held, invested and used as an integral part of the Reserve Fund, as applicable, as provided in Article VI of the Agreement and shall be available to make payments on any applicable obligations issued under the Agreement.

Section 5.2. Creation of Series 2010 Cost of Issuance Fund. A special fund is hereby created and designated "City Heights Redevelopment Project Tax Allocation Bonds Series 2010 Cost of Issuance Fund" (the "Series 2010 Cost of Issuance Fund") which fund shall be held and administered by the Trustee in the manner set forth in this Section 5.2. The Trustee shall deposit into the Series 2010 Cost of Issuance Fund the amounts set forth in Section 4.1(a)(2) and 4.1(b)(2) hereof and shall expend such moneys solely to pay the Cost of Issuance of the Series 2010 Bonds upon the written request or requisition of the Agency signed by an Authorized Agency Representative. Any unexpended moneys remaining in the Series 2010 Cost of Issuance Fund on December 1, 2010 shall be set aside and transferred to the Redevelopment Fund and the Series 2010 Cost of Issuance Fund shall be closed.

Section 5.3. Series 2010 Redevelopment Fund. There is hereby created a special fund to be known as the "Redevelopment Agency of the City of San Diego Series 2010 Tax Allocation Redevelopment Fund" (the "Series 2010 Redevelopment Fund"), which the Trustee shall hold in trust for the benefit of the Agency and into which there shall be deposited proceeds of the Series 2010 Bonds in the amount set forth in Section 4.1(a)(3) hereof. The moneys deposited in the Series 2010 Redevelopment Fund shall remain therein until requisitioned from time to time by one or more Written Requests of the Agency to the Trustee, which requisitions shall state the amount being requisitioned and that it will be used by the Agency in accordance

with the provisions of this Section 5.3. All moneys so requisitioned by the Agency shall be expended from time to time for the purpose of paying any portion of the costs of the Redevelopment Project permitted by the Law; and other costs related thereto, which other costs may include, but are not limited to the costs of improvements and other costs which may not benefit the Redevelopment Project exclusively but which are necessary to the redevelopment of the Redevelopment Project Area and the disposition of land therein and which are permitted by the Law. All amounts on deposit in the Series 2010 Redevelopment Fund shall be invested by the Trustee at the written direction of the Agency in Permitted Investments. Investment earnings on such Permitted Investments shall be retained in the Series 2010 Redevelopment Fund.

Section 5.4. Supplement to Parity Bonds Test in Section 2.11(A)(i) of the Agreement. Section 2.11(A)(i) of the Agreement is supplemented by adding the following condition to the issuance of any additional Bonds under the Agreement subsequent to the issuance of the 2010 Bonds:

“In addition to, and notwithstanding the requirements of Section 2.11(A)(i) of the Agreement, the reference in Section 2.11 “125% of Maximum Annual Debt Service for all Project Parity Bonds” shall instead be read as “140% of Maximum Annual Debt Service for all Project Parity Bonds” until such time that a report of an Independent Redevelopment Consultant is delivered to the Trustee stating that Project Tax Revenues, based on 85% of the assessed value of the Project Area for the then current Fiscal Year, is at least 1.00 times the Annual Debt Service on Outstanding Project Bonds and Project Parity Bonds.”

## ARTICLE VI COVENANTS AND REBATE

Section 6.1. Private Activity Bond Limitation. The Agency shall assure that the proceeds of any of the Series 2010A Bonds are not used so as to cause the Series 2010A Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Section 6.2. Federal Guarantee Prohibition. The Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2010A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 6.3. Rebate Requirement. The Agency shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

Section 6.4. No Arbitrage. The Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of any of the Series 2010A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of such Series 2010A Bonds, would have caused such Series 2010A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

Section 6.5. Maintenance of Tax-Exemption of Tax-Exempt Bonds. The Agency shall take all actions necessary to assure the exclusion of interest on any of the Series 2010A Bonds from the gross income of the Owners of such Series 2010A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of such Series 2010A Bonds.

Section 6.6. Rebate of Excess Investment Earnings to United States.

(a) Obligation to Calculate Excess Investment Earnings. The Agency shall calculate or cause to be calculated, and shall provide or cause to be provided written notice to the Trustee of, the excess investment earnings (as defined in the Code, "Excess Investment Earnings") at such times and in such manner as may be required pursuant to the Code. The Agency shall inform the Trustee how frequently calculations are to be made, and shall ensure that a copy of all such calculations is given promptly to the Trustee.

(b) Rebate to United States. The Agency agrees to deposit with the Trustee, promptly upon the receipt of any calculations made pursuant to the preceding subsection (a), the amount of Excess Investment Earnings so calculated. The Trustee shall deposit all amounts paid to it for such purpose by the Agency in the Rebate Account which account is hereby established with the Trustee. The Trustee shall pay to the United States of America from the amounts on deposit in the Rebate Account such amounts as shall be identified pursuant to written notice filed with the Trustee by the Agency for such purpose from time to time. Payments to the United States of America shall be made to the address prescribed by the Tax Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Tax Regulations. Following payment in full to the United States of America of all amounts due and owing under this subsection (b) and under the Code, the Trustee shall withdraw from the Rebate Account and transfer to the Agency all amounts remaining on deposit in the Rebate Account. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness or any rebate report or rebate calculations. The Trustee shall be deemed conclusively to have complied with the provisions of the Indenture regarding calculation and payment of rebate if it follows the directions of the Agency and it shall have no independent duty to review such calculations or enforce compliance by the Agency with such rebate requirements.

(c) Investment Transactions. The Agency shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section 6.6. To that end the Agency shall assure that investment transactions are on an arm's-length basis. In the event that Permitted Investments consist of certificates of deposit or investment contracts, investment in such Permitted Investments shall be made in accordance with the procedures described in the Tax Regulations.

(d) Maintenance of Records. The Agency shall keep, and retain for a period of six (6) years following the retirement of the Series 2010A Bonds, records of the determinations made pursuant to this Section 6.6.

(e) Engagement of Professional Services. In order to provide for the administration of this Section 6.6, the Agency may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Agency may deem appropriate.

(f) Modification of this Section. Any of the provisions of this Section 6.6 may be amended, modified or deleted in any manner whatsoever in the event that the Agency shall cause to be filed with the Trustee written directions making such amendment, modification or deletion, which written directions are accompanied by an opinion of Bond Counsel stating that such amendment, modification or deletion will not cause interest on the Series 2010A Bonds to be includable in gross income of the Bondowners for federal income tax purposes.

Section 6.7. Use of Proceeds. The Agency covenants and agrees that the proceeds of the sale of the Series 2010 Bonds will be deposited and used as provided in this Third Supplemental Trust Agreement and the Law.

Section 6.8. Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee shall, at the written request of any participating underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, but only to the extent the Trustee has been indemnified from and against any loss, cost, expense, claim or liability, including, without limitation, fees and expenses of attorneys and additional fees and expenses of the Trustee or any Bondowner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Agency to comply with its obligations under this Section.

Section 6.9. Annual Review of Tax Revenues. The Agency shall annually review the total amount of Tax Revenues remaining available to be received by the Agency under the Tax Increment Limitation, future cumulative Annual Debt Service, and future cumulative annual debt service on any Subordinate Debt and in the event such review indicates any such limits may be exceeded while the Bonds remain Outstanding, the Agency shall take appropriate steps to avoid any effect on timely repayment of the Bonds.

## ARTICLE VII TRUSTEE

The Agency hereby appoints U.S. Bank National Association, to act as Trustee, Registrar and Paying Agent for the Series 2010 Bonds.

## ARTICLE VIII MISCELLANEOUS

### Section 8.1. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgement, certification, appointment, waiver or other communication required or permitted by this Third Supplemental Trust Agreement or the Series 2010 Bonds must be in writing except as expressly provided otherwise in this Third Supplemental Trust Agreement or the Series 2010 Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when delivered by hand (including any commercial delivery service) or mailed by first-class mail, postage prepaid, addressed to the Agency or the Trustee at

the addresses provided in the Agreement. Any addressee may designate additional or different addresses for purposes of this Section.

Section 8.2. Severability. If any provision of this Third Supplemental Trust Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Third Supplemental Trust Agreement.

Section 8.3. Payments Due on Non-Business Days. If a payment date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, and no interest shall accrue for the intervening period.

Section 8.4. Governing Law. This Third Supplemental Trust Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.5. Captions. The captions in this Third Supplemental Trust Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections in this Third Supplemental Trust Agreement.

Section 8.6. Amendments. This Third Supplemental Trust Agreement may only be amended in accordance with Article X of the Agreement.

Section 8.7. Counterparts. This Third Supplemental Trust Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

REDEVELOPMENT AGENCY OF THE CITY OF  
SAN DIEGO

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

Attest:

\_\_\_\_\_  
Secretary

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_  
Authorized Officer



EXHIBIT A

FORM OF SERIES 2010A BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC") TO THE ISSUER OR ITS AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO  
CITY OF SAN DIEGO

REDEVELOPMENT AGENCY  
OF THE CITY OF SAN DIEGO  
CITY HEIGHTS REDEVELOPMENT PROJECT  
TAX ALLOCATION BOND, SERIES 2010A (TAX-EXEMPT)

No.

§

*INTEREST RATE:*      *MATURITY DATE:*      *ORIGINAL DATED DATE:*      *CUSIP:*  
September 1, 20\_\_      \_\_\_\_\_, 2010

*REGISTERED OWNER:* CEDE & CO.

*PRINCIPAL SUM:* \_\_\_\_\_ *DOLLARS*

The Redevelopment Agency of the City of San Diego (hereinafter sometimes called the "Agency"), a public body corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to the registered owner named above or registered assigns on the maturity date specified above (subject to right of prior redemption as hereinafter stated), upon presentation and surrender of this bond, the principal sum set forth above, with interest thereon (payable solely from said funds) from the date hereof at the interest rate per annum set forth above, interest payable semiannually on the first day of September and the first day of March of each and every year commencing September 1, 2010, until this bond is paid; provided, however, that if at the maturity date of this bond, or if the same is duly called for redemption, then at the date fixed for redemption, funds are available for payment or redemption thereof, as provided in

the Agreement hereinafter mentioned, this bond shall then cease to bear interest. Principal is payable in lawful money of the United States of America at the principal corporate trust office of U.S. Bank National Association, Trustee for the Agency in Saint Paul, Minnesota. Interest hereon is payable by check mailed by first class mail on the Interest Payment Date (or, under certain circumstances, by wire transfer to an account within the United States) to the person whose name appears on the bond registration books of the Registrar as the registered owner hereof as of the close of business on the fifteenth day of August and February for interest payable on the succeeding September 1 and March 1, respectively, at such person's address as it appears on such registration books.

Neither this bond, the interest hereon, nor any premium payable upon the redemption hereof, is a debt of the City of San Diego, the State of California or any of its political subdivisions and neither said city, said state nor any of its political subdivisions is liable thereon, nor in any event shall this bond or said interest or premiums be payable out of any funds or properties other than the funds of the Agency hereinafter mentioned. This bond does not constitute any indebtedness in contravention of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this bond is liable personally on this bond by reason of its issuance.

This bond is one of a duly authorized issue of bonds of the Agency designated "City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series A (Tax-Exempt)" (hereinafter called the "Bonds") limited in aggregate principal amount to \$\_\_\_\_\_ in denominations of \$5,000 and integral multiples thereof, all of like tenor (except for bond numbers and maturity dates and differences, if any, in interest rate), all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of financing a portion of the cost of the redevelopment project above designated, and are authorized by and issued pursuant to a resolution adopted by the Agency on \_\_\_\_\_, 2010, a Master Trust Agreement (City Heights Redevelopment Project) dated as of April 1, 1999 by and between the Agency and the Trustee, as supplemented by a First Supplemental Trust Agreement dated as of April 1, 1999, and a Second Supplemental Trust Agreement dated as of April 1, 1999, and a Third Supplemental Trust Agreement dated as of August, 2010 by and between the Agency and the Trustee (collectively, the "Agreement"). The Agency has also issued its City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series B (Taxable) (the "Series 2010B Bonds") pursuant to the Agreement on a parity with the Bonds. All of the Bonds and the Series 2010B Bonds are equally secured on a parity with the 1999 Bonds (as defined in the Agreement) in accordance with the terms of the Agreement, reference to which is hereby made for a specific description of the security therein provided for said Bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of bondholders, and for a statement of the rights of the bondholders, and by the acceptance of this Bond the holder hereof assents to all of the terms, conditions and provisions of said Agreement.

The principal of this Bond, the interest thereon, and any premium payable upon redemption thereof are secured by an irrevocable and first pledge of, and are payable solely from, Pledged Tax Revenues (as defined in said Agreement) on a parity with the Series 2010B Bonds, the 1999 Bonds and certain other funds, all as more particularly set forth in the Agreement.

This Bond shall be issued in fully registered form only, and no transfer hereof shall be valid for any purpose unless made by the registered owner and entered and noted by the Trustee in books kept by it for that purpose, and the principal hereof and any redemption premium shall be payable only to the registered owner or to his order. Interest on this Bond shall be payable to the person whose name appears upon the registry books as the registered owner hereof.

Bonds maturing on or before September 1, 2020 are not subject to optional redemption before their stated maturities. The bonds maturing on or after September 1, 2021 shall be subject to redemption prior to maturity, at the option of the Agency, as a whole or in part, on any date, among maturities as shall be determined by the Agency, and by lot within each maturity (each Bond being deemed to be composed of \$5,000 portions with each such portion being separately redeemable), from funds derived by the Agency from any source, on or after September 1, 2020 at a redemption price for each redeemed Bond equal to the principal amount thereof, with accrued interest to the date of redemption, without premium.

The Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_, are subject to mandatory redemption in part, by lot, on each September 1 commencing on September 1, 20\_\_ and September 1, 20\_\_, respectively, as further provided in the Agreement, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the date fixed for redemption, without premium, from mandatory sinking payments in the amounts and on the dates required to be made by the Agency under the Agreement.

As provided in the Agreement, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption; and provided that any optional redemption notice in the case of a redemption from the issuance of refunding obligations may be rescinded if the refunding obligations are not issued and proceeds thereof are not received by the Trustee.

The rights and obligations of the Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond, or of any installment of interest thereon, or a reduction in the principal amount or the redemption price thereof, or in the rate of interest thereon, without the consent of the owner of such Bond, or shall reduce the percentages the consent of the owners of which is required to effect any such modification or amendment.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California.

This Bond shall not be valid and the holder hereof shall not be entitled to any benefit hereunder or under the above mentioned resolution unless this Bond shall have been executed by the Trustee by the signature of a duly authorized officer.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of San Diego has caused this Bond to be signed on its behalf by its Executive Director and by its Secretary and countersigned by the Trustee and this bond to be dated the first day of \_\_\_\_\_, 2010.

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EXECUTIVE DIRECTOR OF THE  
REDEVELOPMENT AGENCY OF THE CITY OF  
SAN DIEGO

---

SECRETARY OF THE REDEVELOPMENT  
AGENCY OF THE CITY OF SAN DIEGO

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Bonds described in the within mentioned Agreement.

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(FORM OF ASSIGNMENT)

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_  
\_\_\_\_\_ attorney, to transfer the same on the  
books of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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

**EXHIBIT B**

**FORM OF SERIES 2010B BOND**

**UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”) TO THE ISSUER OR ITS AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.**

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO  
CITY OF SAN DIEGO**

**REDEVELOPMENT AGENCY  
OF THE CITY OF SAN DIEGO  
CITY HEIGHTS REDEVELOPMENT PROJECT  
TAX ALLOCATION BOND, SERIES 2010B (TAXABLE)**

*No.*

*§*

***INTEREST RATE:***      ***MATURITY DATE:***      ***ORIGINAL***  
***September 1, 20***\_\_\_\_ ***DATED DATE:***      ***CUSIP:***  
***\_\_\_\_\_***, 2010

***REGISTERED OWNER:*** CEDE & CO.

***PRINCIPAL SUM:*** \_\_\_\_\_ ***DOLLARS***

The Redevelopment Agency of the City of San Diego (hereinafter sometimes called the “Agency”), a public body corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to the registered owner named above or registered assigns on the maturity date specified above (subject to right of prior redemption as hereinafter stated), upon presentation and surrender of this bond, the principal sum set forth above, with interest thereon (payable solely from said funds) from the date hereof at the interest rate per annum set forth above, interest payable semiannually on the first day of September and the first day of March of each and every year commencing September 1, 2010, until this bond is paid; provided, however, that if at the maturity date of this bond, or if the same is duly called for redemption, then at the date fixed for redemption, funds are available for payment or redemption thereof, as provided in

the Agreement hereinafter mentioned, this bond shall then cease to bear interest. Principal is payable in lawful money of the United States of America at the principal corporate trust office of U.S. Bank National Association, Trustee for the Agency in Saint Paul, Minnesota. Interest hereon is payable by check mailed by first class mail on the Interest Payment Date (or, under certain circumstances, by wire transfer to an account within the United States) to the person whose name appears on the bond registration books of the Registrar as the registered owner hereof as of the close of business on the fifteenth day of August and February for interest payable on the succeeding September 1 and March 1, respectively, at such person's address as it appears on such registration books.

Neither this bond, the interest hereon, nor any premium payable upon the redemption hereof, is a debt of the City of San Diego, the State of California or any of its political subdivisions and neither said city, said state nor any of its political subdivisions is liable thereon, nor in any event shall this bond or said interest or premiums be payable out of any funds or properties other than the funds of the Agency hereinafter mentioned. This bond does not constitute any indebtedness in contravention of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this bond is liable personally on this bond by reason of its issuance.

This bond is one of a duly authorized issue of bonds of the Agency designated "City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series B (Taxable)" (hereinafter called the "Bonds") limited in aggregate principal amount to \$\_\_\_\_\_ in denominations of \$5,000 and integral multiples thereof, all of like tenor (except for bond numbers and maturity dates and differences, if any, in interest rate), all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of financing a portion of the cost of the redevelopment project above designated, and are authorized by and issued pursuant to a resolution adopted by the Agency on \_\_\_\_\_, 2010, a Master Trust Agreement (City Heights Redevelopment Project) dated as of April 1, 1999 by and between the Agency and the Trustee, as supplemented by a First Supplemental Trust Agreement dated as of April 1, 1999, and a Second Supplemental Trust Agreement dated as of April 1, 1999, and a Third Supplemental Trust Agreement dated as of August, 2010 by and between the Agency and the Trustee (collectively, the "Agreement"). The Agency has also issued its City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series A (Tax-Exempt) (the "Series 2010A Bonds") pursuant to the Agreement on a parity with the Bonds. All of the Bonds and the Series 2010A Bonds are equally secured on a parity with the 1999 Bonds (as defined in the Agreement) in accordance with the terms of the Agreement, reference to which is hereby made for a specific description of the security therein provided for said Bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of bondholders, and for a statement of the rights of the bondholders, and by the acceptance of this Bond the holder hereof assents to all of the terms, conditions and provisions of said Agreement.

The principal of this Bond, the interest thereon, and any premium payable upon redemption thereof are secured by an irrevocable and first pledge of, and are payable solely from, Pledged Tax Revenues (as defined in said Agreement) on a parity with the Series 2010A Bonds, the 1999 Bonds and certain other funds, all as more particularly set forth in the Agreement.

This Bond shall be issued in fully registered form only, and no transfer hereof shall be valid for any purpose unless made by the registered owner and entered and noted by the Trustee in books kept by it for that purpose, and the principal hereof and any redemption premium shall be payable only to the registered owner or to his order. Interest on this Bond shall be payable to the person whose name appears upon the registry books as the registered owner hereof.

Bonds maturing on or before September 1, 2020 are not subject to optional redemption before their stated maturities. The bonds maturing on or after September 1, 2021 shall be subject to redemption prior to maturity, at the option of the Agency, as a whole or in part, on any date, among maturities as shall be determined by the Agency, and by lot within each maturity (each Bond being deemed to be composed of \$5,000 portions with each such portion being separately redeemable), from funds derived by the Agency from any source, on or after September 1, 2020 at a redemption price for each redeemed Bond equal to the principal amount thereof, with accrued interest to the date of redemption, without premium.

The Bonds maturing on September 1, 20\_\_ and September 1, 20\_\_, are subject to mandatory redemption in part, by lot, on each September 1 commencing on September 1, 20\_\_ and September 1, 20\_\_, respectively, as further provided in the Agreement, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the date fixed for redemption, without premium, from mandatory sinking payments in the amounts and on the dates required to be made by the Agency under the Agreement.

As provided in the Agreement, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption; and provided that any optional redemption notice in the case of a redemption from the issuance of refunding obligations may be rescinded if the refunding obligations are not issued and proceeds thereof are not received by the Trustee.

The rights and obligations of the Agency and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond, or of any installment of interest thereon, or a reduction in the principal amount or the redemption price thereof, or in the rate of interest thereon, without the consent of the owner of such Bond, or shall reduce the percentages the consent of the owners of which is required to effect any such modification or amendment.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California.

This Bond shall not be valid and the holder hereof shall not be entitled to any benefit hereunder or under the above mentioned resolution unless this Bond shall have been executed by the Trustee by the signature of a duly authorized officer.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of San Diego has caused this Bond to be signed on its behalf by its Executive Director and by its Secretary and countersigned by the Trustee and this bond to be dated the first day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
EXECUTIVE DIRECTOR OF THE  
REDEVELOPMENT AGENCY OF THE CITY OF  
SAN DIEGO

\_\_\_\_\_  
SECRETARY OF THE REDEVELOPMENT  
AGENCY OF THE CITY OF SAN DIEGO

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Bonds described in the within mentioned Agreement.

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(FORM OF ASSIGNMENT)

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_  
\_\_\_\_\_ attorney, to transfer the same on the  
books of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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

