ATTACHMENT 9

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TRUST INDENTURE

by and between the

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of August 1, 2010

Relating to

$_____
Naval Training Center Redevelopment Project
Tax Allocation Bonds
2010 Series A

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EXHIBIT A FORM OF 2010 BOND A-1

TRUST INDENTURE

THIS TRUST INDENTURE (the "Indenture") dated as of August 1, 2010, by and between the Redevelopment Agency of the City of San Diego, a public body, corporate and politic, organized and existing under, and by virtue of, the 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 and authorized to accept and execute trusts of the character herein set out, as trustee (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Agency is a redevelopment agency, a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California (the "Law"), including the power to issue bonds, notes and other obligations for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for the redevelopment project known and designated as Naval Training Center Redevelopment Project in the City of San Diego (the "Redevelopment Project"), has been adopted in compliance with all requirements of the Redevelopment Law; and

WHEREAS, the Agency has an outstanding borrowing under a bank line of credit (the "Bank Line of Credit") for the Naval Training Center Redevelopment Project that it wishes to repay in full with a portion of the proceeds of the Bonds (as defined herein), all as more fully set forth herein; and

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

WHEREAS, the proceeds of the 2010 Bonds (as defined herein) will be used to (i) provide funds to prepay the Bank Line of Credit; (ii) finance a portion of the costs of the Redevelopment Project; (iii) provide for a reserve fund; and (iv) provide for the costs of issuing the 2010 Bonds; and

WHEREAS, the Agency has determined that all acts and proceedings required by law necessary to make the 2010 Bonds, when executed by the Agency, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Agency, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all the Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and

of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Agency does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture, of any indenture supplemental hereto, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified:

Agency

"Agency" means the Redevelopment Agency of the City of San Diego, a public body, corporate and politic, established under the Law.

Additional Allowance

"Additional Allowance" means, as the date of calculation, the amount of Tax Revenues which, as shown in the Report of an Independent Financial Consultant, are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Project Area due to either (a) construction which has been completed but not yet reflected on the tax rolls, or (b) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above assessed valuation of taxable property in the Project Area (as evidenced on the written records of the San Diego County Auditor-Controller) as of the date in which such calculation is made.

Annual Debt Service

"Annual Debt Service" means, for each Fiscal Year, the sum of (a) the interest payable on the Outstanding Bonds in such Fiscal Year, assuming that the Outstanding Serial Bonds are retired as scheduled and that the Outstanding Term Bonds are redeemed from sinking fund payments as scheduled and (b) the principal amount of the Outstanding Serial Bonds payable by their terms in such Fiscal Year and (c) the principal amount of the Outstanding Term Bonds scheduled to be paid or redeemed from sinking fund payments in such Fiscal Year, excluding the redemption premiums, if any, thereon.

Authority

"Authority" means the Public Facilities Financing Authority of the City of San Diego, a joint powers authority duly organized and existing under the laws of the State.

Bank Line of Credit

"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 (Naval Training Center 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 Naval Training Center Redevelopment Project, as amended by a First Amendment thereto.

Bond Counsel

"Bond Counsel" means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities and selected by the Agency.

Bond Fund

"Bond Fund" means the fund by that name established pursuant to Section 5.03 hereof.

Bond Year

"Bond Year" means, with respect to the 2010 Bonds, the twelve-month period extending from September 2 in any year to the following September 1, 2010, both dates inclusive; provided, however, that the first Bond Year shall begin on the Closing Date and end on September 1, 2011, and with respect to any Parity Bonds shall have the meaning ascribed in any Supplemental Indenture relating thereto.

Bonds

"Bonds" means the 2010 Bonds and, to the extent required by any Supplemental Indenture, any Parity Bonds authorized by, and at any time Outstanding pursuant to this Indenture and such Supplemental Indenture.

Book-Entry Depository

"Book-Entry Depository" shall mean DTC or any successor as Book-Entry Depository for the Bonds, appointed pursuant to Section 2.12.

Business Day

"Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in New York, New York, Los Angeles, California, and the city in which the Corporate Trust Office is located, are authorized or obligated by law to be closed.

Chair

"Chair" means the chairperson of the Agency appointed pursuant to the Law, or other duly appointed officer of the Agency authorized by the Agency by resolution or by law to

perform the functions of the chairperson in the event of the chairperson's absence or disqualification.

City

"City" means the City of San Diego, California.

Closing Date

"Closing Date" means any date upon which there is a physical delivery of any series of the Bonds in exchange for an amount representing the purchase price of the Bonds by the original purchasers.

Code

"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

"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 6.19 of this Indenture.

Corporate Trust Office

"Corporate Trust Office" means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Agency, initially being 633 West Fifth Street, 24th Floor, Los Angeles, California 90071 except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

Costs of Issuance

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Trustee including its first annual administration fee, expenses incurred by the Agency in connection with the issuance of the Bonds, underwriter's discount, original issue discount, placement agent fees, legal fees and charges, including bond counsel and financial consultants fees, costs of cash flow verifications, premiums for any municipal bond insurance policy that may be purchased and for any reserve account surety bond the Agency may purchase, rating agency fees, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the original issuance of the Bonds.

Costs of Issuance Fund

"Costs of Issuance Fund" means the fund by that name established by Section 3.02.

County

"County" means the County of San Diego, California.

County Assessor

"County Assessor" means the person who holds the office in the County in which the Agency is located designated as the County Assessor, or one of his duly appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

County Auditor-Controller

"County Auditor-Controller" means the person who holds the office in the County in which the Agency is located designated as the County Auditor-Controller, or one of his duly appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

Defeasance Securities

"Defeasance Securities" means any of the following, or any combination thereof: (a) cash, (b) State and Local Government Series securities issued by the United States Treasury, (c) United States Treasury bills, notes and bonds, as traded on the open market, which are not subject to optional call or redemption, and (d) zero coupon United States Treasury Bonds.

DTC

"DTC" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

Executive Director

"Executive Director" means the executive director of the Agency appointed pursuant to the Law, or other duly appointed officer of the Agency authorized by the Agency by resolution or by law to perform the functions of the executive director including, without limitation, any deputy executive director of the Agency.

Event of Default

"Event of Default" means any of the events described in Section 9.01 hereof.

Federal Securities

"Federal Securities" means the following securities:

(1) United States Treasury Bills, bonds, and notes for which the full faith and credit of the United States are pledged for payment of principal and interest;

(2) Direct senior obligations issued by the following agencies of the United States Government: the Federal Farm Credit Bank System, the Federal Home Loan Bank System, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Tennessee Valley Authority;

(3) Mortgage Backed Securities (except stripped mortgage securities) issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association; and

(4) United States Treasury Obligations, State and Local Government Series.

Fiscal Year

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both inclusive, or any other twelve-month period hereafter selected and designated by the Agency as its official fiscal year period.

Fitch

"Fitch" means Fitch Ratings and its successors, and if such company shall for any reason no longer perform the functions of a securities rating agency. "Fitch" shall be deemed to refer to any nationally recognized securities rating agency designated by the Agency and the City.

Indenture

"Indenture" means this Trust Indenture, entered into by the Agency as it may be amended or supplemented by any Supplemental Indenture adopted pursuant to the provisions hereof.

Independent Certified Public Accountant

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

1. is in fact independent and not under domination of the Agency;

2. does not have any substantial interest, direct or indirect, with the Agency; and

3. is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

Independent Financial Consultant

"Independent Financial Consultant" means any financial consultant or firm of such consultants appointed by the Agency, and who, or each of whom:

(1) is in fact independent and not under domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

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

Information Services

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Moody's Investors Service "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Standard & Poor's Corporation "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Agency may designate in a Written Request of the Agency delivered to the Trustee.

Interest Account

"Interest Account" means the Account by that name established pursuant to Section 5.03.

Interest Payment Date

"Interest Payment Date" means March 1 and September 1 in any year in which Bonds are Outstanding, commencing March 1, 2011.

Law

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California, and the acts amendatory thereof and supplemental thereto.

Maximum Annual Debt Service

"Maximum Annual Debt Service" means, as of the date of any calculation, the largest Annual Debt Service with respect to the Bonds during the current or any future Fiscal Year.

Moody's

"Moody's" means Moody's Investors Service, its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agency and the City.

Original Purchaser

"Original Purchaser" means, collectively, De La Rosa & Co., and Piper Jaffray & Co., as the original purchasers of the 2010 Bonds from the Authority and in connection with the issuance of any Parity Bonds the original purchaser thereof.

Outstanding

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.04) all Bonds except

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 10.03 (regardless of whether all Bonds shall have been so paid or so deemed to have been paid); and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture or any Supplemental Indenture.

Owner, Bondowner

"Owner" or "Bondowner" means the person or persons whose name appears on the registration books maintained by the Trustee as the registered owner of a Bond or Bonds.

Parity Bonds

"Parity Bonds" means any bonds, notes, loans, advances, or indebtedness issued or incurred by the Agency on a parity with the 2010 Bonds in accordance with the provisions of Sections 3.03 and 3.04 hereof.

Participant

"Participant" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds 2010 Bonds as securities depository.

Permitted Investments

"Permitted Investments" means any of the following to the extent then permitted by law and Section 7.07 hereof:

(1) Federal Securities;

(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.

Principal Account

"Principal Account" means the Account by that name established pursuant to Section 5.03 hereof.

Principal Payment Date

"Principal Payment Date" means September 1 in each year in which any of the 2010 Bonds mature by their respective terms; and with respect to any Parity Bond means the stated maturity date of such Parity Bond.

Purchase Price

"Purchase Price", for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "issue price" in Section 1273(b) and 1274 of the Code, and, in general, means the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds are sold or, if the Bonds are privately placed, the price paid by

the original purchaser thereof or the acquisition cost of such original purchaser. The term "Purchase Price," for the purpose of computation of the Yield of Permitted Investments, means the fair market value of the Permitted Investments on the date of use of Bond proceeds for acquisition thereof, or if later, on the date that any Permitted Investment becomes a Nonpurpose Investment, as defined in the Code, of the Bonds.

Qualified Reserve Account Credit Instrument

"Qualified Reserve Account Credit Instrument" means any irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 5.03(c), provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company at the time of issuance of such letter of credit or surety bond is in one of the two highest rating categories by S&P and Moody's; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 5.03(c); (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, or the Principal Account for the purpose of making payments required pursuant to Section 5.03(a), (b) or (c); and (e) written notice of the posting of such Qualified Reserve Account Credit Instrument is given to the Rating Agencies.

Rating Agencies

"Rating Agencies" means any of the following: Fitch, Moody's and S&P.

Rebate Account

"Rebate Account" means the Account by that name established and held by the Trustee pursuant to Section 7.10 hereof.

Record Date

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

Redemption Fund

"Redemption Fund" means the fund by that name established by Section 5.04 hereof.

Redevelopment Consultant

"Redevelopment Consultant" means any consultant or firm of consultants appointed by the Agency and judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to financing in redevelopment project areas, and who, or each of whom:

(1) is in fact independent and not under domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

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

Redevelopment Fund

"Redevelopment Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.06.

Redevelopment Plan, Plan

"Redevelopment Plan" or "Plan" means the redevelopment plan for the Redevelopment Project approved and adopted by the City for the Naval Training Center Redevelopment Project Area and includes any amendment of said plan heretofore or hereafter made pursuant to the Law.

Redevelopment Project, Project

"Redevelopment Project" or "Project" means the undertaking of the Agency pursuant to the Redevelopment Plan, as amended, and the Law for the redevelopment of the Redevelopment Project Area.

Redevelopment Project Area, Project Area

"Redevelopment Project Area" or "Project Area" means the Redevelopment Project Area described in the Redevelopment Plan.

Registration Books

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

Report

"Report" means a Report in writing signed by an Independent Certified Public Accountant, Independent Financial Consultant or Redevelopment Consultant and including-

(1) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

Representation Letter

"Representation Letter" shall mean the letter of representations from the Agency to, or other instrument or agreement of the Agency with, a Book-Entry Depository in which the Agency, among other things, makes certain representations to such Book-Entry Depository with respect to the Bonds, the payment thereof and delivery of notices with respect thereto.

Reserve Account

"Reserve Account" means the account by that name established pursuant to Section 5.03 hereof, within which Reserve Account there may be created separate subaccounts with respect to each series of the Bonds.

Reserve Requirement

"Reserve Requirement" means, as of the date of calculation an amount equal to the lesser of (i) 10% of the initial outstanding principal amount of the Bonds (less original issue discount if in excess of two percent); (ii) Maximum Annual Debt Service on the Bonds; or (iii) 125% of average Annual Debt Service on the Bonds; provided, however, that the Reserve Requirement shall be calculated without regard to Escrowed Bonds, as defined in Section 3.03 hereof.

S&P

"S&P" shall mean Standard & Poor's Rating Service, a division of McGraw-Hill Companies, Inc., its successors and assigns, and if such corporation shall for any reason no longer perform its functions of a securities ratings agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agency and the City.

Securities Depositories

"Securities Depositories" means The Depository Trust Company, New York, New York, and its successors and assigns and any replacement securities depository as the Agency may designate in a Written Request of the Agency delivered to the Trustee.

Serial Bonds

"Serial Bonds" means with respect to the 2010 Bonds, all of the 2010 Bonds other than the 2010 Bonds which are Term Bonds, and with respect to Parity Bonds, means all of the Bonds of such series of Parity Bonds of such series which are not Term Bonds.

Special Fund

"Special Fund" means the fund by that name established by Section 5.02.

State

"State" means the State of California.

Subordinate Debt

"Subordinate Debt" has the meaning set forth in Section 3.05 of this Indenture.

Supplemental Indenture

"Supplemental Indenture" means an agreement, resolution or other instrument then in full force and effect which has been duly adopted by the Agency, amendatory of or supplemental to this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Increment Limitation

"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

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

Tax Revenue Certificate

"Tax Revenue Certificate" means a written certificate of the Agency identifying the amount of Tax Revenues calculated by a Redevelopment Consultant taking into account information on assessed valuation shown on the records of the County Assessor to be received by the Agency in either the current Bond Year or the next Bond Year; provided that a Tax Revenue Certificate with respect to Parity Bonds shall contain the information required by Section 3.03 of the Indenture.

Tax Revenues

"Tax Revenues" means that portion of taxes annually allocated to the Agency with respect to the Project Area following the Closing Date pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but excluding (a) all amounts that are required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law, and (b) all amounts required to be paid to entities other than the Agency pursuant to statutory tax – sharing arrangements pursuant to Section 33607.5 of the Redevelopment Law.

Term Bonds

"Term Bonds" means, with respect to the 2010 Bonds, the 2010 Bonds originally issued hereunder maturing on September 1, 20___ and September 1, 20___; and with respect to any Parity Bonds, means such Parity Bonds which are payable on or before their specified Principal

Payment Dates from sinking account payments established for that purpose and calculated to retire such Parity Bonds on or before their respective Principal Payment Dates.

Treasurer

"Treasurer" means the treasurer of the Agency appointed pursuant to the Law, or other duly appointed officer of the Agency authorized by the Agency by resolution delivered to the Trustee or by law to perform the functions of the treasurer including, without limitation, the Assistant Treasurer of the Agency.

Trustee

"Trustee" means the Trustee appointed by the Agency and acting as an independent trustee with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01. The initial Trustee under this Indenture is U.S. Bank National Association.

2010 Bonds

"2010 Bonds" means the $_____ aggregate principal amount of Redevelopment Agency of the City of San Diego Naval Training Center Redevelopment Project Tax Allocation Bonds, 2010 Series A.

Written Request of the Agency; Written Certificate of the Agency

"Written Request of the Agency" or "Written Certificate of the Agency" means an instrument in writing signed by any of the Chairman, the Executive Director, the Executive Director's designee, or by any other officer of the Agency duly authorized by the Agency for that purpose.

Yield

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Permitted Investments which require payments in a form not characterized as principal and interest) on a Permitted Investment or on any series of the Bonds produces an amount equal to the Purchase Price of such Permitted Investment or any series of the Bonds, as the case may be, all computed as prescribed in the applicable Tax Regulations.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof, excluding the certificate of destruction pursuant to Section 10.06 hereof, shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Agency may be based, insofar as it relates to a legal or accounting matter, upon a certificate or opinion of or representation by Bond Counsel or an Independent Financial Consultant, Independent Certified Public Accountant or a Redevelopment Consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by Bond Counsel or an Independent Financial Consultant, Independent Certified Public Accountant or a Redevelopment Consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Agency) upon a certificate or opinion of or representation by an officer of the Agency, unless such Bond Counsel or an Independent Financial Consultant, Independent Certified Public Accountant or Redevelopment Consultant knows, or in the exercise of reasonable care, should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate of said opinion or representation may be based is erroneous. The same officer of the Agency, or the same Bond Counsel or Independent Financial Consultant, Independent Certified Public Accountant or Redevelopment Consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, Bond Counsel or Independent Financial Consultant, Independent Certified Public Accountant or Redevelopment Consultants may certify to different matters.

Section 1.03. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

ARTICLE II
THE BONDS

Section 2.01. Authorization of Bonds. Bonds in unlimited amounts may be issued at any time under and subject to the terms of this Indenture. The Agency hereby determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the issuance of the 2010 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is duly authorized, pursuant to each and every requirement of law, to issue the 2010 Bonds in the manner and form provided in this Indenture.

Section 2.02. Terms of the 2010 Bonds. The 2010 Bonds shall be designated "Redevelopment Agency of the City of San Diego Naval Training Center Redevelopment Project Tax Allocation Bonds, 2010 Series A" and shall be issued in the aggregate principal amount of $_____. The 2010 Bonds shall be issued only as registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. The Bonds shall be dated as of _____, 2010 and shall be issued in the principal amounts, bear interest at the rates and mature on September 1 in each of the years as set forth below:

2010 Bonds
Maturity Schedule

Maturity Date (September 1)	Principal Amount	Interest Rate

Interest on the 2010 Bonds shall be calculated on the basis of a 360-day year of twelve 30 day months and shall be payable on each Interest Payment Date until maturity or prior redemption as provided herein. Each 2010 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before February, 15, 2011 in which event it shall bear interest from _____, 2010; provided, however, if at the time of authentication interest is in default, the 2010 Bond shall bear interest from the Interest Payment Date to or for which interest has been paid or provided.

The principal of and premium, if any, on the 2010 Bonds shall be payable upon presentation and surrender of such 2010 Bonds at maturity or earlier redemption at the Corporate Trust Office of the Trustee. The principal of, premium (if any) and interest on the 2010 Bonds shall be payable in lawful money of the United States of America. Payment of the interest on any 2010 Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the close of business on the Record Date immediately prior to such Interest Payment Date by check mailed by first class mail to the Owner at his address as it appears on such registration books, or by wire transfer to Owners of $1,000,000 or more in aggregate principal amount of 2010 Bonds at such wire transfer address in the United States as such Owner shall specify in a written notice requesting payment by wire transfer delivered to the Trustee prior to the Record Date.

Any interest not paid when due or duly provided for shall forthwith cease to be payable to the registered Owner as of the Record Date immediately preceding the applicable Interest Payment Date and shall be paid to the person in whose name the 2010 Bond is registered as of the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee. The Trustee shall give notice of such special record date to the Owner not less than 10 days prior thereto.

Section 2.03. Form of 2010 Bonds. The 2010 Bonds, the form of Trustee's certificate of authentication, and assignments to appear thereon, shall be substantially in the forms set forth on

Exhibit A hereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

Section 2.04. Execution of Bonds. The Bonds shall be executed on behalf of the Agency by the manual or facsimile signatures any of its Chairperson, Vice Chairperson, Executive Director or the Executive Director's designee and attested by its Secretary who are in office on the date of adoption of this Indenture or at any time thereafter, and the seal of the Agency may, but shall not be required to be, impressed, imprinted or reproduced by facsimile thereon. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Agency although at the nominal date of such Bond any such person shall not have been such officer of the Agency.

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

Section 2.05. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Trustee for such purpose, by the person in whose name it is registered in person or by his duly authorized attorney upon surrender of such Bond for cancellation accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee duly executed.

Whenever any Bond or Bonds shall be surrendered for transfer the Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds for like aggregate principal amount of authorized denominations and of the same series and maturity. The Trustee shall require the Owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Trustee may also require the Owner requesting such registration of transfer to pay a reasonable sum as may be necessary to cover any customary expenses incurred and fees charged by the Trustee or the Agency with respect to such registration of transfer.

No transfers of Bonds shall be required to be made (i) during the period fifteen days prior to the date established by the Trustee for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

Section 2.06. Exchange of Bonds. Bonds may be exchanged at the Corporate Trust Office of the Trustee, for a like aggregate principal amount of Bonds of authorized denominations and of the same series and maturity. The Trustee shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Trustee may also require the Owner requesting such exchange to pay a reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Trustee or the Agency with respect to such exchange.

No exchanges of Bonds shall be required to be made (i) during the period fifteen days prior to the date established by the Trustee for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

Section 2.07. Bond Register. The Trustee will keep or cause to be kept, at its Corporate Trust Office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency during normal business hours upon reasonable notice; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books Bonds as hereinbefore provided.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Agency issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation in exchange therefor at the Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations and of the same series and maturity or maturities. Until so exchanged the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated the Agency, at the expense of the Owner of said Bond, shall execute and the Trustee shall thereupon deliver a new Bond of like series, tenor and principal amount in exchange and substitution for the Bond so mutilated but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to it shall be given, the Agency, at the expense of the Owner, shall execute and the Trustee shall thereupon authenticate and deliver a new Bond of like series, tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Agency may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

Section 2.10. Cancellation of Bonds. All Bonds properly surrendered to the Trustee for payment upon maturity or for redemption shall upon payment therefor or redemption thereof be cancelled immediately as more particularly provided in Section 10.06 hereof.

Section 2.11. CUSIP Numbers. "CUSIP" identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds

and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the Agency to use such CUSIP numbers in any notice to Owners shall not constitute an Event of Default or any violation of the Agency's contract with such Owners and shall not impair the effectiveness of any such notice.

Section 2.12. Book-Entry Bonds

(a) The Bonds shall be initially issued in the form of a single, separate fully registered Bond (which may be typewritten) in the full aggregate principal amount for each maturity of the Bonds, and upon initial issuance, the ownership of such Bonds shall be registered in the Bond register in the name of Cede & Co., as nominee of DTC, the initial Book-Entry Depository. Except as provided in the immediately preceding sentence or in subsection (e) of this Section, all of the Bonds shall be registered in the Bond register in the name of Cede & Co., or such other nominee of DTC or any successor Book-Entry Depository or the nominee thereof, as shall be specified pursuant to the applicable Representation Letter.

(b) With respect to Bonds registered in the Bond register in the name of the Book-Entry Depository, or its nominee, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Book-Entry Depository, the nominee of the Book-Entry Depository or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond register, of any notice with respect to the Bonds, or (iii) the payment to any Participant or any other person, other than an Owner as shown in the Bond register, of any amount with respect to principal of or interest on the Bonds. The Agency and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond register as the Owner and absolute owner of such Bond for the purpose of payment of principal and interest on such Bond and for all other purposes whatsoever.

(c) The Trustee shall pay all principal of and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Bond register on the applicable Record Date, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the obligations with respect to the payment of principal of and interest on the Bonds under this Indenture and the Bonds to the extent of the sums so paid. Upon delivery by the Book-Entry Depository to the Agency of written notice to the effect that the Book-Entry Depository has determined to substitute a new nominee in place of the incumbent nominee, and subject to the provisions herein with respect to Record Dates, the word nominee in this Indenture shall refer to such new nominee of the Book-Entry Depository.

(d) In order to qualify the Bonds for the Book-Entry Depository's book-entry system, the Executive Director or the Executive Director's designee is hereby authorized to execute and deliver on behalf of the Agency to the Book-Entry Depository a Representation Letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of the Representation Letter shall not in any way limit the provisions of subsection (b) of this Section or in any other way impose upon the Agency any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners as shown in the Bond register. In addition to the execution and delivery of the Representation Letter, the officers of the

Agency, and their authorized representatives, each are hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for each Book-Entry Depository's book-entry program.

(e) In the event (i) the incumbent Book-Entry Depository determines not to continue to act as Book-Entry Depository for the Bonds, or (ii) the Agency determines that the incumbent Book-Entry Depository shall no longer so act, and delivers a written certificate to the incumbent Book-Entry Depository to that effect, then the Agency will discontinue the book-entry system for the Bonds with the incumbent Book-Entry Depository. If the Agency determines to replace the incumbent Book-Entry Depository with another qualified Book-Entry Depository, the Agency shall prepare or direct the preparation of and execute, and the Trustee shall authenticate and deliver, a new single, separate fully registered bond (which may be typewritten) for the aggregate outstanding principal amount for each maturity of the Bonds held by the incumbent Book-Entry Depository, registered in the name of such successor or substitute qualified Book-Entry Depository or its nominee, or make such other arrangement acceptable to the Agency and the successor Book-Entry Depository as are not inconsistent with the terms of this Indenture. If the Agency fails to identify another qualified successor Book-Entry Depository to replace the incumbent Book-Entry Depository, then the Bonds shall no longer be restricted to being registered in the Bond register in the name of the Book-Entry Depository or its nominee, but shall be registered in whatever name or names the Book-Entry Depository or its nominee shall designate. In such event the Agency shall prepare or direct the preparation of and execute, and the Trustee shall authenticate and deliver to the Owners thereof, such Bonds as are necessary to carry out the transfers and exchanges provided in this Indenture. All such Bonds shall be in fully registered form in denominations authorized hereunder.

(f) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Book-Entry Depository or its nominee, all notices and payments with respect to principal of and interest on such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Book-Entry Depository.

ARTICLE III
APPLICATION OF PROCEEDS OF 2010 BONDS; ISSUANCE OF PARITY BONDS; REDEVELOPMENT FUND

Section 3.01. Application of Proceeds of the 2010 Bonds.

The net proceeds from the sale of the 2010 Bonds, being the amount of $_____ (which is the principal amount of the 2010 Bonds less a net underwriter's discount of $_____; and shall be paid to the Trustee who shall forthwith set aside, pay over and deposit such proceeds as follows (provided that the details of the receipt and deposit of such proceeds shall be set forth in a closing instruction from the Agency to the Trustee):

(1) Deposit the amount of $_____ in the Reserve Account;

(2) Deposit the amount of $_____ in the Costs of Issuance Fund;

(3) Deposit the amount of $_____ in the Redevelopment Fund; 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 establish one or more temporary funds or accounts to facilitate such deposits and transfers.

Section 3.02. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date six months following the Closing Date, or upon the earlier Written Request of the Agency stating that all known Costs of Issuance have been paid, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Redevelopment Fund and the Costs of Issuance Fund shall be closed.

Section 3.03. Issuance of Parity Bonds. In addition to the 2010 Bonds, the Agency may, by a Supplemental Indenture, issue Parity Bonds payable from Tax Revenues as and to the extent provided in this Indenture and secured by the pledge made under this Indenture equally and ratably with the Bonds previously issued. The Agency may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Parity Bonds, in such principal amount as shall be determined by the Agency, but only upon compliance by the Agency with the provisions of Section 3.03 and Section 3.04 hereof and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) No Event of Default shall have occurred and then be continuing;

(b) A Tax Revenue Certificate shall be delivered to the Trustee stating that Tax Revenues to be allocated and paid to the Agency in each Fiscal Year during the term of the Parity Bonds, plus at the option of the Agency the Additional Allowance, as set forth in a Tax Revenue Certificate of the Agency taking into account all Redevelopment Plan limitations, tax sharing agreements and other factors which would cause a reduction in Tax Revenues in any future Fiscal Year, will be at least equal to 125% of the Annual Debt Service coming due and payable in the corresponding Fiscal Year on all Bonds which will be Outstanding following the issuance of such Parity Bonds;

(c) The Agency shall certify to the Trustee that the issuance of such Parity Bonds shall not cause the Agency to exceed any applicable limitations under the Redevelopment Plan. Without limiting the generality of the foregoing, the Agency may not issue any Parity Bonds in the event and to the extent that either:

(i) the aggregate amount of debt service on all outstanding obligations of the Agency, including such Parity Bonds, exceeds the aggregate amount of Tax Revenues which are eligible under the Redevelopment Plan to be allocated and paid to the Agency during the period while such outstanding obligations remain outstanding, or

(ii) the aggregate principal amount of all outstanding obligations of the Agency, including such Parity Bonds, exceeds any applicable limit in the Redevelopment Plan on the aggregate principal amount of indebtedness which the Agency is permitted to have outstanding at any one time;

(d) The Supplemental Indenture authorizing the issuance of Parity Bonds shall provide that (i) interest on such Parity Bonds shall be calculated at a fixed interest rate if the Agency determines in such Supplemental Indenture that it is to be paid on a current basis, shall be payable on March 1 and September 1 in each year of the term of such Parity Bonds except the first twelve-month period during which interest may be payable on any March 1 or September 1, and (ii) the principal of such Parity Bonds shall be payable on September 1 in any year, as determined by the Agency, in which principal is payable;

(e) Money shall be deposited in the Reserve Account or in a subaccount therein (or a Qualified Reserve Account Credit Investment provided) in an amount equal to the Reserve Requirement for all outstanding Bonds, including such Parity Bonds; and

(f) The Agency shall deliver to the Trustee a certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Bonds set forth in the Indenture have been satisfied and that the deposit into the Reserve Account as set forth above has been made.

For the purposes of the calculation of the coverage requirements set forth in subsection (b) of this Section 3.03 with respect to the issuance of Parity Bonds, Outstanding Bonds and Parity Bonds shall not include a principal amount of such Parity Bonds, determined on such basis among maturities as the Agency may determine, equal to the proceeds of such Parity Bonds to be deposited in an escrow fund established for such Parity Bonds (the "Escrowed Bonds"), provided that the Supplemental Indenture authorizing the issuance of such Parity Bonds shall provide that:

(1) Such proceeds shall be invested in Permitted Investments, and an amount equal to the difference between the projected interest earnings on such proceeds and the interest due on the Escrowed Bonds shall be deposited in the Interest Account so as to pay interest on the Escrowed Bonds as it becomes due and payable;

(2) Moneys may be transferred from the escrow fund established for the Escrowed Bonds only if a Tax Revenue Certificate establishes that the amount of Tax Revenues, after the proposed transfer date to be allocated and paid to the Agency in each Fiscal Year during the term of the Parity Bonds as projected by a Redevelopment Consultant taking into account all Redevelopment Plan limitations, tax sharing agreements and other factors which would cause a reduction in Tax Revenues in any future Fiscal year, will be at least equal to 125% of the Annual Debt Service coming due and payable in the corresponding Fiscal Year on all Bonds (excluding the remaining Escrowed Bonds) which will be Outstanding following such transfer date;

(3) The Agency shall provide to the Trustee a Written Certificate of the Agency with respect to the matters set forth in subsection (b), (c) or (e) above, provided that such certification shall include the Escrowed Bonds allocable to such moneys so transferred from such escrow fund; and

(4) Such Parity Bonds shall be redeemed from moneys remaining on deposit in the escrow fund established for the Escrowed Bonds at the expiration of a specified escrow period in such manner as may be determined by the Agency in the Supplemental Indenture;

Any computations establishing that debt service coverage is sufficient to support the issuance of Parity Debt or that requisite debt service savings are available to support the issuance of refunding bonds shall, in all cases, be evidenced by a certificate of an Independent Certified Public Accountant or an Independent Financial Consultant.

Section 3.04. Proceedings for Issuance of Parity Bonds. Whenever the Agency shall determine to issue Parity Bonds pursuant to Section 3.03, the Agency shall authorize the execution of a Supplemental Indenture specifying the principal amount and prescribing the forms of such Parity Bonds and providing the terms, conditions, distinctive designation, denominations, date, maturity date or dates, interest rate or rates (or the manner of determining same), redemption provisions and place or places of payment of principal or of premium (if any) and interest on such Parity Bonds, and any other provisions respecting the Parity Bonds not inconsistent with the terms of this Indenture.

Before such Parity Bonds shall be issued and delivered, the Agency shall file the following documents with the Trustee:

(a) An executed copy of the Supplemental Indenture authorizing such Bonds.

(b) A Written Certificate of the Agency stating that, to the knowledge of the Agency, no Event of Default has occurred and is then continuing.

(c) An opinion of Bond Counsel that the execution of the Supplemental Indenture has been duly authorized by the Agency in accordance with this Indenture; that the Parity Bonds, when duly executed by the Agency and authenticated and delivered by the Trustee, will be legally valid and binding limited obligations of the Agency; and that the issuance of such Parity Bonds will not in and of itself impair the exclusion for federal income tax purposes of interest on any Outstanding Bonds.

(d) A Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Bonds set forth in Section 3.03 have been satisfied.

Section 3.05. Subordinate Debt. Nothing herein shall be intended or construed in any way to prohibit or impose any limitations on the issuance by the Agency of bonds, notes, or other obligations or evidences of indebtedness payable from Tax Revenues on a subordinate basis to the pledge of Tax Revenues to the repayment of the 2010 Bonds and any Parity Bonds ("Subordinate Debt"), provided that, (i) following an Event of Default under this Indenture, no Subordinate Debt shall be paid prior to the 2010 Bonds or any other Parity Debt in any fiscal year of the Agency, and (ii) if the holder of any Subordinate Debt is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the Agency maintained with or held by such holder.

Section 3.06. Redevelopment Fund. There is hereby created a special fund to be known as the "Redevelopment Agency of the City of San Diego 2010 Tax Allocation Redevelopment Fund" (the "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 2010 Bonds in the amount set forth in Section 3.01(3) hereof. The moneys deposited in the 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 3.06. 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 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 Redevelopment Fund.

ARTICLE IV
REDEMPTION

Section 4.01. Terms of Redemption.

(a) Optional Redemption of 2010 Bonds. The 2010 Bonds maturing on or before September 1, 2020, are not subject to redemption prior to maturity. The 2010 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 2010 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 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) Sinking Fund Redemption of 2010 Bonds. The 2010 Bonds maturing on September 1, 20___ and September 1, 20___ shall be subject to mandatory sinking fund redemption in part, by lot, on each September 1, from mandatory sinking fund payments set aside in the Principal Account, 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:

2010 Term Bonds Maturing September 1, 20__

Payment Date (September 1)	Amount

2010 Term Bonds Maturing September 1, 20__

Payment Date (September 1)	Amount

In the event that all or a portion of the principal of the 2010 Bonds of the same maturity have been optionally redeemed by the Agency pursuant to Section 4.01(a) hereof or any 2010 Term Bonds have been redeemed pursuant to Section 4.01(a) hereof, and any 2010 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 2010 Term Bonds of that maturity will be reduced by the aggregate principal amount of the 2010 Term Bonds of such maturity so redeemed, to be allocated among each sinking fund payment for the 2010 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 2010 Term Bonds purchased by the Agency, which 2010 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 2010 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 4.01(b).

Section 4.02. Selection of Bonds for Redemption. Except as otherwise provided herein, whenever provision is made in this Indenture for the redemption of less than all of the Bonds of any series or any given portion thereof (other than pursuant to Section 4.01(b) hereof in which case such selection shall be by lot), the Trustee shall select the Bonds to be redeemed from all 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 Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. 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 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 Bonds to be redeemed, the individual number of each Bond to be redeemed or that all Bonds between two stated numbers (both inclusive) or that all of the Bonds are to be redeemed and, in the case of 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 Bond the redemption price thereof and that from and after such redemption date interest

thereon shall cease to accrue; and (f) require that such 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 Bond Owners by the Trustee of a written notice of such rescission, in which event the 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 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 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 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 Bonds as herein provided shall be conclusive as against all parties, and no Bondowner whose 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 Bonds shall be given by the Trustee at the expense of the Agency.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Agency, a new Bond or Bonds of authorized denominations, and of the same maturity and series and equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.05. Effect of Redemption. When notice of redemption has been given substantially as provided above and when the amount necessary for the redemption of the Bonds called for redemption (principal and premium, if any) is set aside for that purpose in the Principal Account as provided in Section 5.03 hereof or in the Redemption Fund, as provided in Section 5.04 hereof, and when interest accrued and to accrue to the redemption date has been set aside for that purpose in the Interest Account, the Bonds designated for redemption shall become due and payable on the redemption date thereof at the place specified in the notice of redemption. Such Bonds shall be redeemed and paid at said redemption price out of the Principal Account or the Redemption Fund, as applicable, and no interest will accrue on such Bonds called for redemption from and after the redemption date specified in such notice. The Owners of said Bonds so called for redemption after such redemption date shall look for the payment of such

Bonds and the premium thereon, if any, only to the Principal Account or the Redemption Fund, as applicable.

All Bonds redeemed shall forthwith be canceled by the Trustee and shall not be reissued. All unpaid interest with respect to the 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 4.06. Open Market Purchase of Bonds. The Agency may at any time buy 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 Bonds so purchased, plus any applicable premium and any Bonds so purchased shall be tendered to the Trustee for cancellation.

ARTICLE V
THE TAX REVENUES; SPECIAL FUND; BOND FUND AND ACCOUNTS; SURPLUS

Section 5.01. Pledge of Tax Revenues. The Bonds shall be secured by a pledge (which pledge shall be effected in the manner and to the extent hereinafter provided) of and first lien on all of the Tax Revenues (except as otherwise provided in Section 5.02 hereof), and, by a pledge of all of the moneys in the Special Fund, the Bond Fund, the Interest Account, the Principal Account, the Reserve Account and the Redemption Fund. The Tax Revenues shall be allocated solely to the payment of the principal and interest, and redemption premium, if any, of the Bonds and to the Reserve Account for the purposes set forth in Section 5.03; except that the Tax Revenues may be apportioned in such amounts for such other purposes as are expressly permitted by Section 5.02. The pledge and allocation of Tax Revenues is for the exclusive benefit of the Bonds and shall be irrevocable until all of the Bonds have been paid and retired or until moneys have been set aside irrevocably for that purpose.

In consideration of the acceptance of the Bonds by those who shall own them from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of the Bonds and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof, of the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 5.02. Special Fund; Deposit of Tax Revenues. The Agency shall establish and hold a special fund to be known as the "Naval Training Center Redevelopment Project Tax Allocation Bonds Special Fund" (the "Special Fund"). The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof; provided, that the Agency shall not be obligated to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, Principal Account and the Reserve Account in such Bond Year pursuant to Section 5.03. On or before the fifth day immediately preceding each Interest Payment Date, the Agency shall transfer from the Special Fund to the Bond Fund an amount equal to the principal and interest owing on the Bonds on such Interest Payment Date and an amount, if any, necessary to increase the amount in the Reserve Account to the Reserve Requirement. Any Tax Revenues received by the

Agency during any Bond Year in excess of the amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to Section 5.03, shall be released from the pledge and lien hereunder and may be used for any lawful purposes of the Agency.

All Tax Revenues and any other amounts at any time paid by the Agency and designated in writing for deposit in the Special Fund shall be held by the Agency solely for the uses and purposes hereinafter in this Article V set forth. So long as any of the Bonds are Outstanding, the Agency shall not have any beneficial right or interest in the Tax Revenues, except only as provided in this Indenture, and such moneys shall be used and applied as herein set forth.

Section 5.03. Bond Fund; Establishment and Maintenance of Accounts. There is hereby established a special fund to be known as the "Naval Training Center Redevelopment Project Tax Allocation Bonds Bond Fund (the "Bond Fund") which shall be held by the Trustee. The Trustee shall receive and deposit to the Bond Fund the amounts required to be deposited thereto pursuant to Section 5.02 hereof. Within the Bond Fund the Trustee shall establish an Interest Account, a Principal Account and a Reserve Account. All moneys in the Bond Fund shall be transferred and set aside by the Trustee in the following respective special accounts of the Bond Fund (each of which is hereby created to be held in trust by the Trustee) in the following order of priority:

(a) Interest Account. At least one Business Day prior to each Interest Payment Date, the Trustee shall transfer from the Bond Fund and set aside in the Interest Account an amount which, when added to the amount contained in the Interest Account will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Bonds issued hereunder and then Outstanding. The Trustee shall also deposit in the Interest Account any other moneys received by it from the Agency and designated in writing by the Agency for deposit in the Interest Account. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. At least one Business Day prior to each Principal Payment Date, the Trustee shall transfer from the Bond Fund and set aside in the Principal Account an amount which, when added to the amount contained in the Principal Account will be equal to the principal becoming due and payable on the Bonds on such Principal Payment Date, whether by reason of scheduled maturity or mandatory sinking fund redemption pursuant to Section 4.01(b) hereof. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due on such Principal Payment Date, whether by reason of scheduled maturity or mandatory sinking fund redemption. The Trustee shall also deposit in the Principal Account any other moneys received by it from the Agency and designated in writing by the Agency for deposit in the Principal Account. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal on the Bonds as it shall become due and payable, whether by reason of scheduled maturity or mandatory sinking fund redemption.

(c) Reserve Account. At least one Business Day before each Interest Payment Date and after the deposits required pursuant to the preceding subparagraphs have been made, the Trustee shall withdraw from the Bond Fund and deposit in the Reserve Account an amount of money, if any, required to maintain the Reserve Account and in the full amount of the Reserve Requirement. No deposit need be made in the Reserve Account so long as there shall be on deposit therein a sum equal to at least the amount required by this paragraph to be on deposit therein. There shall be deposited from the proceeds of the 2010 Bonds the amount set forth in Section 3.01 hereof as the initial Reserve Requirement. All money in the Reserve Account, and any subaccount therein shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account and the Principal Account, in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of the Bonds then Outstanding, except that so long as the Agency is not in default hereunder, any amount in the Reserve Account in excess of the amount required by this paragraph to be on deposit therein except as herein otherwise provided, shall, if directed by the Agency, be transferred to the Bond Fund.

The Reserve Requirement may be satisfied, in whole or in part, by crediting to the Reserve Account moneys, a Qualified Reserve Account Credit Instrument. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument and delivery to the Trustee by the Agency of a written calculation of the amount permitted to be released from the Reserve Account, the Trustee shall transfer such amount from the Reserve Account to the Redevelopment Fund to be applied for lawful redevelopment purposes.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the Bonds in conformity with applicable provisions of the Code.

(d) Surplus. Except as may be otherwise provided in any Supplemental Indenture, the Agency shall not be obligated to transfer to the Trustee for deposit in the Bond Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Bond Fund, exceeds the amounts required in such Bond Year pursuant to Section 5.03. In the event that for any reason whatsoever any amounts shall remain on deposit in the Bond Fund on any September 2 after making all of the transfers theretofore required to be made pursuant to the preceding clauses (a), (b) and (c) and pursuant to any Supplemental Indenture, the Trustee shall withdraw such amounts from the Bond Fund and transfer such amounts to the Agency, to be used for any lawful purposes of the Agency permitted by the Law.

Section 5.04. Redemption Fund. The Redemption Fund shall be held by the Trustee. On or before the Business Day preceding any date on which the Bonds are to be redeemed pursuant to Section 4.01(a), the Agency shall deposit with the Trustee for deposit in the Redemption Fund (after taking into account moneys, if any, in the Principal Account for such purpose) an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed pursuant to Section 4.01(a). All moneys in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to Section 4.01(a), on the date set for such redemption.

Section 5.05. Establishment of Sub-Accounts For Separate Series of Bonds. If directed in writing by the Agency, the Trustee shall establish and maintain a separate sub-account within

each of the Interest Account, the Principal Account, the Reserve Account, the Redemption Fund and the Rebate Account for each separate series of Bonds. In such event, proceeds of sale of any series of Parity Bonds, and amounts required to be held for the payment or security of any series of Parity Bonds, shall be held solely in the respective sub-accounts established for such series of Parity Bonds and shall not be commingled with amounts held in the respective sub-accounts established for any other series of Bonds. For all purposes of this Indenture the sub-accounts established within any account shall be accounted for as a part of such account

ARTICLE VI
COVENANTS OF THE AGENCY

Section 6.01. Punctual Payment. The Agency will punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures and of the Bonds. Nothing herein contained shall prevent the Agency from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Section 6.02. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default hereunder to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 6.03. Against Encumbrances. Except for Parity Bonds issued in accordance with Sections 3.03 and 3.04 hereof, the Agency covenants and agrees that it will not issue any other obligations payable, as to either principal or interest, from the Tax Revenues which have, or purport to have, any lien upon the Tax Revenues superior to or on a parity with the lien of the Bonds; provided, however, that nothing in this Indenture shall prevent the Agency from issuing and selling pursuant to law refunding bonds or other refunding obligations payable from and having a first lien on a parity basis with all Outstanding Parity Bonds upon the Tax Revenues if such refunding bonds or other refunding obligations are issued and are sufficient for the purpose of refunding all or a portion of the Bonds then Outstanding.

Section 6.04. Protection of Security and Rights of Bondowners. The Agency will preserve and protect the security of the Bonds and the rights of the Bondowners, 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 Bonds by the Agency the Bonds shall be incontestable by the Agency.

Section 6.05. Payments of Taxes and Other Charges. The Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Project Area, or upon the revenues therefrom, when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments

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

Section 6.06. Compliance with Law, Completion of Project. The Agency will comply with all applicable provisions of the Law in completing the Project including, without limitation, duly noticing and holding any public hearing required by either Section 33445 or 33679 of the Law prior to application of proceeds of the Bonds to any portion of the Project subject to either Section 33445 or 33679. In addition, the Agency will comply timely with the public hearing and further requirements of Section 33334.6. The Agency will commence, and will continue to completion, with all practicable dispatch, the Project and the Project will be accomplished and completed in a sound and economical manner and in conformity with the Redevelopment Plan and the Law. Notwithstanding the foregoing, the Agency may, in accordance with applicable provisions of the Law, amend the limits of the Redevelopment Plan from time to time in order to extend the term or amount of any of such limits, so long as any such amendment will not reduce the amount of Tax Revenues to be received by the Agency, as certified in a certificate of a Redevelopment Consultant.

Section 6.07. Books and Accounts; Financial Statements. The Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City of San Diego, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Redevelopment Fund and the Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

Section 6.08. Taxation of Leased Property. Whenever any property in the Redevelopment Project has been redeveloped and thereafter is leased by the Agency to any person or persons (other than a public agency) or whenever the Agency leases real property in the Redevelopment Project to any person or persons (other than a public agency) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Law.

Section 6.09. Disposition of Property. The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of this Indenture) if the effect of such disposition would be to cause the amount of Tax Revenues for the then current Fiscal Year or any future Fiscal Year, based on a report (including projections of Tax Revenues) of a Redevelopment Consultant, to fall below 125% of debt service on the Bonds for such Fiscal Year, taking into account all Redevelopment Plan limitations, tax sharing agreements and other factors which would cause a reduction in Tax Revenues in any future Fiscal Year.

Section 6.10. Tax Revenues. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County.

Section 6.11. Use of Proceeds. The Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Indenture and the Law.

Section 6.12. Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

Section 6.13. Private Activity Bond Limitation. The Agency shall assure that the proceeds of any of the Bonds are not used so as to cause the 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 6.14. 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 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 6.15. 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, to the extent that such section is applicable to any of the Bonds.

Section 6.16. 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 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 Bonds, would have caused such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 6.17. Maintenance of Tax-Exemption of Bonds. The Agency shall take all actions necessary to assure the exclusion of interest on any of the Bonds from the gross income of the Owners of such 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 Bonds.

Section 6.18. Limit on Indebtedness. The Agency covenants with the Owners of all of the Bonds at any time Outstanding that it will not enter into any obligation or make any expenditure payable from taxes allocated to the Agency under the Law the payments of which, together with payments theretofore made or to be made with respect to other obligations (including, but not limited to, the Bonds) previously entered into by the Agency, would exceed the then-effective limit on the amount of taxes which can be allocated to the Agency pursuant to Section 33333.2(1) of the Law and the Redevelopment Plan.

Section 6.19. 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 6.20. 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
THE TRUSTEE; INVESTMENT OF MONEYS

Section 7.01. Duties, Immunities and Liabilities of Trustee.

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

(b) The Agency may remove the Trustee, at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 7.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Agency to the Trustee, whereupon in the case of the Trustee, the Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Agency and by giving the Bondowners notice of such resignation by mail at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted such appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or

any Bondowner (on behalf of himself and all other Bondowners), at the expense of the Agency, may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee a written acceptance thereof, and thereupon and upon receipt by the predecessor Trustee of all fees and expenses due and payable to it, such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection (d), the Agency shall mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds, if any, and to the Bondowners at their respective addresses shown on the Registration Books. If the Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Agency.

(e) Any Trustee appointed under the provisions of this Section 7.01 in succession to the Trustee shall be a corporation or other entity organized and doing business under the laws of any state, the District of Columbia or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such corporation or other entity publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection (e) the combined capital and surplus of such corporation or other entity shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in Section (d).

Section 7.02. Merger or Consolidation. Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 7.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 7.03. Liability of Trustee.

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

(b) The Trustee shall not be liable for any error of judgment made in good faith by its officers, agents, directors or employees, unless it shall be proved that it was negligent in ascertaining the pertinent facts.

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

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Corporate Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 6.07 and may rely conclusively on the certificates accompanying such financial statements to establish the Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Bond Fund and the investment and application of moneys on deposit in the Bond Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(f) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in

the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays or suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(g) The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (i) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (ii) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (iii) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Section 7.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, requisition, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee 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 and in accordance therewith.

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

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a written certificate of the Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such written certificate.

No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder. The Trustee shall be entitled to interest on any amounts advanced by it at the maximum rate permitted by law.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

Section 7.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be

subject at all reasonable times during business hours upon reasonable notice to the inspection of the Agency and any Bondowner of at least 5% of the principal amount of Bonds Outstanding, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 7.06. Compensation and Indemnification. The Agency shall pay to the Trustee from time to time all compensation for all reasonable services rendered under this Indenture and also 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 under this Indenture.

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

Section 7.07. Deposit and Investment of Moneys in Funds. Moneys in the Interest Account, the Principal Account, the Reserve Account, the Redemption Account, the Redevelopment Fund and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as specified by the Treasurer of the Agency and shall be promptly confirmed in writing by the Agency with the Trustee within at least one (1) Business Day. In the absence of any such direction provided by the Treasurer of the Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (8) of the definition thereof which by their terms mature prior to the date on which such moneys are required to be paid out hereunder.

Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. Whenever in this Indenture any moneys are required to be transferred by the Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder (other than with respect to funds held by the Agency) shall be retained in the respective funds and accounts to be used for the purposes thereof; provided, however, that all interest or gain from the investment of amounts in the respective subaccounts of the Reserve Account shall be deposited by the Trustee in the Interest Account, but only to the extent that the amount remaining in the respective subaccounts of the Reserve Account following such deposit is equal to the Reserve Requirement for the applicable series of Bonds.

The Agency acknowledges that to the extent regulations of the Controller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Agency periodic

cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

Moneys credited to any fund or account under this Indenture which are uninvested pending disbursement or receipt of proper investment directions or as directed by the Agency as provided herein, may be deposited to and held in a non-interest bearing demand deposit account established with the commercial banking department of the Trustee or any bank affiliated with the Trustee.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

For purposes of acquiring any investments hereunder, the Trustee may in its discretion commingle funds held by it hereunder. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 7.07. For purposes of determining the amount on deposit in any fund or account held hereunder, all Permitted Investments credited to such fund or account shall be valued by the Trustee, at least monthly, at the market value (excluding accrued interest, other than in the case of the Reserve Account (where accrued interest shall be included) and excluding brokerage commissions, if any). In making any such valuations, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system.

Section 7.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the Agency at reasonable hours, upon reasonable notice and under reasonable circumstances. The Trustee shall furnish to the Agency, at least monthly, an accounting of all transactions relating to the proceeds of the Bonds and all funds and accounts established pursuant to this Indenture, which may be in the form of the Trustee's regular monthly statement.

Section 7.09. Appointment of Co Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular, in case of the enforcement thereof or default thereunder, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise or it finds it impracticable to exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Agency appoint an additional individual or institution as a separate or co trustee. The following provisions of this Section 7.09 are adapted to these ends.

In the event that the Agency appoints an additional individual or institution as a separate or co trustee, each and every remedy, power, right, claim, demand, cause of action, immunity,

estate, title, interest, duty, obligation and lien expressed or intended by this Indenture to be exercised by, or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Agency be required by the separate or co trustee so appointed by the Agency for more fully and certainly vesting in and confirming to him or it, such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency. In case any separate or co trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or co trustee.

In addition to the appointment of a co trustee hereunder, the Trustee may, at the expense and with the prior written consent of the Agency, appoint any agent of the Trustee in New York, New York or Los Angeles or San Francisco, California for the purpose of administering the transfers or exchanges of Bonds or for the performance of any other responsibilities of the Trustee hereunder.

Section 7.10. Rebate of Excess Investment Earnings to United States. The provisions of this Section 7.10 shall apply only to the extent Bonds are outstanding hereunder that are subject to the requirements set forth herein with respect to rebate under the Code.

(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 7.10. 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 Bonds, records of the determinations made pursuant to this Section 7.10.

(e) Engagement of Professional Services. In order to provide for the administration of this Section 7.10, 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 7.10 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 Bonds to be includable in gross income of the Bondowners for federal income tax purposes.

ARTICLE VIII
MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 8.01. Amendments Permitted. This Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture pursuant to the affirmative vote at a meeting of Bondowners or with the written consent without a meeting of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (1) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein without the express consent of the Owner of such Bond, or (2) permit the creation by the Agency of any mortgage pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise provided in this Indenture) or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

This Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, but without the consent of any Bondowners, but only to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Agency in this Indenture contained, other covenants and agreements thereafter to be observed or to limit or surrender any right or power herein reserved to or conferred upon the Agency; or

(b) to make modifications not adversely affecting any Outstanding series of Bonds of the Agency in any material respect, including an amendment pursuant to Section 5.05 hereof; or

(c) with the written consent of the Trustee, to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the Agency and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the rights of the Owners of the Bonds; or

(d) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of Section 3.03 and Section 3.04 hereof.

Section 8.02. Bondowners' Meetings. The Agency may at any time call a meeting of the Bondowners. In such event the Agency is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. Procedure for Amendment with Written Consent of Bondowners. The Agency may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture or any Supplemental Indenture, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Bondowners for their consent thereto, shall be mailed by the Agency to each registered Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given which proof shall be such as is permitted by Section 10.04. Any such consent shall be binding upon the Owner of the Bonds 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 a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed. Any revocation received by the Trustee after such notice has been mailed shall be of no force or effect.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Agency shall mail a notice to the Bondowners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record consisting of the papers required by this Section to be filed with the Trustee shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the

filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the Agency and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.04. Disqualified Bonds. Bonds owned or held for the account of the Agency or the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII.

Section 8.05. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VIII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Indenture of the Agency and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

The Agency or the Trustee may adopt appropriate regulations to require each Bondowner before his consent provided for in this Article VIII shall be deemed effective to reveal if the Bonds as to which such consent is given are disqualified as provided in Section 8.04.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments. The Agency may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the Agency, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Corporate Trust Office of the Trustee or at such other office as the Agency may select and designate for that purpose, a suitable notation shall be made on such Bond. The Agency may determine that new Bonds, so modified as in the opinion of the Agency is necessary to conform to such Bondowners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Corporate Trust Office of the Trustee, without cost to any Bondowner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Bondowner from accepting any amendment as to the particular Bonds held by him provided that due notation thereof is made on such Bonds.

Section 8.08. Opinion of Counsel. Prior to the execution by the Trustee of any amendment hereto, the Trustee shall be furnished with an opinion of counsel stating that the provisions of this Article have been complied with.

ARTICLE IX
EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 9.01. Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

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

(b) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause a), and such default shall have continued for a period of thirty (30) days following the receipt by the Agency of written notice from the Trustee or any Bondowner of the occurrence of such default; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such thirty (30)-day period and if corrective action is instituted by the Agency within such thirty (30)-day period, the Agency may diligently pursue such corrective action until such failure is corrected, but in no event more than 90 days following the receipt by the Agency of such notice; or

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

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 9.06, exercise any other remedies available to the Trustee and the Bondowners in law or at equity.

Immediately upon obtaining actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clause (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners of the Bonds in the same manner as provided herein for notices of redemption of the Bonds.

Upon declaration of an Event of Default, the Agency shall transfer the Special Fund and all moneys therein to the Trustee who shall hold such Special Fund for the benefit of the Bondholders until such Event of Default shall have been cured.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Subject to the provisions of this Indenture, the Trustee agrees to enforce by mandamus, suit or other proceeding at law or in equity the covenants and agreements of the Agency.

Section 9.02. Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration (other than the Rebate Account) as provided in Section 9.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee and thereafter of the Bondowners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel; and

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

Section 9.03. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other

disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 9.04. Limitation on Bondowners' Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity acceptable to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 9.05. Non-waiver. Nothing in this Article IX or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Bondowners by the Law or by this Article IX may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

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

Section 9.06. Actions by Trustee as Attorney in Fact. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact; provided, however, the Trustee shall have no obligation to exercise any rights or remedies hereunder unless it has been indemnified to its satisfaction by the Owners from any liability or expense, including attorneys' fees. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 9.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners of Bonds is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE X
MISCELLANEOUS

Section 10.01. Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Agency, the Trustee and the Owners of the Bonds, any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Owners of the Bonds and the Trustee.

Section 10.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof and all the covenants and agreements in this Indenture contained by or on behalf of the Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.03. Discharge of Indenture. If the Agency shall pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

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

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

(3) by irrevocably depositing with the Trustee, in trust, nonredeemable Defeasance Securities in such amount as an Independent Financial Consultant shall certify to the Trustee, based upon a certificate of an Independent Certified Public Accountant, will together with the interest to accrue thereon and moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates; and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice,

then notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Agency under this Indenture with respect to all Bonds Outstanding shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, and thereafter Tax Revenues shall not be payable to the Trustee. Notice of such election shall be filed with the Trustee.

If, subject to above conditions, the Agency shall pay or cause to be paid or make provision for the payment to the Owners of less than all of the Outstanding Bonds the principal of and premium, if any, and interest on such Bonds which is and shall thereafter become due and payable upon such Bonds in accordance with the provisions of clauses (1), (2) and (3) above, such Bonds, or portions thereof, shall cease to be entitled to any lien, benefit or security under this Indenture.

Any funds thereafter held by the Trustee which are not required for said purpose or for any remaining fees or expenses of the Trustee shall be paid over to the Agency.

Section 10.04. Execution of Documents and Proof of Ownership by Bondowners. Any request, consent, declaration, or other instrument which this Indenture may require or permit to be executed by Bondowners may be in one or more instruments of similar tenor and shall be executed by Bondowners in person or by their attorneys appointed in writing.

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

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity number and date of holding the same shall be proved by the registry books.

Any request, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Agency or the Trustee in good faith and in accordance therewith.

Section 10.05. Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duly provided by law.

Section 10.06. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Agency of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee may, if permitted by law, destroy such canceled Bonds and provide to the Agency upon request a certificate of destruction duly executed by the Trustee and the Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to; provided, however, if the Agency requests the destruction of such Bonds, the Agency agrees to reimburse the Trustee for the Trustee's costs incurred in connection with the microfilming or other required permanent recording, if any, related thereto.

Section 10.07. Notices and Demands on Trustee, Agency. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Agency or the Trustee to or on the Trustee or the Agency may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Agency with the Trustee) as follows (such notices to be effective upon receipt):

If to the Agency:	Redevelopment Agency of the City of San Diego 202 C Street MS 2A San Diego, California 92101 Attention: Agency Executive Director
If to the Trustee:	U.S. Bank National Association 633 West 5th Street, 24th Floor Los Angeles, California 90071 Attention: Corporate Trust Services

Section 10.08. All Obligations Due on Business Days. If the date for making any payment, performing any act, or exercising of any right, as provided in this Indenture, is a day which is not a Business Day, such payment may be made, act performed, or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided under this Indenture.

Section 10.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal or unenforceable such holding shall not affect the validity of the remaining portions of this Indenture. The Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause

or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder all such duties and all of the rights and powers of the Trustee hereunder shall be assumed by and vest in the Treasurer of the Agency in trust for the benefit of the Bondowners. The Agency covenants for the direct benefit of the Bondowners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder in trust for the benefit of the Bonds.

Section 10.10. Effective Date of Indenture. This Indenture shall take effect from and after the date of its execution by the parties hereto.

Section 10.11. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

Section 10.12. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, but subject to applicable escheat laws, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be delivered to the Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to the Agency for the payment of the interest and premium (if any) on and principal of such Bonds.

Section 10.13. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Agency has caused this Indenture to be executed in its name and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name all as of the day and year above written.

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

(FORM OF 2010 BOND)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE BOOK-ENTRY DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE BOOK-ENTRY DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IF REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE BOOK-ENTRY DEPOSITORY), 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

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
NAVAL TRAINING CENTER REDEVELOPMENT PROJECT
TAX ALLOCATION BOND
2010 SERIES A

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
		_____, 2010	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Amount stated above in lawful money of the United States of America and to pay interest thereon at the Interest Rate stated above in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless (ii) this Bond is authenticated after a Record Date (as hereinafter defined) and on or before the following Interest Payment Date in which event it shall bear interest from such Interest Payment Date, or (iii) this Bond is authenticated on or prior to February 15, 2011, in which event it shall bear interest from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this

Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Amount in full, payable semiannually on each March 1 and September 1, commencing March 1, 2011 (each an "Interest Payment Date"), calculated on the basis of a 360 day year composed of twelve 30 day months. Principal hereof at maturity and premium, if any, upon earlier redemption hereof are payable upon presentment and surrender at the corporate trust office of U.S. Bank National Association, the trustee under the Indenture (as hereinafter defined) (the "Trustee"), in Saint Paul, Minnesota. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail to the Registered Owner hereof at the Registered Owner's address as it appears on the Bond registration books maintained by the Trustee at the close of business on the fifteenth day of the month preceding each Interest Payment Date (the "Record Date"), or by wire transfer to an owner of $1,000,000 or more in aggregate principal amount of Bonds at such wire transfer address in the continental United States as such owner shall specify in a written notice requesting payment by wire transfer delivered to the Trustee not later than the Record Date for such payment.

This Bond is one of a duly authorized issue of Bonds of the Agency designated as "Redevelopment Agency of the City of San Diego Naval Training Center Redevelopment Project Tax Allocation Bonds, 2010 Series A" (the "Bonds"), in an aggregate principal amount of _____ Dollars ($_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates, or redemption and other provisions). The Bonds are issued pursuant to the provisions of the Community Redevelopment Law, being Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), and pursuant to a Trust Indenture, dated as of August 1, 2010, entered into by and between the Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Agency) and all indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues, as that term is defined in the Indenture, and other amounts pledged under the Indenture, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Agency to (i) prepay certain bank lines of credit of the Agency, (ii) fund a portion of the costs of the Agency's Naval Training Center Redevelopment Project (as defined in the Indenture), (iii) fund a reserve account; and (iv) pay costs related to the issuance of the Bonds.

The Bonds are special obligations of the Agency, and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured equally and on a parity, without distinction as to series, by a charge and lien on the Tax Revenues (as defined in the Indenture) derived by the Agency from the Redevelopment Project (as defined in the Indenture) and other amounts pledged under the Indenture. There has been created and will be maintained by the Agency a Special Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Trustee shall thereafter deposit to the Bond Fund for the purpose of paying the principal of, any

redemption premium and the interest on the Bonds when due. Subject to the foregoing, as and to the extent set forth in the Indenture, all such Tax Revenues (together with all of the moneys in the Reserve Account, as defined in the Indenture) are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds. Notwithstanding the foregoing, in accordance with the Indenture, certain amounts out of Tax Revenues may be applied for other purposes as provided in the Indenture. Additional Bonds payable from Tax Revenue may be issued on a parity basis with the Bonds, but only subject to the terms and provisions set forth in the Indenture.

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

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 Indenture, 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 Indenture.

As provided in the Indenture, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective 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.

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

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided

in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

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

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing at said corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations for the same aggregate principal amount and of the same maturity, will be issued to the transferee in exchange therefor. The Trustee shall not be required to register the transfer or exchange of Bonds (i) between the date which is fifteen days before selection of Bonds for redemption and the date of mailing notice of redemption, and (ii) as to any Bond selected for redemption.

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

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

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

IN WITNESS WHEREOF, the Redevelopment Agency of the City of San Diego has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary.

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

By:_____
Executive Director

ATTEST:

_____
Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

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

Authentication Date:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

(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.