REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
NON-REVOLVING LINE OF CREDIT FACILITY

SUMMARY OF TERMS AND CONDITIONS
JUNE 21, 2006

BORROWER:	Redevelopment Agency of the City of San Diego ("Borrower")
LENDER:	Bank of America, N.A. (the "Bank").
FACILITY AND AMOUNT:	$10,000,000 non-revolving line of credit
TERM:	Up to 2 years
PURPOSE:	To provide financing for the North Park Theatre project within the North Park Redevelopment Project Area.
SECURITY:	Facility to be secured by a subordinate pledge of non-housing tax increment revenues generated from North Park Redevelopment Project Area

PRICING OF CREDIT FACILITY:

A rate per year equal to the LIBOR [1-month], [3-month], [6-month], [9-month], or [12-month] index plus a spread (as determined by tax status)

Taxable
LIBOR plus 120 basis points (indicative rate as of 6/19/06 is 6.48% based on 1-month LIBOR of 5.28%)

Tax-Exempt
62.347% of LIBOR plus 90 basis points (indicative rate as of 6/19/06 is 4.19% based on 1-month LIBOR of 5.28%)

Interest would be calculated on the basis of a 360-day year and actual days elapsed, which results in more interest than if a 365-day year were used. Interest paid quarterly in arrears.

Unused Commitment Fee: A fee on the difference between the Line of Credit commitment amount and the amount of credit utilized under this facility,payable quarterly in arrears, calculated at a 45 basis points per annum.

There will be no annual fee.

No prepayment penalty on partial pay down of the loan will be allowed so long as the facility remains variable rate debt and prepayment is made on rollover date of each LIBOR period.

We would be pleased to further discuss options to allow the Borrower to fix the rate or hedge against a higher interest rate environment through use of interest rate hedging options.

REPAYMENT:

Only interest will be paid during the term of the loan with principal due at maturity.

Interest will be payable quarterly in arrears and at maturity.

CONDITIONS TO THE

This Summary of Terms and Conditions does not constitute any kind of commitment on the part of the Bank or their affiliates or subsidiaries, but is intended solely to facilitate discussions on the materials contained herein. The examples used are provided for illustration only and are not necessarily representative of the material terms which are, or may be, obtainable in connection with the credit facility contemplated herein. The terms described herein are subject to all approval processes of the Bank. The existence of, and the information contained in, this proposal is strictly confidential. Neither its existence nor any of the examples contained herein may be disclosed to any other person or entity without the prior written consent of the Bank.

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FACILITY

Reporting Requirements: Including but not limited to the following:

1. Borrower's annual statement of tax increment revenue estimate including debt service coverage no later than 90 days prior to the Borrower's fiscal year end, accompanied by a Compliance certificate of the Borrower signed by an authorized officer of the Borrower.
2. Borrower's annual statement of tax increment revenue (final version) including debt service coverage within 180 days of the Borrower's fiscal year end, accompanied by a Compliance certificate of the Borrower signed by an authorized officer of the Borrower.
3. Other report that may be required by the Bank

Covenants: To include, but not limited to:

1. **Borrower to payoff the Facility upon issuance of any bond or incurrence of any funded debt for North Park Project Area during the term of the facility.**
2. Borrower to pledge all available non-housing tax increment revenues generated from North Park Project Area on subordinate basis, meaning all tax increment revenues available after existing required obligations such as payments to the Low and Moderate Income Housing Fund and for existing parity tax increment debt service.
3. In the event that certain insolvency and bankruptcy events occur with respect to the City, the spread would increase by 150 bps to the spread then in effect on the day before these events occur until the loan is repaid in full.
4. Other events of default that would trigger an increase in spread would include, but not be limited to, failure to pay interest and fees, failure to meet reporting requirements, and cross default to other obligations of the Agency and/or City. Subject to cure periods to be negotiated, where applicable, defaults would trigger an increase in the spread of 100 bps to the spread then in effect until cured.

Other Terms and Conditions: Other provisions with respect to events of termination, conditions precedent to closing, representation and warranties, as may now be standard and customarily found in agreements for similar transactions that are reasonably appropriate under the circumstances and mutually agreed upon by the Bank and Borrower.

Expenses: The Borrower shall pay all reasonable costs and expenses incurred in connection with preparation, due diligence, administration and enforcement of all documents executed in connection with the Credit Facility, including without limitation, the reasonable legal fees of Bank's counsel regardless of whether or not the Credit Facility closes. Bank counsel legal fees are estimated to be in the range of $10,000 to $15,000, plus expenses, for its work and due diligence in preparation of documents. Borrower acknowledges that neither Bank nor Bank counsel has agreed to any limits to the total legal expense, that the final legal cost may exceed $15,000, and that legal costs cannot be fully controlled by Bank or Bank's counsel.

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