

**Redevelopment Agency of the City of San Diego National Bank
Non-Revolving Lines of Credit "LOC's"**

Summary of Terms and Conditions

- Borrower:** Redevelopment Agency of the City of San Diego.
- Lender:** San Diego National Bank
- Loan Purpose:** Interim financing for affordable housing and redevelopment projects in four defined redevelopment project areas.
- Loan Amount:** \$70,000,000 aggregate, consisting of 6 separate non-revolving secured 3-year LOC's in 2 tranches:
a) Four (4) Affordable Housing LOC's aggregating to \$34,000,000
b) Two (2) General Purpose LOC's aggregating to \$36,000,000.
- Maturity:** 36 months from LOC closing date with no prepayment penalty
- Interest Rate:** Interest calculated on the basis of a 360-day year and actual days elapsed; paid quarterly in arrears.

Taxable Advances will be fixed at the lower of the prevailing 3-yr US Treasury Bill + 190 bps or the prevailing 30-day LIBOR + 110 bps. The rate on verifiable Tax-exempt Advances will be fixed at an equivalent after-tax rate.
- Loan Fee:** 0.45% per annum on unused commitment; payable quarterly in arrears.
- Repayment:** Interest only payments, payable quarterly in arrears and at maturity, with principal due at maturity (no prepayment penalty).
- Collateral:**
- a) Subordinate pledge of 20% housing tax increment revenues from the following Redevelopment Project Areas:
 - a. City Heights (\$11,000,000)
 - b. NTC (\$7,100,000)
 - c. North Bay (\$8,600,000)
 - d. North Park (\$7,300,000)
 - b) Subordinate pledge of 80% non-housing tax increment revenues from the following Redevelopment Project Areas:
 - a. City Heights (\$20,000,000)
 - b. NTC (\$16,000,000)
- Expenses:** The Borrower shall pay all reasonable costs and expenses incurred in connection with preparation, due diligence, administration and enforcement of all related documents. Borrower acknowledges that legal costs cannot be fully controlled by Bank, although Bank will make every reasonable effort to reduce these costs.

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. Borrower's annual statement of tax increment revenue (final version) as submitted in conjunction with the senior lien, 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.
4. Other reports that may be requested by the Bank.

Covenants:

To include, but not limited to:

1. Borrower to payoff credit lines upon issuance of any bond or incurrence of any funded debt for respective Project Area revenues pledged.
2. Borrower to pledge all available housing and non-housing tax increment revenues generated from respective Project Areas subordinate only to existing senior lien tax increment financing and legislatively required obligations.
3. In the event that certain insolvency or bankruptcy events occur with respect to the City, the prevailing interest rate would increase by 150 bps (1.5%) until the loan is repaid in full.
4. Other events of default that would trigger an increase in rate would include, but not be limited to, failure to pay interest and fees or failure to meet reporting requirements. Subject to cure periods to be mutually agreed upon, defaults would trigger an increase in the prevailing interest rate by 100 bps (1.0%) until cured.

**Other Terms
and Conditions:**

Other provisions that are reasonably appropriate under the circumstances and mutually agreed upon by the Bank and Borrower.

This Summary of Terms and Conditions does not constitute a commitment on the part of the Bank or its affiliates or subsidiaries, but is intended solely to facilitate discussions on the materials contained herein. Any 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. Any loan commitment that may be issued by the bank will be in writing and will include SDNB's standard loan conditions and loan closing requirements.

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.

If and when the preliminary terms and conditions contained in this Letter are deemed acceptable, please sign, date and return this Letter along with an Application Fee of \$10,000. This Application Fee is applicable towards all Loan Expenses. If SDNB subsequently issues a loan commitment to the Borrower with substantially the same terms and conditions contained in this Letter, then SDNB shall be under no obligation to refund the Application Fee. However, if SDNB terminates or withdraws this Letter prior to the issuance of a loan commitment, or if SDNB materially modifies the terms and conditions of this Letter, or if SDNB elects not to issue a loan commitment, then SDNB shall refund the Application Fee, less any Loan Expenses or third-party costs incurred by SDNB that are associated with the proposal contained in this Letter.

The Borrower and the Principal understand that additional deposits for Loan Expenses may be required, and that the Borrower shall be responsible for the payment of any and all Loan Expenses incurred by SDNB, whether or not the proposed loan closes or funds.

Should you have any questions regarding the preliminary terms and conditions outlined in this Letter, please contact me at (619) 744-2188. I am very pleased to have the opportunity to work with you on this transaction.

Sincerely,

Gordon Boerner
Senior Vice President
San Diego National Bank

ACCEPTANCE:

By: _____

Date: _____

