

**NOTICE/CALL AND AGENDA FOR A SPECIAL MEETING OF THE
SANTEE CDC SUCCESSOR AGENCY OVERSIGHT BOARD
SANTEE, CALIFORNIA**

JULY 14, 2016

A SPECIAL MEETING of the Santee CDC Successor Agency Oversight Board is hereby called for **Thursday, July 14, 2016 at 3:30 PM** at the Santee City Hall Council Chambers, 10601 Magnolia Avenue, Santee, California, for the following purposes:

1. Welcome and Introductions
2. Approval of Minutes for the January 28, 2016 Oversight Board Meeting
3. Resolution of the Santee CDC Successor Agency Oversight Board Approving the Issuance of Refunding Bonds, Making Certain Determinations With Respect to the Refunding Bonds and Providing Other Matters Relating Thereto
 - 3A *Staff Presentation on the Tax Allocation Bonds Refunding Issuance and the Debt Service Savings Analysis*
 - 3B *Review and Discussion by Oversight Board Members.*
 - 3C *Oversight Board Adoption of the Resolution Approving the Issuance of Refunding Bonds, Making Certain Determinations With Respect to the Refunding Bonds and Providing Other Matters Relating Thereto*
4. Future Meeting Schedule
5. Comments from Oversight Board Members
6. Communication from the Public
7. Adjournment

*The City of Santee complies with the Americans With Disabilities Act.
If you require reasonable accommodations for this meeting contact the City Manager's Office
at (619) 258-4100 ext. 223 at least twenty-four (24) hours prior to the meeting.*

State of California }
County of San Diego } ss.
City of Santee }

AFFIDAVIT OF POSTING AGENDA

I, Pamela White, Senior Econ. Dev. Coordinator of the City of Santee, hereby declare, under penalty of perjury, that a copy of this Special Meeting Agenda was posted in accordance with Resolution 61-2003 on July 11, 2016 at 2:30 p.m.



Signature

7/11/16

Date

SANTEE CDC SUCCESSOR AGENCY OVERSIGHT BOARD

WARREN H. SAVAGE JR. [CHAIR]

*SANTEE RESIDENT
COUNTY OF SAN DIEGO APPOINTEE*

ARNOLD WINSTON [VICE CHAIR]

*SANTEE RESIDENT
SANTEE MAYORAL APPOINTEE*

SUE REARIC

*VICE CHANCELLOR - BUSINESS SERVICES
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT*

KARL CHRISTENSEN

*ASSISTANT SUPERINTENDENT - BUSINESS SERVICES
SANTEE SCHOOL DISTRICT*

WILLIAM POMMERING

*TREASURER, DIVISION III – BOARD OF DIRECTORS
PADRE DAM MUNICIPAL WATER DISTRICT*

TOM ROMSTAD

*SENIOR MANAGEMENT ANALYST
[FORMER EMPLOYEE OF THE REDEVELOPMENT AGENCY]
SANTEE MAYORAL APPOINTEE*

RUSTY WILLIAMS

*SANTEE RESIDENT
COUNTY OF SAN DIEGO APPOINTEE*

SANTEE CDC SUCCESSOR AGENCY

MARLENE BEST – CITY MANAGER

TIM McDERMOTT - FINANCE DIRECTOR/TREASURER

PAMELA WHITE - SENIOR ECONOMIC DEV. COORD.

**FOR MORE INFORMATION - CONTACT THE
CITY MANAGER'S OFFICE AT (619) 258-4100, EXT. 223**

MINUTES

SANTEE CDC SUCCESSOR AGENCY OVERSIGHT BOARD SPECIAL MEETING JANUARY 28, 2016

SANTEE CITY COUNCIL CHAMBERS, 10601 MAGNOLIA AVENUE

The January 28, 2016 special meeting of the Santee CDC Successor Agency Oversight Board was called to order at 3:30 p.m. by Vice Chairman Arnold Winston. Present were Board Members Sahar Abushaban, William Pommering, Tom Romstad, and Arnold Winston (Vice Chair). Successor Agency staff present were Finance Director Tim McDermott and Senior Economic Development Coordinator Pamela White. Chairman Warren Savage and Board Members Karl Christensen and Rusty Williams were absent.

AGENDA ITEM #1: WELCOME AND INTRODUCTIONS

Following some brief introductory remarks, Members of the Oversight Board and the Santee CDC Successor Agency staff were introduced.

AGENDA ITEM #2: APPROVAL OF MINUTES FOR THE SEPTEMBER 29, 2015 OVERSIGHT BOARD MEETING

ACTION: On a motion by Board Member Pommering, seconded by Board Member Romstad, the Minutes for the September 29, 2015 Oversight Board Meeting were approved, with all Board Members voting aye.

AGENDA ITEM #3: RESOLUTION OF THE SANTEE CDC OVERSIGHT BOARD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD FROM JULY 1, 2016 TO JUNE 30, 2017 (ROPS 16-17)

AGENDA ITEM #3A: STAFF PRESENTATION:

Finance Director Tim McDermott first explained that state legislation now requires that the Recognized Obligation Payment Schedule (ROPS) be filed on an annual basis, commencing with the current ROPS covering the period from July 1, 2016 through June 30, 2017 ("ROPS 16-17"). The ROPS will then be filed with the County Auditor-Controller, State Controller's Office, and the State Department of Finance for their review before the February 1, 2016 deadline for the annual ROPS.

State legislation also provides that the Santee CDC Successor Agency Oversight Board and other successor agency oversight boards will continue to meet annually until June 30, 2018, when those boards will be dissolved and replaced by a single county-wide oversight board that takes effect on July 1, 2018. Vice Chairman Winston advised the Board that he was planning to step down from the Board in 2018 as well.

The Board was further advised by McDermott that the Successor Agency has an opportunity to file a Last and Final ROPS, which would provide for an expedited wrap-up of remaining and recurring payment, and shift the Oversight Board's review to other agencies under an streamlined process. The Santee Successor Agency has an approved Finding of Completion, and has met other criteria to qualify to file a Last and Final ROPS, but there are still pending matters for consideration by the Successor Agency and the Oversight Board, such as outstanding tax allocation bonds through 2041. It was recommended that the decision on filing a Last and Final ROPS be deferred for future consideration in a year.

Finance Director Tim McDermott proceeded with a line by line explanation of the Recognized Obligation Payment Schedule (ROPS) for the period 7/1/16 to 6/30/17.

Commencing on the ROPS Summary page, \$461,415 represents Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding. The Summary showed \$5,606,884 in Enforceable Obligations funded from the Redevelopment Property Tax Trust Fund (RPTTF), and Current Period Enforceable Obligations for the entire annual period total \$6,068,299.

ROPS FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017

- 1) Tax Allocation Bonds 2005 Series A – relates to remaining bond payments on a January 2005 issuance of \$23.1 M, with \$9.32 M to refund the outstanding 1993 TAB and \$14 M to finance additional phases of Town Center Community Park (U.S. Bank as trustee). The outstanding debt is \$25,910,086, with \$1,428,797 as the Annual Total.
- 2) Tax Allocation Bonds 2011 Series A – relates to bond payments on a March 2011 issuance of \$26.84 M, primarily used to finance major street, infrastructure and streetscape improvements to the Prospect Avenue Enhancements Project (U.S. Bank as trustee). The outstanding debt is \$50,149,944, and the Annual Total is \$2,187,626. This project has been under construction since mid-2014 and is in the process of being fully closed out within the next few months.
- 3) Tax Allocation Bonds 2011 Series B - relates to bond payments on a March 2011 taxable issuance of \$4.71 M to assist in the development of the 44-unit Forester Square affordable apartments project completed in May 2013 (with U.S. Bank as trustee). The outstanding debt is \$10,350,388, and the Annual Total is \$481,000.
- 4) Bond trustee fees – relates to bond trustee fees payable to U.S. Bank relating to the 2005 Series A TAB, 2011 Series A TAB, and the 2011 Series B TAB [see items 1-3]. The outstanding obligation is \$100,500, and the Annual Total is \$4,500.
- 5) Arbitrage rebate calculations – provides for required arbitrage rebate calculations by BLX Group Inc. for tax-exempt 2005 and 2011 issuances [see items 1-2]. The total amount outstanding is \$56,050, with no payment reflected for the Annual Total.

6) Continuing disclosure reporting – provides for required disclosure reporting for a specified period by KNN Public Finance for 2005 and 2011 issuances [see items 1-3]. The total amount outstanding is \$18,750, and the Annual Total is \$750.

7) Project management agreement – this represents the project management agreement with SourcePoint executed in March 2011 that provides for contract management and fund disbursement of up to \$28.5 M for the Prospect Avenue Enhancements project and Riverview improvements. The total amount outstanding is \$1,636,926, and the Annual Total is \$1,636,926, with close-out of this project underway.

Items 8-9 are retired obligations paid in full and are no longer reflected in the ROPS.

10) Successor agency administration – provides for City of Santee’s administrative cost reimbursement as successor agency. Administrative costs may be allowed based on an annual minimum of \$250,000, or a formula allocation of up to 3% of the property tax allocated to the successor agency for succeeding fiscal years. Since Santee has calculated its FY 2015-16 administrative costs to be \$178,700, the total amount payable is \$178,700 for the Annual Total.

Items 11-15 are retired obligations that were paid in full and are no longer reflected in the ROPS.

16) Housing entity administrative cost allowance – provides for the County Housing Authority to receive an annual administrative cost reimbursement of \$150,000 as the designated housing entity administering the housing assets of the former Successor Agency. The total annual amount payable is \$150,000. The San Diego County Housing Authority is legally entitled to receive \$150,000 annually regardless if they incur \$150,000 in administrative expenses, as an obligation of the City of Santee until June of 2018.

17) Unfunded obligation – this line item reflects a shortfall of \$33,021 for the February 1, 2015 debt service payment due to insufficient RPTTF funds having been requested because other available funding sources were over-estimated. There was no payment reflected for the Annual Total.

Finance Director McDermott then referenced the ROPS Report of Cash Balances, and noted that there is a prior period adjustment (or “true-up” calculation) as part of this report. The Ending Actual Available Cash Balance for the period 7/1/15-12/31/15 is \$86,007, and the Ending Estimated Available Cash Balance for the period 1/1/16-6/30/16 is \$65,036.

AGENDA ITEM #3B: REVIEW & DISCUSSION BY OVERSIGHT BOARD MEMBERS

Vice Chairman Winston asked Finance Director McDermott if the \$150,000 allocated to the County Housines Authority might be subject to some adjustment because they only retained four loans to administer and the City staff was administering the balance of the smaller loans. McDermott explained that it is a statutory allocation that isn’t subject to negotiation by the Successor Agency.

ACTION: There being no further comments or questions, on a motion by Board Member Pommering, seconded by Board Member Abushaban, to approve the Resolution of the Oversight Board Approving the Recognized Payment Schedule for the period July 1, 2016 to June 30, 2017 (ROPS 16-17) was approved, with all Board Members voting aye.

AGENDA ITEM #4: FUTURE MEETING SCHEDULE

Finance Director Tim McDermott noted that the next scheduled meeting to approve the annual ROPS would be held in January 2017. However, it is anticipated that the Oversight Board might be convened to meet again later in 2016 to address a refunding issuance for the outstanding tax allocation bonds. Based upon favorable bond market conditions and interest rates, there is an opportunity to refund the bonds issued in 2005 and 2011 by the former Community Development Commission. Based upon some informal estimates, there could be over \$470,000 in annual debt service savings to split among the taxing agencies.

AGENDA ITEM #5: COMMENTS FROM OVERSIGHT BOARD MEMBERS

In response to a question, Oversight Board Members were advised that the Form 700 for their Board filings would be sent out to them by late February 2016.

Vice Chairman Winston expressed his appreciation to Finance Director Tim McDermott, and staff for their work in support of the Oversight Board.

AGENDA ITEM #6: COMMUNICATION FROM THE PUBLIC

There was no communication from the public.

AGENDA ITEM #7: ADJOURNMENT

ACTION: On a motion by Board Member Pommering, seconded by Board Member Romstad, the Oversight Board voted to adjourn the meeting, with all Members voting aye.

Meeting was adjourned at 4:36 p.m.



Pamela A. White
Senior Economic Development Coordinator
Santee CDC Successor Agency

SANTEE CDC SUCCESSOR AGENCY OVERSIGHT BOARD AGENDA STATEMENT

MEETING DATE July 14, 2016

AGENDA ITEM NO. 3

ITEM TITLE RESOLUTION APPROVING THE ISSUANCE OF REFUNDING BONDS, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO

SUMMARY An opportunity exists to refinance \$45.7 million in outstanding Community Development Commission tax allocation bonds that were originally issued in 2005 and 2011. This will allow the Successor Agency to take advantage of a current favorable long-term fixed interest rate environment to provide ongoing annual debt service savings to the Successor Agency, resulting in an increase in property tax revenue to the City of Santee as well as to other local affected taxing agencies (such as the school districts and County).

On June 8, 2016, the Successor Agency approved the appointment of a financing team. The purpose of the July 13, 2016 Successor Agency meeting is to adopt a resolution that approves the issuance of refunding bonds, approves the execution and delivery of an indenture of trust, requests Oversight Board approval of the refunding and requests certain determinations be made by the Oversight Board.

The next step in this process is for the Oversight Board to approve the refunding of the tax allocation bonds and to take other related actions. Following approval by the Oversight Board, the refunding will be submitted to the State Department of Finance for its approval. During the 65-day period that the Department of Finance has to review the refunding, the Successor Agency Board will be presented with the remaining documents required to issue the refunding bonds, including the preliminary official statement.

FINANCIAL STATEMENT All costs incurred related to the financing are expected to be paid directly from the bond proceeds. Based on current market conditions it is estimated that the refunding would generate approximately \$8.7 million in present value savings, representing nearly 19% of the refunded bonds. The present value benefit to the City General Fund would be approximately \$1.8 million, which equates to 20.3% of tax increment not required for the payment of Successor Agency recognized payment obligations. The balance of the savings would benefit other overlapping taxing jurisdictions, primarily the Santee School District, Grossmont Union High School District and the County.

CITY ATTORNEY REVIEW N/A Completed

RECOMMENDATION Adopt the attached resolution approving the issuance of refunding bonds, making certain determinations with respect to the refunding bonds, and providing for other matters properly relating thereto.

ATTACHMENTS (Listed Below)

1) Staff Report; 2) Oversight Board Resolution; 3) Debt Service Savings Analysis; 4) Indenture of Trust; 5) Escrow and Deposit Agreements (2005 and 2011 Bonds); 6) Successor Agency Resolution [scheduled for adoption on July 13, 2016]

STAFF REPORT**RESOLUTION APPROVING THE ISSUANCE OF REFUNDING BONDS, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO****SANTEE CDC SUCCESSOR AGENCY OVERSIGHT BOARD MEETING
July 14, 2016****Refunding Bonds – Current Actions**

California Health and Safety Code Section 34177.5 authorizes a Successor Agency to refund tax allocation bonds of its former redevelopment agency in order to achieve debt service savings. The former Community Development Commission of the City of Santee has three bond issues outstanding that can be refunded for savings. On June 8, 2016 the Successor Agency approved the appointment of a financing team to undertake a refunding. The purpose of the July 13, 2016 Successor Agency meeting is to adopt a resolution that approves the issuance of refunding bonds, approves the execution and delivery of an indenture of trust, requests Oversight Board approval of the refunding and requests certain determinations be made by the Oversight Board.

This item represents the next step in that bond refunding process.

Pursuant to the Successor Agency's resolution and staff recommendation, the Oversight Board is requested to approve the issuance of the refunding bonds and make certain determinations upon which the Successor Agency will rely in undertaking the refunding, including:

- Authorizing the Successor Agency to recover its costs related to the issuance of the refunding bonds from the proceeds of the bonds, including reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the refunding bonds
- Authorizing the Successor Agency to apply the proceeds of the refunding bonds to the defeasance and redemption of the prior bonds, as well as the payment by the Successor Agency of costs of issuance of the refunding bonds, promptly upon the sale and delivery of the refunding bonds without the approval of the Oversight Board, the California Department of Finance, the San Diego County Auditor-Controller or any other person or entity other than the Successor Agency
- Entitling the Successor Agency to receive its full Administrative Cost Allowance under Health and Safety Code Section 34171(b) without any deductions with respect to continuing costs related to the refunding bonds, and if for any reason the Successor Agency is unable to complete the issuance of the refunding bonds, the Successor Agency shall be entitled recover its costs incurred with respect to the refunding proceedings from property tax revenues available to the Successor Agency without reduction in its Administrative Cost Allowance

- Authorizing and directing the Successor Agency to prepare, approve and execute any such other documents as may be required to carry out the purposes of the refunding, including the Bond Purchase Agreement, Official Statement and Continuing Disclosure Certificate, without the need for further approval from the Oversight Board

The Debt Service Savings Analysis was prepared by the City’s Financial Advisor and reviewed by City staff. The Indenture of Trust and Escrow Deposit and Trust Agreements have been prepared by Bond Counsel and reviewed by the full financing team including City staff.

Debt Service Savings Analysis

Based on current market conditions, each of the three outstanding bond issues can be refunded for substantial savings. Under current market conditions, the refunding would generate approximately \$8.7 million in present value savings, representing nearly 19% of the refunded bonds. Most debt policies call for considering the issuance of refunding bonds when they generate 3% to 5% present value savings. As 20.3% of tax increment not required for the payment of Successor Agency recognized payment obligations is allocated to the City’s General Fund, the present value benefit to the City would be approximately \$1.8 million. The balance of the savings would benefit other overlapping taxing jurisdictions, primarily the Santee School District, Grossmont Union High School District and the County.

The refunding results are summarized as follows:

	Refunding of 2005 Tax-Exempt TABs	Refunding of 2011 Tax- Exempt TABs	Refunding of 2011 Taxable TABs	Total
Refunding bonds par amount	\$13,425,000	\$23,760,000	\$5,465,000	\$42,650,000
Par amount of refunded bonds	\$17,075,000	\$24,320,000	\$4,335,000	\$45,730,000
Net present value (PV) savings	\$2,697,943	\$5,038,289	\$926,485	\$8,662,717
Value of negative arbitrage ¹	\$32,723	\$1,539,454	\$260,695	\$1,832,872
Refunding efficiency ²	98.8%	76.6%	78.0%	82.5%
Percentage PV savings of refunded bonds	15.8%	20.7%	21.4%	18.9%
PV savings to City ³	\$547,682	\$1,022,773	\$188,076	\$1,758,531

¹Negative arbitrage represents the difference between the interest earnings on the refunding escrow and the maximum allowed (the rate of the refunding bonds) until the call date on the refunded bonds. This is one measure of refunding inefficiency.

²The ratio of present value savings to the sum of savings and negative arbitrage. The higher the number, the better.

³Based on the City's receiving 20.3% of residual property tax increment to its General Fund.

Next Steps

Following Oversight Board approval, the refunding can then be submitted to the State Department of Finance for its approval as required by State law. During the 65-day period for Department of Finance review, the financing team will prepare the balance of the documents required for the bond sale, including the Preliminary Official Statement, the Continuing Disclosure Agreement, and the Bond Purchase Agreement. These documents are expected to be presented to the Successor Agency on September 14th, 2016.

Recommendation

Staff recommends that the Oversight Board adopt the attached resolution approving the issuance of the refunding bonds and requesting certain determinations by the Oversight Board, and providing for other matters properly relating thereto.

RESOLUTION NO. CDCSAOB ___-2016

**A RESOLUTION OF THE SANTEE COMMUNITY DEVELOPMENT COMMISSION
SUCCESSOR AGENCY OVERSIGHT BOARD, APPROVING THE ISSUANCE OF
REFUNDING BONDS, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO
THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING
THERETO**

WHEREAS, the Community Development Commission of the City of Santee (the “Former Commission”) was a public body, corporate and politic, duly 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, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the “Redevelopment Law”); and

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the City Council of the City of Santee (the “City”) has elected to assume the activities and obligations of the Former Commission, as the CDC Successor Agency, the successor entity to the Former Commission (the “Successor Agency”); and

WHEREAS, prior to the dissolution of the Former Commission, the Former Commission issued its \$23,100,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2005 Series A (the “Series 2005A Bonds”), its \$26,845,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2011 Series A (the “Series 2011A Bonds”), and its \$4,710,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Housing Bonds, 2011 Series B (Taxable) (the “Series 2011B Bonds” and, together with the Series 2005A Bonds and the Series 2011A Bonds, the “Prior Bonds”) for the purpose of financing redevelopment and low and moderate income housing activities; and

WHEREAS, pursuant to Section 34179, this Oversight Board has been established for the Successor Agency; and

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the “Savings Parameters”); and

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A (the “Series 2016A Bonds”), and its CDC Successor Agency of the City of Santee Taxable Tax Allocation Refunding Bonds, 2016 Series B (the “Series 2016B Bonds” and, together with the Series 2016A

Bonds, the “Refunding Bonds”), the Successor Agency has caused its municipal advisor, KNN Public Finance LLC (the “Municipal Advisor”), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund all or a portion of the Prior Bonds (the “Debt Service Savings Analysis”); and

WHEREAS, the Successor Agency by its Resolution No. _____ adopted July ____, 2016 (the “Successor Agency Resolution”) approved the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1), Section 34177.5(f) and Section 34180; and

WHEREAS, in the Successor Agency Resolution, the Successor Agency approved the issuance of the Refunding Bonds and authorized the execution and delivery of an indenture of trust, expected to be dated as of the first day of the month in which the Refunding Bonds are issued, by and between the Successor Agency and U.S. Bank National Association, as trustee, providing for the issuance of the Refunding Bonds (the “Indenture of Trust”); and

WHEREAS, in the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board approve the issuance of the Refunding Bonds, and that this Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds; and

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds on a negotiated basis to Piper Jaffray & Co. (the “Underwriter”) and the Successor Agency will enter into a bond purchase agreement (the “Bond Purchase Agreement”) in connection with the sale of the Refunding Bonds to the Underwriter; and

WHEREAS, the Successor Agency, with the assistance of its Municipal Advisor, the Underwriter, Quint & Thimmig LLP, as disclosure counsel, and Best Best & Krieger LLP, as bond counsel, will cause to be prepared an official statement describing the Refunding Bonds and containing material information relating to the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Underwriter to persons and institutions interested in purchasing the Refunding Bonds; and

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing.

NOW, BE IT RESOLVED, by the Community Development Commission Successor Agency Oversight Board of the City of Santee, California, as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Determination of Savings. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to defease and redeem all or a portion of the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Secretary of the Oversight Board, which Debt Service Savings Analysis is hereby approved.

Section 3. Approval of Issuance of the Bonds. As authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby approves the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Redevelopment Law and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture of Trust in the aggregate principal amount of not to exceed \$55,000,000, provided that the principal and interest payable with respect to the Refunding Bonds complies in all respects with the requirements of the Savings Parameters, as shall be certified to by the Municipal Advisor upon delivery of the Refunding Bonds or any part thereof.

Section 4. Sale and Delivery of Refunding Bonds in Whole or in Part. The Oversight Board hereby approves the sale and delivery of the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, if such Savings Parameters cannot be met with respect to the whole of the Refunding Bonds, then the Oversight Board approves the sale and delivery of the Refunding Bonds from time to time in part. In the event the Refunding Bonds are initially sold in part, the Successor Agency is hereby authorized to sell and deliver additional parts of the Refunding Bonds without the prior approval of this Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part pursuant to a supplement to the Indenture of Trust and are in compliance with the Savings Parameters.

Section 5. Determinations by the Oversight Board. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) the Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) the application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding

Bonds without the approval of the Oversight Board, the California Department of Finance (“Department of Finance”), the San Diego County Auditor-Controller or any other person or entity other than the Successor Agency;

(c) the Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34171(b) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee’s fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, “Continuing Costs of Issuance”), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance; and

(d) the Successor Agency is authorized and directed to prepare, approve and execute such other documents, including, as necessary, the Bond Purchase Agreement, an official statement, a continuing disclosure certificate and any other additional agreements as may be required to carry out the purposes of this Resolution without the need for further approval from this Oversight Board.

Section 6. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by this Oversight Board may be reviewed by the Department of Finance and, therefore, this Resolution shall be effective five (5) business days after notice to the Department of Finance unless the Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the Department of Finance.

ADOPTED by the Santee Community Development Commission
Successor Agency Oversight Board, at a Special Meeting thereof held this _____
day of _____, 2016, by the following roll call vote to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED

WARREN H. SAVAGE JR., CHAIRMAN

ATTEST

PAMELA A. WHITE, SECRETARY

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Assumes Underlying 'A+' Rating
Reflects Market Conditions as of June 23, 2016
Preliminary, Subject to Change

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SOURCES AND USES OF FUNDS

**Successor Agency of the City of Santee
Proposed 2016 Tax Allocation Refunding Bonds
Assumes Underlying 'A+' Rating
Reflects Market Conditions as of June 23, 2016
Preliminary, Subject to Change**

Sources:	Refunding of 2005 Series A Tax-Exempt Tax Allocation Bonds	Refunding of 2011 Series A Tax-Exempt Tax Allocation Bonds	Refunding of 2011 Series B Taxable Tax Allocation Bonds	Total
Bond Proceeds:				
Par Amount	13,425,000.00	23,760,000.00	5,465,000.00	42,650,000.00
Premium	2,578,163.95	4,645,432.50		7,223,596.45
	<u>16,003,163.95</u>	<u>28,405,432.50</u>	<u>5,465,000.00</u>	<u>49,873,596.45</u>
Other Sources of Funds:				
2005 Series A Prior DSRF	1,474,193.75			1,474,193.75
2011 Series A Prior DSRF		2,200,925.00		2,200,925.00
2011 Series B Prior DSRF			471,000.00	471,000.00
	<u>1,474,193.75</u>	<u>2,200,925.00</u>	<u>471,000.00</u>	<u>4,146,118.75</u>
	<u>17,477,357.70</u>	<u>30,606,357.50</u>	<u>5,936,000.00</u>	<u>54,019,715.20</u>

Uses:	Refunding of 2005 Series A Tax-Exempt Tax Allocation Bonds	Refunding of 2011 Series A Tax-Exempt Tax Allocation Bonds	Refunding of 2011 Series B Taxable Tax Allocation Bonds	Total
Refunding Escrow Deposits:				
Cash Deposit	0.31	0.09	201.24	201.64
SLGS Purchases	17,323,443.00	30,223,965.00		47,547,408.00
Open Market Purchases			5,826,169.31	5,826,169.31
	<u>17,323,443.31</u>	<u>30,223,965.09</u>	<u>5,826,370.55</u>	<u>53,373,778.95</u>
Delivery Date Expenses:				
Cost of Issuance	62,954.28	111,418.52	25,627.20	200,000.00
Underwriter's Discount	59,875.50	105,969.60	24,373.90	190,219.00
Surety Reserve at 2.50%	26,602.44	47,081.87	10,829.23	84,513.54
Bond Insurance at 90 bps		117,867.94	45,811.99	163,679.93
	<u>149,432.22</u>	<u>382,337.93</u>	<u>106,642.32</u>	<u>638,412.47</u>
Other Uses of Funds:				
Additional Proceeds	4,482.17	54.48	2,987.13	7,523.78
	<u>17,477,357.70</u>	<u>30,606,357.50</u>	<u>5,936,000.00</u>	<u>54,019,715.20</u>

Note: Prior Debt Service Reserve Fund (DSRF) values taken from each of the respective refunding series' Official Statements

SUMMARY OF REFUNDING RESULTS

**Successor Agency of the City of Santee
Proposed 2016 Tax Allocation Refunding Bonds
Assumes Underlying 'A+' Rating
Reflects Market Conditions as of June 23, 2016
Preliminary, Subject to Change**

Dated Date	11/01/2016
Delivery Date	11/01/2016
Arbitrage yield	2.531297%
Escrow yield	1.083639%
Value of Negative Arbitrage	1,832,872.00
Bond Par Amount	42,650,000.00
True Interest Cost	3.105859%
Net Interest Cost	3.421952%
Average Coupon	4.817083%
Average Life	11.820
Par amount of refunded bonds	45,730,000.00
Average coupon of refunded bonds	6.480721%
Average life of refunded bonds	12.579
Net PV Savings	8,662,717.29
Percentage savings of refunded bonds	18.943182%
Percentage savings of refunding bonds	20.311178%

SUMMARY OF REFUNDING RESULTS

**Successor Agency of the City of Santee
Proposed 2016 Tax Allocation Refunding Bonds
Assumes Underlying 'A+' Rating
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Preliminary, Subject to Change**

	Refunding of 2005 Series A Tax-Exempt Tax Allocation Bonds	Refunding of 2011 Series A Tax-Exempt Tax Allocation Bonds	Refunding of 2011 Series B Taxable Tax Allocation Bonds	Total
Dated Date	11/01/2016	11/01/2016	11/01/2016	11/01/2016
Delivery Date	11/01/2016	11/01/2016	11/01/2016	11/01/2016
Arbitrage Yield	2.531297%	2.531297%	2.531297%	2.531297%
Escrow Yield	0.246702%	1.073517%	1.197943%	1.083639%
Value of Negative Arbitrage	32,722.81	1,539,453.92	260,695.27	1,832,872.00
Bond Par Amount	13,425,000.00	23,760,000.00	5,465,000.00	42,650,000.00
True Interest Cost	2.668648%	3.137636%	4.011544%	3.105859%
Net Interest Cost	2.995047%	3.498518%	3.936789%	3.421952%
Average Coupon	4.920952%	4.957027%	3.897564%	4.817083%
Average Life	9.740	13.099	11.370	11.820
Par amount of refunded bonds	17,075,000.00	24,320,000.00	4,335,000.00	45,730,000.00
Average coupon of refunded bonds	4.534739%	6.916061%	9.389825%	6.480721%
Average life of refunded bonds	9.809	14.299	13.841	12.579
PV of prior debt	20,767,293.62	37,659,397.89	6,802,857.14	8,662,717.29
Net PV Savings	2,697,942.89	5,038,288.91	926,485.49	18,943,182%
Percentage savings of refunded bonds	15.800544%	20.716648%	21.372214%	20.311178%
Percentage savings of refunding bonds	20.096409%	21.204920%	16.953074%	

SAVINGS

**Successor Agency of the City of Santee
Proposed 2016 Tax Allocation Refunding Bonds
Assumes Underlying 'A+' Rating
Reflects Market Conditions as of June 23, 2016
Preliminary, Subject to Change**

Date	Prior Debt Service	Refunding Debt Service	Savings
08/01/2017	4,129,871.26	3,553,869.70	576,001.56
08/01/2018	4,129,396.26	3,354,433.06	774,963.20
08/01/2019	4,129,546.26	3,358,272.10	771,274.16
08/01/2020	4,128,858.76	3,352,252.50	776,606.26
08/01/2021	4,125,221.26	3,348,682.26	776,539.00
08/01/2022	4,130,846.26	3,352,237.00	778,609.26
08/01/2023	4,125,896.26	3,348,152.30	777,743.96
08/01/2024	4,125,301.26	3,355,067.50	770,233.76
08/01/2025	4,133,138.76	3,357,227.40	775,911.36
08/01/2026	4,128,713.76	3,354,652.60	774,061.16
08/01/2027	4,126,688.76	3,352,343.00	774,345.76
08/01/2028	4,127,007.52	3,354,473.40	772,534.12
08/01/2029	4,127,531.26	3,356,541.60	770,989.66
08/01/2030	4,123,750.02	3,348,235.00	775,515.02
08/01/2031	4,125,006.26	3,349,741.00	775,265.26
08/01/2032	4,125,425.00	3,350,434.80	774,990.20
08/01/2033	4,123,707.50	3,348,027.80	775,679.70
08/01/2034	1,694,700.00	1,219,217.40	475,482.60
08/01/2035	1,694,400.00	1,218,361.40	476,038.60
08/01/2036	1,688,950.00	1,215,505.40	473,444.60
08/01/2037	1,693,350.00	1,215,681.60	477,668.40
08/01/2038	1,691,425.00	1,218,530.00	472,895.00
08/01/2039	1,693,300.00	1,218,905.60	474,394.40
08/01/2040	1,693,025.00	1,221,835.60	471,189.40
08/01/2041	1,690,375.00	1,212,042.80	478,332.20
	83,705,431.42	66,934,722.82	16,770,708.60

Savings Summary

PV of savings from cash flow	12,801,312.26
Less: Prior funds on hand	-4,146,118.75
Plus: Refunding funds on hand	7,523.78
Net PV Savings	8,662,717.29

SAVINGS

**Successor Agency of the City of Santee
Refunding of 2005 Series A Tax-Exempt Tax Allocation Bonds**

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 11/01/2016 @ 2.1429745%
08/01/2017	1,451,008.76	1,229,625.00	221,383.76	220,225.57
08/01/2018	1,458,208.76	1,159,200.00	299,008.76	288,700.48
08/01/2019	1,459,008.76	1,162,550.00	296,458.76	280,143.51
08/01/2020	1,448,608.76	1,149,550.00	299,058.76	276,598.89
08/01/2021	1,451,433.76	1,151,150.00	300,283.76	271,829.93
08/01/2022	1,451,796.26	1,151,750.00	300,046.26	265,838.37
08/01/2023	1,455,671.26	1,155,000.00	300,671.26	260,752.73
08/01/2024	1,457,401.26	1,161,500.00	295,901.26	251,188.09
08/01/2025	1,461,713.76	1,161,000.00	300,713.76	249,861.07
08/01/2026	1,463,813.76	1,163,750.00	300,063.76	244,038.85
08/01/2027	1,467,913.76	1,169,500.00	298,413.76	237,551.59
08/01/2028	1,469,763.76	1,173,000.00	296,763.76	231,229.42
08/01/2029	1,473,243.76	1,174,250.00	298,993.76	228,020.35
08/01/2030	1,474,193.76	1,178,250.00	295,943.76	220,904.03
08/01/2031	1,472,306.26	1,174,750.00	297,556.26	217,389.79
08/01/2032	1,472,875.00	1,174,000.00	298,875.00	213,714.42
08/01/2033	1,470,332.50	1,170,750.00	299,582.50	209,667.38
	24,859,293.90	19,859,575.00	4,999,718.90	4,167,654.47

Savings Summary

PV of savings from cash flow	4,167,654.47
Less: Prior funds on hand	-1,474,193.75
Plus: Refunding funds on hand	4,482.17
Net PV Savings	2,697,942.89

SAVINGS

**Successor Agency of the City of Santee
Refunding of 2011 Series A Tax-Exempt Tax Allocation Bonds**

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 11/01/2016 @ 2.3542618%
08/01/2017	2,190,362.50	1,899,700.00	290,662.50	291,796.10
08/01/2018	2,183,762.50	1,798,400.00	385,362.50	372,752.35
08/01/2019	2,184,762.50	1,797,400.00	387,362.50	365,960.51
08/01/2020	2,191,975.00	1,803,600.00	388,375.00	358,400.54
08/01/2021	2,190,412.50	1,803,400.00	387,012.50	348,856.89
08/01/2022	2,191,025.00	1,802,000.00	389,025.00	342,504.65
08/01/2023	2,183,900.00	1,796,250.00	387,650.00	333,375.27
08/01/2024	2,184,175.00	1,798,750.00	385,425.00	323,771.82
08/01/2025	2,181,200.00	1,794,000.00	387,200.00	317,688.74
08/01/2026	2,174,975.00	1,787,250.00	387,725.00	310,713.03
08/01/2027	2,175,500.00	1,788,500.00	387,000.00	302,912.39
08/01/2028	2,172,250.00	1,782,250.00	390,000.00	298,107.70
08/01/2029	2,169,450.00	1,783,750.00	385,700.00	287,936.61
08/01/2030	2,166,750.00	1,777,500.00	389,250.00	283,757.30
08/01/2031	2,168,800.00	1,778,750.00	390,050.00	277,658.64
08/01/2032	2,169,900.00	1,782,000.00	387,900.00	269,637.83
08/01/2033	2,169,700.00	1,782,000.00	387,700.00	263,144.96
08/01/2034	1,467,850.00	1,078,750.00	389,100.00	257,851.07
08/01/2035	1,468,000.00	1,082,250.00	385,750.00	249,637.49
08/01/2036	1,463,950.00	1,078,750.00	385,200.00	243,421.39
08/01/2037	1,465,700.00	1,078,500.00	387,200.00	238,919.42
08/01/2038	1,467,550.00	1,081,250.00	386,300.00	232,742.15
08/01/2039	1,464,150.00	1,076,750.00	387,400.00	227,886.76
08/01/2040	1,465,500.00	1,080,250.00	385,250.00	221,256.38
08/01/2041	1,465,900.00	1,076,250.00	389,650.00	218,469.43
	48,777,500.00	39,188,250.00	9,589,250.00	7,239,159.43

Savings Summary

PV of savings from cash flow	7,239,159.43
Less: Prior funds on hand	-2,200,925.00
Plus: Refunding funds on hand	54.48
Net PV Savings	5,038,288.91

SAVINGS

**Successor Agency of the City of Santee
Refunding of 2011 Series B Taxable Tax Allocation Bonds**

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 11/01/2016 @ 3.9595820%
08/01/2017	488,500.00	424,544.70	63,955.30	65,038.18
08/01/2018	487,425.00	396,833.06	90,591.94	86,530.77
08/01/2019	485,775.00	398,322.10	87,452.90	80,357.56
08/01/2020	488,275.00	399,102.50	89,172.50	78,724.24
08/01/2021	483,375.00	394,132.26	89,242.74	75,715.07
08/01/2022	488,025.00	398,487.00	89,538.00	73,002.30
08/01/2023	486,325.00	396,902.30	89,422.70	70,067.99
08/01/2024	483,725.00	394,817.50	88,907.50	66,953.38
08/01/2025	490,225.00	402,227.40	87,997.60	63,691.84
08/01/2026	489,925.00	403,652.60	86,272.40	60,020.35
08/01/2027	483,275.00	394,343.00	88,932.00	59,409.75
08/01/2028	484,993.76	399,223.40	85,770.36	55,079.98
08/01/2029	484,837.50	398,541.60	86,295.90	53,224.04
08/01/2030	482,806.26	392,485.00	90,321.26	53,462.03
08/01/2031	483,900.00	396,241.00	87,659.00	49,843.02
08/01/2032	482,650.00	394,434.80	88,215.20	48,149.38
08/01/2033	483,675.00	395,277.80	88,397.20	46,316.34
08/01/2034	226,850.00	140,467.40	86,382.60	43,447.01
08/01/2035	226,400.00	136,111.40	90,288.60	43,620.18
08/01/2036	225,000.00	136,755.40	88,244.60	40,968.56
08/01/2037	227,650.00	137,181.60	90,468.40	40,344.93
08/01/2038	223,875.00	137,280.00	86,595.00	37,105.29
08/01/2039	229,150.00	142,155.60	86,994.40	35,803.32
08/01/2040	227,525.00	141,585.60	85,939.40	33,967.80
08/01/2041	224,475.00	135,792.80	88,682.20	33,655.06
	10,068,637.52	7,886,897.82	2,181,739.70	1,394,498.36

Savings Summary

PV of savings from cash flow	1,394,498.36
Less: Prior funds on hand	-471,000.00
Plus: Refunding funds on hand	2,987.13
Net PV Savings	926,485.49

BOND PRICING

**Successor Agency of the City of Santee
Proposed 2016 Tax Allocation Refunding Bonds
Assumes Underlying 'A+' Rating
Reflects Market Conditions as of June 23, 2016
Preliminary, Subject to Change**

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price
Uninsured Tax-Exempt Serial Bonds:								
	08/01/2017	1,825,000	2.000%	0.860%	100.849			
	08/01/2018	1,255,000	3.000%	0.990%	103.477			
	08/01/2019	1,295,000	4.000%	1.100%	107.833			
	08/01/2020	1,340,000	4.000%	1.200%	110.235			
	08/01/2021	1,395,000	4.000%	1.370%	112.053			
	08/01/2022	1,450,000	5.000%	1.500%	119.210			
	08/01/2023	1,520,000	5.000%	1.630%	121.455			
	08/01/2024	1,605,000	5.000%	1.780%	123.211			
	08/01/2025	1,680,000	5.000%	1.930%	124.604			
	08/01/2026	1,760,000	5.000%	2.080%	125.645			
	08/01/2027	1,855,000	5.000%	2.170%	124.745 C	2.377%	08/01/2026	100.000
	08/01/2028	1,945,000	5.000%	2.210%	124.347 C	2.584%	08/01/2026	100.000
	08/01/2029	2,045,000	5.000%	2.260%	123.852 C	2.767%	08/01/2026	100.000
	08/01/2030	2,145,000	5.000%	2.360%	122.869 C	2.963%	08/01/2026	100.000
	08/01/2031	2,250,000	5.000%	2.410%	122.381 C	3.098%	08/01/2026	100.000
	08/01/2032	2,365,000	5.000%	2.460%	121.896 C	3.217%	08/01/2026	100.000
	08/01/2033	2,480,000	5.000%	2.510%	121.412 C	3.322%	08/01/2026	100.000
	08/01/2034	730,000	5.000%	2.560%	120.931 C	3.417%	08/01/2026	100.000
		<u>30,940,000</u>						
Insured Tax-Exempt Serial Bonds:								
	08/01/2035	770,000	5.000%	2.500%	121.509 C	3.434%	08/01/2026	100.000
	08/01/2036	805,000	5.000%	2.540%	121.123 C	3.508%	08/01/2026	100.000
		<u>1,575,000</u>						
Insured Tax-Exempt Term Bond, Final Maturity 2041:								
	08/01/2041	4,670,000	5.000%	2.590%	120.644 C	3.717%	08/01/2026	100.000
Uninsured Taxable Serial Bonds:								
	08/01/2017	285,000	1.483%	1.483%	100.000			
	08/01/2018	215,000	1.633%	1.633%	100.000			
	08/01/2019	220,000	1.918%	1.918%	100.000			
	08/01/2020	225,000	2.209%	2.209%	100.000			
	08/01/2021	225,000	2.509%	2.509%	100.000			
	08/01/2022	235,000	2.802%	2.802%	100.000			
	08/01/2023	240,000	2.952%	2.952%	100.000			
	08/01/2024	245,000	3.098%	3.098%	100.000			
	08/01/2025	260,000	3.298%	3.298%	100.000			
	08/01/2026	270,000	3.448%	3.448%	100.000			
		<u>2,420,000</u>						
Insured Taxable Term Bond, Final Maturity 2031:								
	08/01/2031	1,465,000	3.748%	3.748%	100.000			
Insured Taxable Term Bond, Final Maturity 2036:								
	08/01/2036	970,000	4.356%	4.356%	100.000			
Insured Taxable Term Bond, Final Maturity 2041:								
	08/01/2041	610,000	4.456%	4.456%	100.000			
		<u>42,650,000</u>						

BOND PRICING

**Successor Agency of the City of Santee
Proposed 2016 Tax Allocation Refunding Bonds
Assumes Underlying 'A+' Rating
Reflects Market Conditions as of June 23, 2016
Preliminary, Subject to Change**

Dated Date	11/01/2016	
Delivery Date	11/01/2016	
First Coupon	02/01/2017	
Par Amount	42,650,000.00	
Premium	7,223,596.45	
Production	49,873,596.45	116.936920%
Underwriter's Discount	-190,219.00	-0.446000%
Purchase Price	49,683,377.45	116.490920%
Accrued Interest		
Net Proceeds	49,683,377.45	

BOND DEBT SERVICE

**Successor Agency of the City of Santee
Proposed 2016 Tax Allocation Refunding Bonds
Assumes Underlying 'A+' Rating
Reflects Market Conditions as of June 23, 2016
Preliminary, Subject to Change**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2017			481,289.90	481,289.90	
08/01/2017	2,110,000	** %	962,579.80	3,072,579.80	3,553,869.70
02/01/2018			942,216.53	942,216.53	
08/01/2018	1,470,000	** %	942,216.53	2,412,216.53	3,354,433.06
02/01/2019			921,636.05	921,636.05	
08/01/2019	1,515,000	** %	921,636.05	2,436,636.05	3,358,272.10
02/01/2020			893,626.25	893,626.25	
08/01/2020	1,565,000	** %	893,626.25	2,458,626.25	3,352,252.50
02/01/2021			864,341.13	864,341.13	
08/01/2021	1,620,000	** %	864,341.13	2,484,341.13	3,348,682.26
02/01/2022			833,618.50	833,618.50	
08/01/2022	1,685,000	** %	833,618.50	2,518,618.50	3,352,237.00
02/01/2023			794,076.15	794,076.15	
08/01/2023	1,760,000	** %	794,076.15	2,554,076.15	3,348,152.30
02/01/2024			752,533.75	752,533.75	
08/01/2024	1,850,000	** %	752,533.75	2,602,533.75	3,355,067.50
02/01/2025			708,613.70	708,613.70	
08/01/2025	1,940,000	** %	708,613.70	2,648,613.70	3,357,227.40
02/01/2026			662,326.30	662,326.30	
08/01/2026	2,030,000	** %	662,326.30	2,692,326.30	3,354,652.60
02/01/2027			613,671.50	613,671.50	
08/01/2027	2,125,000	** %	613,671.50	2,738,671.50	3,352,343.00
02/01/2028			562,236.70	562,236.70	
08/01/2028	2,230,000	** %	562,236.70	2,792,236.70	3,354,473.40
02/01/2029			508,270.80	508,270.80	
08/01/2029	2,340,000	** %	508,270.80	2,848,270.80	3,356,541.60
02/01/2030			451,617.50	451,617.50	
08/01/2030	2,445,000	** %	451,617.50	2,896,617.50	3,348,235.00
02/01/2031			392,370.50	392,370.50	
08/01/2031	2,565,000	** %	392,370.50	2,957,370.50	3,349,741.00
02/01/2032			330,217.40	330,217.40	
08/01/2032	2,690,000	** %	330,217.40	3,020,217.40	3,350,434.80
02/01/2033			264,013.90	264,013.90	
08/01/2033	2,820,000	** %	264,013.90	3,084,013.90	3,348,027.80
02/01/2034			194,608.70	194,608.70	
08/01/2034	830,000	** %	194,608.70	1,024,608.70	1,219,217.40
02/01/2035			174,180.70	174,180.70	
08/01/2035	870,000	** %	174,180.70	1,044,180.70	1,218,361.40
02/01/2036			152,752.70	152,752.70	
08/01/2036	910,000	** %	152,752.70	1,062,752.70	1,215,505.40
02/01/2037			130,340.80	130,340.80	
08/01/2037	955,000	** %	130,340.80	1,085,340.80	1,215,681.60
02/01/2038			106,765.00	106,765.00	
08/01/2038	1,005,000	** %	106,765.00	1,111,765.00	1,218,530.00
02/01/2039			81,952.80	81,952.80	
08/01/2039	1,055,000	** %	81,952.80	1,136,952.80	1,218,905.60

BOND DEBT SERVICE

**Successor Agency of the City of Santee
Proposed 2016 Tax Allocation Refunding Bonds
Assumes Underlying 'A+' Rating
Reflects Market Conditions as of June 23, 2016
Preliminary, Subject to Change**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2040			55,917.80	55,917.80	
08/01/2040	1,110,000	** %	55,917.80	1,165,917.80	1,221,835.60
02/01/2041			28,521.40	28,521.40	
08/01/2041	1,155,000	** %	28,521.40	1,183,521.40	1,212,042.80
	42,650,000		24,284,722.82	66,934,722.82	66,934,722.82

SUMMARY OF BONDS REFUNDED

**Successor Agency of the City of Santee
Proposed 2016 Tax Allocation Refunding Bonds
Assumes Underlying 'A+' Rating
Reflects Market Conditions as of June 23, 2016
Preliminary, Subject to Change**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Tax Allocation Bonds, Series 2005A, 05:					
SER	08/01/2017	4.000%	695,000.00	12/01/2016	100.000
	08/01/2018	4.000%	730,000.00	12/01/2016	100.000
	08/01/2019	4.000%	760,000.00	12/01/2016	100.000
	08/01/2020	4.125%	780,000.00	12/01/2016	100.000
	08/01/2021	4.250%	815,000.00	12/01/2016	100.000
	08/01/2022	4.250%	850,000.00	12/01/2016	100.000
	08/01/2023	4.300%	890,000.00	12/01/2016	100.000
	08/01/2024	4.375%	930,000.00	12/01/2016	100.000
T27	08/01/2025	4.400%	975,000.00	12/01/2016	100.000
	08/01/2027	4.500%	2,090,000.00	12/01/2016	100.000
T29	08/01/2029	4.600%	2,295,000.00	12/01/2016	100.000
T31	08/01/2031	4.625%	2,515,000.00	12/01/2016	100.000
T33	08/01/2033	4.650%	2,750,000.00	12/01/2016	100.000
			17,075,000.00		
Tax Allocation 2011 Series A, 11A:					
SER	08/01/2017	4.750%	560,000.00		
	08/01/2018	5.000%	580,000.00		
	08/01/2019	5.375%	610,000.00		
	08/01/2020	5.625%	650,000.00		
	08/01/2021	5.750%	685,000.00	02/01/2021	100.000
T26	08/01/2026	6.500%	4,085,000.00	02/01/2021	100.000
T31	08/01/2031	7.000%	5,580,000.00	02/01/2021	100.000
T41	08/01/2041	7.000%	11,570,000.00	02/01/2021	100.000
			24,320,000.00		
Tax Allocation 2011 Series B (Taxable), 11B:					
SER	08/01/2017	6.750%	90,000.00		
	08/01/2018	7.000%	95,000.00		
	08/01/2019	7.500%	100,000.00		
T26	08/01/2026	9.000%	110,000.00		
	08/01/2026	9.000%	890,000.00	02/01/2021	100.000
T31	08/01/2031	9.375%	1,180,000.00	02/01/2021	100.000
T41	08/01/2041	9.500%	1,870,000.00	02/01/2021	100.000
			4,335,000.00		
			45,730,000.00		

ESCROW DESCRIPTIONS DETAIL

**Successor Agency of the City of Santee
Refunding of 2005 Series A Tax-Exempt Tax Allocation Bonds**

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Global Proceeds Escrow, Nov 1, 2016:						
SLGS	Certificate	12/01/2016	12/01/2016	17,323,443	0.250%	0.250%
				17,323,443		

SLGS Summary

SLGS Rates File	23JUN16
Total Certificates of Indebtedness	17,323,443.00

ESCROW DESCRIPTIONS DETAIL

**Successor Agency of the City of Santee
Refunding of 2011 Series A Tax-Exempt Tax Allocation Bonds**

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Global Proceeds Escrow, Nov 1, 2016:						
SLGS	Certificate	02/01/2017	02/01/2017	740,050	0.280%	0.280%
SLGS	Certificate	08/01/2017	08/01/2017	1,221,484	0.490%	0.490%
SLGS	Note	02/01/2018	02/01/2017	652,662	0.620%	0.620%
SLGS	Note	08/01/2018	02/01/2017	1,234,685	0.730%	0.730%
SLGS	Note	02/01/2019	02/01/2017	644,691	0.800%	0.800%
SLGS	Note	08/01/2019	02/01/2017	1,257,270	0.860%	0.860%
SLGS	Note	02/01/2020	02/01/2017	636,283	0.940%	0.940%
SLGS	Note	08/01/2020	02/01/2017	1,289,273	1.020%	1.020%
SLGS	Note	02/01/2021	02/01/2017	22,547,567	1.110%	1.110%
				30,223,965		

SLGS Summary

SLGS Rates File	23JUN16
Total Certificates of Indebtedness	1,961,534.00
Total Notes	28,262,431.00
Total original SLGS	30,223,965.00

ESCROW DESCRIPTIONS DETAIL

**Successor Agency of the City of Santee
Refunding of 2011 Series B Taxable Tax Allocation Bonds**

Type of Security	CUSIP or ID	Maturity Date	Par Amount	Rate	Yield	Price	Interest Class	Interest Frequency	Interest Day Basis
Global Proceeds Escrow, Nov 1, 2016:									
TSTRIP-P	912834JN9	01/31/2017	194,000		3.916%	99.04100	Zero Coupon	Semiannual	ACT/ACT
TSTRIP-P	912820S73	01/31/2017	194,000		0.535%	99.86800	Zero Coupon	Semiannual	ACT/ACT
TNote	912828NR7	07/31/2017	283,000	2.375%	0.645%	101.28714	Periodic	Semiannual	ACT/ACT
TSTRIP-I	912834JZ2	04/15/2018	289,000		0.963%	98.61400	Zero Coupon	Semiannual	ACT/ACT
TSTRIP-I	912834LA4	01/31/2019	190,000		0.872%	98.06400	Zero Coupon	Semiannual	ACT/ACT
TSTRIP-I	912834LQ9	07/31/2019	291,000		1.027%	97.22500	Zero Coupon	Semiannual	ACT/ACT
TSTRIP-I	912834MC9	01/31/2020	187,000		1.102%	96.49400	Zero Coupon	Semiannual	ACT/ACT
TNote	912828XM7	07/31/2020	296,000	1.625%	1.132%	101.80321	Periodic	Semiannual	ACT/ACT
TSTRIP-I	912834NE4	01/31/2021	4,124,000		1.230%	94.92500	Zero Coupon	Semiannual	ACT/ACT
			6,048,000						

INDENTURE OF TRUST

Dated as of _____, 2016

by and between the

**CDC SUCCESSOR AGENCY OF THE
CITY OF SANTEE**

and

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

Relating to

**\$ _____
CDC Successor Agency of the City of Santee
Tax Allocation Refunding Bonds, 2016 Series A**

and

**\$ _____
CDC Successor Agency of the City of Santee
Taxable Tax Allocation Refunding Bonds, 2016 Series B**

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INDENTURE OF TRUST

This INDENTURE OF TRUST (this “Indenture”) is dated as of _____, 2016, by and between the CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE, a public entity existing under the laws of the State of California (the “Successor Agency”), as successor to the Community Development Commission of the City of Santee (the “Former Commission”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Former Commission was a public body, corporate and politic, duly 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, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the “Redevelopment Law”);

WHEREAS, redevelopment plans for the Former Commission’s Santee Community Redevelopment Project in the City of Santee, California (the “Redevelopment Project”), have been adopted in compliance with all requirements of the Redevelopment Law;

WHEREAS, the Former Commission has issued its \$23,100,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2005 Series A (the “Series 2005A Bonds”) pursuant to an Indenture of Trust, by and between the Former Commission and the Trustee, dated as of January 1, 2005 (the “2005 Indenture”) and its \$26,845,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2011 Series A (the “Series 2011A Bonds”) and its \$4,710,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Housing Bonds, 2011 Series B (Taxable) (the “Series 2011B Bonds”) pursuant to a First Supplemental Indenture, dated as of March 1, 2011 (the “First Supplemental Indenture” and together with the 2005 Indenture, the “Prior Indenture”); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law (found at Health and Safety Code Section 33000, *et seq.*) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, the Former Commission was dissolved on January 11, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (as amended, the “Dissolution Act”), and on January 11, 2012, the Successor Agency, in accordance with and pursuant to the Dissolution Act, assumed the duties and obligations of the Former Commission as provided in the Dissolution Act, including, without limitation, the obligations of the Former Commission under the Prior Indenture and related documents to which the Former Commission was a party; and

WHEREAS, Section 34177.5(a)(1) of the Dissolution Act authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Commission, subject to the conditions precedent contained in said Section 34177.5; and

WHEREAS, said Section 34177.5 also authorizes the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”) for the purpose of achieving debt service savings within the parameters set forth in said Section 34177.5; and

WHEREAS, the Successor Agency has determined that it will achieve debt service savings within such parameters by the issuance pursuant to the Redevelopment Law, the Refunding Law, and the Dissolution Act, of its \$_____ aggregate principal amount of CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A (the “Series 2016A Bonds”) in order to refund, on a current basis, the outstanding Series 2005A Bonds, and, on an advance basis, the Series 2011A Bonds; and

WHEREAS, the Successor Agency has determined that it will achieve debt service savings within such parameters by the issuance pursuant to the Redevelopment Law, the Refunding Law, and the Dissolution Act, of its \$_____ aggregate principal amount of CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series B (Taxable) (the “Series 2016B Bonds,” collectively with the Series 2016A Bonds, the “Series 2016 Bonds”) in order to refund, on an advance basis, the outstanding Series 2011B Bonds; and

WHEREAS, in order to provide for the authentication and delivery of the Series 2016 Bonds, to establish and declare the terms and conditions upon which the Series 2016 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Series 2016 Bonds when executed by the Successor Agency, and authenticated and delivered by the Trustee, the legal, valid and binding special obligations of the Successor Agency, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Series 2016 Bonds and any Parity Debt issued 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 Series 2016 Bonds and such Parity Debt 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 Series 2016 Bonds and such Parity Debt by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Series 2016 Bonds and such Parity Debt, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

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 Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds (including any Parity Debt) in such Bond Year, and (b) the principal amount of the Outstanding Bonds (including any Parity Debt) scheduled to be paid in such Bond Year upon the maturity or mandatory sinking account redemption thereof.

“Bond Counsel” means (a) Best Best & Krieger LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Year” means any twelve-month period beginning on August 2 in any year and extending to the next succeeding August 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on August 1, 2017.

“Bonds” means Series 2016 Bonds and, if the context requires, any additional Parity Debt.

“Business Day” means a day of the year (other than a Saturday or Sunday) on which banks in the State or the State of New York are not required or permitted to be closed, and on which the New York Stock Exchange is open.

“Closing Date” means, with respect to the Series 2016 Bonds, the date on which the Series 2016 Bonds are delivered by the Successor Agency to the Original Purchaser.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, if any, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Successor Agency and related to the authorization, sale and issuance of the Series 2016 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 Successor Agency in connection with the issuance of the Series 2016 Bonds, fees and charges of the Trustee for paying and redeeming the Prior Bonds pursuant to the Escrow Agreements, underwriter’s discount, original issue discount, legal fees and charges, including bond counsel and financial consultants fees, costs of cash flow verification, premiums for any municipal bond insurance policy that may be purchased and for any reserve account surety bond the Successor Agency may purchase, rating agency fees, charges for execution, transportation and safekeeping of the Series 2016 Bonds and other costs, charges and fees in connection with the original

issuance of the Series 2016 Bonds or any other expense directed by the Successor Agency to be paid from moneys in the Costs of Issuance Fund.

“Costs of Issuance Fund” means the fund by that name established by Section 3.03.

“County” means the County of San Diego, a county duly organized and existing under the Constitution and laws of the State.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.03.

“Defeasance Obligations” means:

(a) cash;

(b) Federal Securities; and

(c) Subject to the written approval of the Insurer, pre-refunded municipal bonds rated “Aa” or higher by Moody’s and “AA” or higher by S&P, provided that, the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals;

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.11.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“Dissolution Act” means the provisions of Assembly Bill X1 26, signed by the Governor June 28, 2011, and filed with the Secretary of State June 29, 2011, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484, signed by the Governor on June 27, 2012, and filed with the Secretary of State on June 27, 2012.

“DOF” means the California Department of Finance.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Bank” means U.S. Bank National Association.

“Escrow Funds” means the funds established under the Escrow Agreements for the purpose of defeasing the Prior Bonds.

“Event of Default” means any of the events described in Section 8.01.

“Fair Market Value” means, with respect to any investment, the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes

binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Successor Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any written directions of the Successor Agency.

“Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the Successor Agency as its official fiscal year period pursuant to a Request of the Successor Agency filed with the Trustee.

“Former Commission” means the Community Development Commission of the City of Santee, a public body corporate and politic duly organized and formerly existing under the Law and dissolved in accordance with the Dissolution Act.

“Indenture” means this Indenture of Trust by and between the Successor Agency and the Trustee, as amended or supplemented from time to time pursuant to any Supplemental Indenture entered into pursuant to the provisions hereof.

“Independent 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, appointed by or acceptable to the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Independent Fiscal Consultant” means any consultant or firm of such consultants appointed by or acceptable to the Successor Agency and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; and (c) is

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

“Information Services” means “EMMA” or the “Electronic Municipal Market Access” system of the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Successor Agency may designate in a Request of the Successor Agency delivered to the Trustee.

[“Insurance Policies” means collectively the Series 2016A Bonds Insurance Policy and the Series 2016B Bonds Insurance Policy.]

[“Insurer” means _____.]

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(a).

“Interest Payment Date” means each February 1 and August 1, commencing March 1, 2017, for so long as any of the Bonds remain unpaid.

“Law” means the Redevelopment Law, as amended by the Dissolution Act, and referenced in the Health and Safety Code of the State.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the Bonds or any Parity Debt in such Bond Year.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at _____, or at such other or additional offices as may be specified by the Trustee in writing to the Successor Agency, provided that for the purposes of maintenance of the Registration Books and presentation of Bonds for transfer, exchange or payment such term shall mean the office of the Trustee at which it conducts its corporate agency business.

“Original Purchaser” means the original purchaser of the Series 2016 Bonds upon their delivery by the Trustee on the Closing Date.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

“Oversight Board” means the oversight board of the Successor Agency, duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

“Owner” means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Parity Debt” means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency on parity with the Series 2016 Bonds pursuant to Section 3.04.

“Parity Debt Instrument” means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt and which otherwise complies with all of the terms and conditions of this Indenture, including, without limitation, the provisions of Section 3.04.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State and constitute Permitted Investments), but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, Federal Housing Administration and Federal Financing Bank;

(c) direct obligations for any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by Fannie Mae or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other Government Sponsored Agencies approved by the Insurer;

(d) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody’s, and maturing no more than 360 days after the date of purchase, including those of the Trustee or its affiliates;

(e) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody’s and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated AAAM or AAAM-G or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(g) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Federal Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, in such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by an Independent Accountant and with the prior approval of S&P, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) investment agreements approved in writing by the Insurer with notice to S&P;

(i) other forms of investments approved in writing by the Insurer with notice to S&P;

(j) the County's investment pool; and

(k) the Local Agency Investment Fund of the State, created pursuant to Section 11429.1 of the California Government Code but only, in the case of Trustee held funds, to the extent any monies invested by the Trustee are subject to deposit and withdrawal solely by the Trustee.

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Incremental Revenues which may be outstanding at any time, or (b) the aggregate amount of taxes which may be divided and allocated to the Successor Agency pursuant to the Dissolution Act provisions.

"Pledged Tax Revenues" means all monies deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of Section 34183 of the California Health and Safety Code but excluding (i) amounts of such taxes required to be paid by the Successor Agency pursuant to Section 33607.5 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, any additional Parity Debt, as applicable. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues

allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above.

“Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(b).

“Prior Bonds” means the Series 2005A Bonds and the Series 2011 Bonds.

“Prior Trustee” means U.S. Bank National Association, as trustee under the Prior Trust Indenture.

“Project Areas” means the territory within the Redevelopment Project, as described in the Redevelopment Plan.

“Qualified Reserve Account Credit Instrument” means (i) the Surety Bond or (ii) an 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 4.03(d), provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is “A” (without regard to modifier) or higher; (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 4.03(d); (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, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to Section 4.03; and (e) prior written notice is given to the Indenture before the effective date of any such Qualified Reserve Account Credit Instrument.

“Recognized Obligation Payment Schedule” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (l) of Section 34177 of the California Health and Safety Code.

“Record Date” means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

“Redemption Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(e).

“Redevelopment Law” means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto, subject to the provisions of the Dissolution Act.

“Redevelopment Obligation Retirement Fund” means the fund by that name established pursuant to California Health and Safety Code Section 34170.5 and administered by the Successor Agency.

“Redevelopment Plan” means the Redevelopment Plan for the Santee Community Redevelopment Project, approved by Ordinance No. 58 enacted by the City Council of the City on July 20, 1982, as amended by Ordinance No. 330, enacted by the City Council of the City on November 23, 1994, as amended by Ordinance No. 392, enacted by the City Council of the City on September 8, 1999, as amended by Ordinance No. 393, enacted by the City Council of the City on October 13, 1999, as amended by Ordinance No. 394, enacted by the City Council of the City on October 13, 1999, as amended and restated by Ordinance No. 423, enacted by the City Council of the City on July 10, 2002, as amended by Ordinance No. 446, enacted by the City Council of the City on August 10, 2004, and as amended by Ordinance No. 447, enacted by the City Council of the City on August 10, 2004, together with any amendments thereof at any time duly authorized pursuant to the Law.

“Redevelopment Project” means the Santee Community Redevelopment Project, as described in the Redevelopment Plan.

“Redevelopment Property Tax Trust Fund” or “RPTTF” means the fund by that name established pursuant to Health & Safety Code Sections 34170.5(b) and 34172(c) and administered by the County auditor-controller.

“Refunding Law” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, and the acts amendatory thereof and supplemented thereto.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Series 2016 Bonds.

“Request of the Successor Agency” means a request in writing signed by the City Manager in the capacity of Chief Administrator for the Successor Agency, the City Finance Director in the capacity of Treasurer of the Successor Agency or City Clerk in the capacity of Secretary of the Successor Agency, or any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.03(d) hereof.

“Reserve Requirement” means, with respect to the Series 2016 Bonds, as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Series 2016 Bonds, (ii) Maximum Annual Debt Service with respect to the Series 2016 Bonds, or (iii) 125% of average Annual Debt Service on the Series 2016 Bonds; provided further that (a) the Reserve Requirement with respect to the Series 2016A Bonds and the Series 2016B Bonds will be calculated on a combined basis, provided that, in the event the Reserve Requirement for the Series 2016A Bonds and the Series 2016B Bonds is funded with cash, the Trustee shall establish separate subaccounts for the proceeds of the Series 2016A Bonds and the Series 2016B Bonds to enable the Trustee to track the investment of the proceeds of the Series 2016A Bonds and the

Series 2016B Bonds and (b) that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.03(d) hereof.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services, its successors and assigns.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn: Call Notification Department, Fax (212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Request of the Successor Agency delivered to the Trustee.

“Series 2005A Bonds” means the \$23,100,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2005 Series A.

“Series 2005A Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2016, relating to the Series 2005A Bonds, between the Successor Agency and the Escrow Bank.

“Series 2011 Bonds” means the Series 2011A Bonds and the Series 2011B Bonds.

“Series 2011A Bonds” means the \$26,845,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2011 Series A.

“Series 2011B Bonds” means the \$4,710,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2011 Series B (Taxable).

“Series 2011 Bonds Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____, 2016, relating to the Series 2011 Bonds, between the Successor Agency and the Escrow Bank.

“Series 2016 Account” means the account by that name within the Refunding Fund established and held by the Trustee pursuant to Section 3.04.

“Series 2016 Bonds” means the Series 2016A Bonds and the Series 2016B Bonds.

“Series 2016A Bonds” means the CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A, issued in the initial principal amount of \$_____.

“Series 2016B Bonds” means the CDC Successor Agency of the City of Santee Taxable Tax Allocation Refunding Bonds, 2016 Series B, issued in the initial principal amount of \$_____.

["Series 2016A Bonds Insurance Policy" means the municipal bond insurance policy issued by guaranteeing the scheduled payment of the principal of and interest on the Series 2016A Bonds when due, as provided in the Indenture.]

"Series 2016A Subaccount" means the subaccount by that name within the Reserve Account established and held by the Trustee pursuant to Section 4.03(d).

["Series 2016B Bonds Insurance Policy" means the municipal bond insurance policy issued by guaranteeing the scheduled payment of the principal of and interest on the Series 2016B Bonds when due, as provided in the Indenture.]

"Series 2016B Subaccount" means the subaccount by that name within the Reserve Account established and held by the Trustee pursuant to Section 4.03(d).

"Sinking Account" means the account by that name established and held by the Trustee pursuant to Section 4.03(c).

"State" means the State of California.

"Subordinate Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency in accordance with the requirements of Section 3.06, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the Pledged Tax Revenues which is subordinate to the pledge of and lien upon the Pledged Tax Revenues hereunder for the security of the Bonds.

"Successor Agency" means the CDC Successor Agency of the City of Santee, a public entity existing under the Dissolution Act, as successor to the Former Commission.

"Supplemental Indenture" means any indenture, agreement or other instrument which amends, supplements or modifies this Indenture and which has been duly entered into by and between the Successor Agency and the Trustee; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

["Surety Bonds" means the municipal bond debt service reserve insurance policies issued as (i) Policy Number _____ deposited into the Series 2016A Bonds Subaccount related to the Series 2016A Bonds, issued by _____; and (ii) Policy Number _____ deposited into the Series 2016B Bonds Subaccount related to the Series 2016B Bonds, issued by _____.]

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Term Bonds" means, collectively, (a) the Series 2016A Bonds maturing on August 1, 20__, (b) the Series 2016B Bonds maturing on August 1, _____, and (c) any maturity of Parity

Debt which is subject to mandatory Sinking Account redemption pursuant to the Supplemental Indenture authorizing the issuance thereof.

“Trustee” means U.S. Bank National Association, as trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

Section 1.02. Rules of Construction. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2016 BONDS

Section 2.01. Authorization and Purpose of Series 2016 Bonds. The Successor Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2016 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Series 2016 Bonds in the manner and form provided in this Indenture.

Series 2016A Bonds in the aggregate principal amount of _____ Dollars (\$_____) and the Series 2016B Bonds in the aggregate principal amount of _____ Dollars (\$_____) are hereby authorized to be issued by the Successor Agency pursuant to the Redevelopment Law, the Refunding Law, and the Dissolution Act, for the purpose of providing funds to refund the Series 2005A Bonds and the Series 2011 Bonds. The Series 2016 Bonds shall be authorized and issued under, and shall be subject to the terms of, this Indenture and the Redevelopment Law, as amended by the Dissolution Act. The Series 2016A Bonds shall be designated the “CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A” and the Series 2016B Bonds shall be designated the “CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series B (Taxable).”

Section 2.02. Terms of the Series 2016 Bonds. The Series 2016A Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2016A Bond shall have more than one maturity date. The Series 2016A Bonds shall mature on August 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates, as follows:

Series 2016A Bonds

Maturity Date (<u>August 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>
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The Series 2016B Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2016B Bond shall have more than one maturity date. The Series 2016B Bonds shall mature on August 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates, as follows:

Series 2016B Bonds

Maturity Date (<u>August 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>
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Interest on the Series 2016 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books as of the preceding Record Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any Owner of Series 2016 Bonds of the same series in the aggregate amount of \$1,000,000 or more who shall furnish written instructions to the Trustee before the applicable Record Date. Any such written instructions shall remain in effect until rescinded in writing by the Owner. Principal of and premium (if any) on any Series 2016 Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Office of the Trustee and shall be payable in lawful money of the United States of America.

Each Series 2016 Bond shall be dated as of the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) 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 (b) unless it is authenticated on or before _____ 15, 201_, in which event it shall bear interest from the Closing Date;

provided, however, that if, as of the date of authentication of any Series 2016 Bond, interest thereon is in default, such Series 2016 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.03. Redemption of Series 2016 Bonds.

(a) Optional Redemption.

(i) *Series 2016A Bonds.* The Series 2016A Bonds may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from the proceeds of refunding bonds or other available funds, on August 1, ____ or on any date thereafter. Series 2016A Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Series 2016A Bonds to be redeemed plus accrued interest to the redemption date.

(ii) *Series 2016B Bonds.* The Series 2016B Bonds may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from the proceeds of refunding bonds or other available funds, on August 1, ____ or on any date thereafter. Series 2016B Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Series 2016B Bonds to be redeemed plus accrued interest to the redemption date.

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem Series 2016 Bonds under this Section 2.03(a) at least 60 days prior to the date to be fixed for redemption or such later date as shall be permitted by the Trustee and the Successor Agency to deposit all amounts required for any redemption pursuant to this Section 2.03(a) at least one Business Day prior to the date fixed for such redemption.

(b) Mandatory Sinking Fund Redemption.

(i) *Series 2016A Bonds.* The Series 2016A Bonds maturing on August 1, _____ (the "Series A Term Bonds") are subject to redemption in part by lot, on August 1 in each of the years as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; *provided, however*, that if some but not all of the Series A Term Bonds have been redeemed the optional redemption provisions described above, the total amount of all future payments with respect to such Series A Term Bonds shall be reduced by the aggregate principal amount of such Series A Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

Sinking Account
Redemption Date
(August 1)

Principal Amount
to be Redeemed

(ii) *Series 2016B Bonds.* The Series 2016B Bonds maturing on August 1, _____ (the “Series B Term Bonds”) are subject to redemption in part by lot, on August 1 in each of the years as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; *provided, however,* that if some but not all of the Series B Term Bonds have been redeemed the optional redemption provisions described above, the total amount of all future payments with respect to such Series B Term Bonds shall be reduced by the aggregate principal amount of such Series B Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

Sinking Account
Redemption Date
(August 1)

Principal Amount
to be Redeemed

In lieu of redemption of the Series A Term Bonds or Series B Term Bonds under the preceding paragraph, amounts on deposit in the Debt Service Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account during the current Bond Year) may also be used and withdrawn by the Successor Agency at any time for the purchase of such Series A Term Bonds or Series B Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of such Series A Term Bonds or Series B Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 15 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed on the next succeeding August 1.

(c) Notice of Redemption, Rescission. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Series 2016 Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Successor Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); provided, however, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Series 2016 Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall, if applicable, designate the CUSIP number of the Series 2016 Bonds to be redeemed, shall state the

individual number of each Series 2016 Bond to be redeemed or state that all Series 2016 Bonds between two stated numbers (both inclusive) or shall state that all of the Series 2016 Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Series 2016 Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Series 2016 Bonds to be redeemed will not accrue from and after the date fixed for redemption.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2016 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

(d) Partial Redemption of Series 2016 Bonds. In the event only a portion of any Series 2016 Bond is called for redemption, then upon surrender thereof the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Series 2016 Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2016 Bond to be redeemed.

(e) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Series 2016 Bonds so called for redemption shall have been duly deposited with the Trustee, such Series 2016 Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(f) Manner of Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the maturity of the Series 2016 Bonds, the Trustee shall select the Series 2016 Bonds of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Series 2016 Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Series 2016 Bonds that may be separately redeemed.

Section 2.04. Form of Series 2016 Bonds. The Series 2016A Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A-1 attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Series 2016B Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit

A-2 attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Authentication and Delivery of Series 2016 Bonds. The Series 2016 Bonds shall be executed on behalf of the Successor Agency by the signature of its Chairman, Executive Director or Treasurer and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Series 2016 Bond ceases to be such officer before the Closing Date, such signature shall nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Series 2016 Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Series 2016 Bond shall be the proper officers of the Successor Agency, duly authorized to execute debt instruments on behalf of the Successor Agency, although on the date of such Series 2016 Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Series 2016 Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A-1 or Exhibit A-2, as applicable, 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 such Series 2016 Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.06. Transfer of Series 2016 Bonds. Any Series 2016 Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2016 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Transfer of any Series 2016 Bond shall not be permitted by the Trustee during the fifteen (15) day period preceding the selection of Series 2016 Bonds for redemption or if such Series 2016 Bond has been selected for redemption pursuant to Article IV. Whenever any Series 2016 Bonds shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall authenticate and shall deliver a new Series 2016 Bond for a like aggregate principal amount and of like series and maturity. The Trustee may require the Series 2016 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Series 2016 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

Section 2.07. Exchange of Series 2016 Bonds. Any Series 2016 Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2016 Bonds of other authorized denominations and of like series and maturity. Exchange of any Series 2016 Bond shall not be permitted during the fifteen (15) day period preceding the selection of Series 2016 Bonds for redemption or if such Series 2016 Bond has been selected for redemption pursuant to Article IV. The Trustee may require the Series 2016 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Series 2016 Bonds and any services rendered or

expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

Section 2.08. Registration Books. The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Series 2016 Bonds, which shall at all times during normal business hours, and upon reasonable notice, be open to inspection by the Successor Agency; 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 the Registration Books, Series 2016 Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Series 2016 Bonds may be initially issued in temporary form exchangeable for definitive Series 2016 Bonds when ready for delivery. The temporary Series 2016 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Series 2016 Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Series 2016 Bonds. If the Successor Agency issues temporary Series 2016 Bonds it will execute and furnish definitive Series 2016 Bonds without delay, and thereupon the temporary Series 2016 Bonds shall be surrendered, for cancellation, in exchange therefor at the Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Series 2016 Bonds an equal aggregate principal amount of definitive Series 2016 Bonds of authorized denominations. Until so exchanged, the temporary Series 2016 Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Series 2016 Bonds authenticated and delivered hereunder.

Section 2.10. Series 2016 Bonds Mutilated, Lost, Destroyed or Stolen. If any Series 2016 Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Series 2016 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series 2016 Bond of like series and tenor in exchange and substitution for the Series 2016 Bond so mutilated, but only upon surrender to the Trustee of the Series 2016 Bond so mutilated. Every mutilated Series 2016 Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Successor Agency. If any Series 2016 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 and indemnity satisfactory to the Trustee shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series 2016 Bond of like series and tenor in lieu of and in substitution for the Series 2016 Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Series 2016 Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Series 2016 Bond issued under the provisions of this Section in lieu of any Series 2016 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Series 2016 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 Series 2016 Bonds issued pursuant to this Indenture.

Notwithstanding any other provision of this Section 2.10, in lieu of delivering a new Series 2016 Bond for which principal has become due for a Series 2016 Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Series 2016 Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

Section 2.11. Book Entry Form.

(a) Original Delivery to DTC. The Series 2016 Bonds shall be initially delivered to DTC in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Series 2016 Bonds. Upon initial delivery, the ownership of each such Series 2016 Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Series 2016 Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Series 2016 Bonds the ownership of which shall be registered in the name of the Nominee, the Successor Agency and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Successor Agency holds an interest in the Series 2016 Bonds. Without limiting the generality of the immediately preceding sentence, the Successor Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2016 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2016 Bond Owner as shown in the Registration Books, of any notice with respect to the Series 2016 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2016 Bonds to be redeemed in the event the Successor Agency elects to redeem the Series 2016 Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Series 2016 Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Series 2016 Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Series 2016 Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Series 2016 Bond is registered as the absolute owner of such Series 2016 Bond for the purpose of payment of principal of and premium, if any, and interest on such Series 2016 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2016 Bond, for the purpose of registering transfers of ownership of such Series 2016 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Series 2016 Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Series 2016 Bonds to the extent of the sum or sums so paid. No person other than a Series 2016 Bond Owner shall receive a Series 2016 Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2016 Bonds for the Depository's book-entry system, the Successor Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2016 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2016 Bonds other than the Series 2016 Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Successor Agency may take any other actions, not inconsistent with this Indenture, to qualify the Series 2016 Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Series 2016 Bonds, or (ii) the Successor Agency determines to terminate the Depository as such, then the Successor Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Successor Agency and the Trustee in the issuance of replacement Series 2016 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2016 Bonds, and by surrendering the Series 2016 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2016 Bonds are to be issued. The Depository, by accepting delivery of the Series 2016 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Successor Agency fails to identify another Securities Depository to replace the Depository, then the Series 2016 Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Series 2016 Bonds shall designate, in accordance with the provisions hereof.

In the event the Successor Agency determines that it is in the best interests of the beneficial owners of the Series 2016 Bonds that they be able to obtain certificated Series 2016 Bonds, the Successor Agency may notify the Depository System Participants of the availability of such certificated Series 2016 Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Series 2016 Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Successor Agency shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Series 2016 Bonds to any Depository System Participant having Series 2016 Bonds credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Series 2016 Bonds, all at the Successor Agency's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Series 2016 Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Series 2016 Bond and all notices with respect to such Series 2016 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 2016 BONDS ISSUANCE OF PARITY DEBT

Section 3.01. Issuance of Series 2016 Bonds. Upon the execution and delivery of this Indenture, the Successor Agency shall execute and deliver the Series 2016A Bonds in the aggregate principal amount of \$_____ and the Series 2016B Bonds in the aggregate principal amount of \$_____ to the Trustee, and the Trustee shall authenticate and deliver the Series 2016A Bonds and the Series 2016B Bonds to the Original Purchaser upon receipt of a Request of the Successor Agency therefor.

Section 3.02. Deposit and Application of Proceeds.

(a) *Series 2016A Bonds.* On the Closing Date the Original Purchaser shall purchase the Series 2016A Bonds for a purchase price of \$_____ (being the initial aggregate principal amount of the Series 2016A Bonds (\$_____), (i) plus the net original issue premium in the amount of \$_____, (ii) less an Original Purchaser's discount of \$_____, (iii) less the premium on the Series 2016A Bonds Insurance Policy in the amount of \$_____, and (iv) less the premium on the Series 2016A Bonds Surety Bond in the amount of \$_____. The amount of \$_____ shall be deposited into the Costs of Issuance Fund. Net proceeds of the Series 2016A Bonds in the amount of \$_____ shall be transferred to the Escrow Bank and deposited in the Escrow Fund established under the Series 2005A Bonds Escrow Agreement and the amount of \$_____ shall be deposited in the Escrow Fund established under the Series 2011 Bonds Escrow Agreement; and

(b) *Series 2016B Bonds.* On the Closing Date the Original Purchaser shall purchase the Series 2016B Bonds for a purchase price of \$_____ (being the initial aggregate principal amount of the Series 2016B Bonds (\$_____), (i) plus the net original issue premium in the amount of \$_____, (ii) less a Purchaser's discount of \$_____, (iii) less the premium on the Series 2016B Bonds Insurance Policy in the amount of \$_____, and (iv) less the premium on the Series 2016B Bonds Surety Bond in the amount of \$_____. The amount of \$_____ shall be deposited into the Costs of Issuance Fund. Net proceeds of the Series 2016B Bonds in the amount of \$_____ shall be transferred to the Escrow Bank and deposited in the Escrow Fund established under the Series 2011 Bonds Escrow Agreement.

Section 3.03. 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 Request of the Successor 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 or before _____ 15, 2016, or upon the earlier Request of the Successor 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 Interest Account of the Bond Fund to be used to pay interest on the Bonds on _____ 1, 2016.

Section 3.04. Issuance of Parity Debt. The District will not incur any obligations payable from Pledged Tax Revenues on a basis superior to Series 2016 Bonds. In addition to the Series 2016 Bonds, the Successor Agency may issue or incur additional Parity Debt in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue and deliver any Parity Debt subject to the following specific conditions that are hereby made conditions precedent to the issuance and delivery of such Parity Debt issued under this Section:

(a) Such Parity Debt is for the issuance of refunding bonds of all or a portion of the Series 2016 Bonds payable from Pledged Tax Revenues on a parity with Series 2016 Bonds so long as (i) annual debt service on such refunding bonds is lower than annual debt service on the bonds or other indebtedness being refunded during every year the Series 2016 Bonds or Parity Debt, as applicable, will be Outstanding and (ii) the final maturity of any such refunding bonds does not exceed the final maturity of the Series 2016 Bonds or Parity Debt being refunded, as applicable;

(b) The Successor Agency may fund a reserve account relating to such Parity Debt as described in the Supplemental Indenture.

(c) The Successor Agency shall deliver to the Trustee a Request of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

Section 3.05. Issuance of Subordinate Debt. The Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency.

Section 3.06. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Pledged Tax Revenues on a subordinate basis to the payment of debt service on the Series 2016 Bonds and any Parity Debt.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS INVESTMENTS

Section 4.01. Pledge of Pledged Tax Revenues. Except as provided in Section 6.06, the Series 2016 Bonds and all Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues. In addition, the Series 2016 Bonds, and any other Parity Debt (to the extent provided in the applicable Parity Debt Instrument), shall, subject to Section 8.02, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for

the Pledged Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Series 2016 Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Series 2016 Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Series 2016 Bonds without preference, priority or distinction as to security or otherwise of any of the Series 2016 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.02. Redevelopment Obligation Retirement Fund; Deposit of Pledged Tax Revenues. There has been established a special trust fund known as the "Redevelopment Obligation Retirement Fund," which shall be held by the Successor Agency pursuant to Section 34170.5(b) of the California Health and Safety Code. There is hereby established a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee in accordance with this Indenture. The Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year from the RPTTF in accordance with the Dissolution Act for the purpose of paying debt service on the Series 2016 Bonds and any Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under this Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to Section 4.03 of this Indenture, and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture.

In the event that the amount of Pledged Tax Revenues is not sufficient to pay debt service on the Series 2016 Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Series 2016 Bonds and any Parity Debt on a pro rata basis (based on the amount of debt service coming due during any such period of insufficiency).

Section 4.03. Debt Service Fund; Transfer of Amounts to Trustee. Moneys in the Debt Service Fund shall be transferred in the following amounts at the following times, in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee to pay debt service on the Series 2016 Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

(a) **Interest Account.** On or before the fourth (4th) Business Day preceding each date on which interest on the Series 2016 Bonds and any such Parity Debt becomes due and payable, the Trustee shall withdraw from the Debt Service Fund and transfer to the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Series

2016 Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Outstanding Series 2016 Bonds and any such Parity Debt. 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 Series 2016 Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the fourth (4th) Business Day preceding each date on which principal of the Series 2016 Bonds and any such Parity Debt becomes due and payable at maturity, the Trustee shall withdraw from the Debt Service Fund and transfer to the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding Series 2016 Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2016 Bonds and any such Parity Debt upon the maturity thereof.

(c) Sinking Account. On or before the fourth (4th) Business Day preceding each date on which any Outstanding Series 2016 Term Bonds become subject to mandatory Sinking Account redemption, the Trustee shall withdraw from the Debt Service Fund and transfer to the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Series 2016 Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Series 2016 Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof.

(d) Reserve Account. In the event that the amount on deposit in the Series 2016A Subaccount or Series 2016B Subaccount of the Reserve Account, or the reserve fund subaccount of any other Parity Debt, at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in each subaccount of Reserve Account. If there shall then not be sufficient Pledged Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in each subaccount of the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available in the Redevelopment Obligation Retirement Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in each subaccount of the Reserve Account. No such transfer and deposit need be made to either subaccount of the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement for each series of Series 2016 Bonds. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account of the respective series of Series 2016 Bonds in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the respective series of Series 2016 Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn

from the Reserve Account semiannually on or before four (4) Business Days preceding each February 1 and August 1 by the Trustee and deposited in the Interest Account. All amounts in the applicable Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then, at the Request of the Successor Agency, such amount shall be transferred as directed by the Successor Agency.

The Successor Agency shall, with the prior written consent of the Insurer, have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such Funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 2016A Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Redevelopment Law, as amended by the Dissolution Act, to call and redeem Series 2016 Bonds or for any other lawful purpose. The Trustee shall comply with all documentation relating to the Surety Bonds or other Qualified Reserve Account Credit Instrument as shall reasonably be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall reasonably be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Pledged Tax Revenues. In the event that the Reserve Account is funded with cash and a Qualified Reserve Account Credit Instrument, then the Trustee shall first draw on the available cash, and next draw upon such Qualified Reserve Account Credit Instrument.

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of securing separate series of Bonds or Parity Debt (to the extent secured by the Reserve Account) or for holding the proceeds of separate issues of the Bonds and any Parity Debt (to the extent secured by the Reserve Account) in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

(e) Redemption Account. On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of Series 2016 Term Bonds, the Trustee shall withdraw from the Debt Service Fund for deposit in

the Redemption Account an amount required to pay the principal of and premium, if any, on the Series 2016 Bonds or other Parity Debt to be so redeemed on such date. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2016 Bonds or other Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

(f) Equal Rights. It is the intention of the Successor Agency that the Series 2016 Bonds and Parity Debt shall be secured by and payable from all moneys deposited in the Redevelopment Obligation Payment Fund on an equal basis. To the extent that moneys deposited in the Redevelopment Obligation Payment Fund are insufficient to pay debt service on the Series 2016 Bonds and Parity Debt as it becomes due, the Series 2016 Bonds and Parity Debt shall be payable on a pro-rata basis from all available moneys deposited in the Redevelopment Obligation Payment Fund. Additionally, any moneys which remain in the Debt Service Fund after payment of principal of and interest on the Bonds shall be used to pay the Insurer for any other unpaid advances under the Insurance Policies or the Surety Bonds.

Section 4.04. Investment of Moneys in Funds. Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account shall be invested by the Trustee in Permitted Investments specified in the Request of the Successor Agency (which Request shall be deemed to include a certification that the specified investment is a Permitted Investment) delivered to the Trustee at least two (2) Business Days in advance of the making of such investments; provided, however, that in the absence of any such direction from the Successor Agency, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (f) of the definition thereof. Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest funds within its control.

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture any moneys are required to be transferred by the Successor Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account; provided, however, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. No Permitted Investment of moneys in the Reserve Account shall have a maturity in excess of five (5) years following the date of its acquisition, except that such restriction shall not apply to any investment agreement approved by the Insurer. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the Successor Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment, may utilize the investment departments of its affiliates to complete each transaction and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made

pursuant to this Section. The Successor Agency acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish to the Successor Agency periodic statements which include detail of all investment transactions made by the Trustee.

Section 4.05. Valuation and Disposition of Investments.

(a) Except as otherwise provided in subsection (b) of this Section, the Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any Certificate or Request of the Successor Agency.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and investments in the Reserve Account shall be valued at cost thereof, (consisting of present value thereof, as determined by the Successor Agency, within the meaning of Section 148 of the Tax Code); provided that the Successor Agency shall inform the Trustee which funds are subject to a yield restriction.

(c) Except as provided in the preceding subsection (b), with respect to a yield restriction, for the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund shall be valued by the Trustee at least annually at the market value thereof. For purposes of valuation, the Trustee shall be entitled to utilize any pricing services it considers reliable. The Trustee may sell in any commercially reasonable manner, or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from sale or redemption of any such Permitted Investment.

Section 4.06. Municipal Bond Insurance; Surety Bonds [To Come]

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01. Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Series 2016 Bonds and parity Debt in strict conformity with the terms of the Series 2016 Bonds and of this Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures. Nothing herein

contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02. Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, if any, executed and delivered by the Successor Agency. Notwithstanding any other provision hereof, failure of the Successor Agency to comply with such Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; provided, however, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the Series 2016 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section 5.02.

Section 5.03. Limitation on Additional Indebtedness. The Successor Agency hereby covenants that so long as any of the Series 2016 Bonds remain Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations which are otherwise secured on a basis which is senior to the pledge and lien which secures the Series 2016 Bonds. The Successor Agency hereby covenants that it shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Increment Revenues, excepting only the Series 2016 Bonds and Parity Debt, any Subordinate Debt and any obligations entered into pursuant to Section 5.10.

Section 5.04. Extension of Payment of Series 2016 Bonds. The Successor Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the Series 2016 Bonds or the time of payment of any claims for interest by the purchase of such Series 2016 Bonds or by any other arrangement, and in case the maturity of any of the Series 2016 Bonds or the time of payment of any such claims for interest shall be extended, such Series 2016 Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Outstanding Series 2016 Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Successor Agency to issue bonds for the purpose of refunding any Outstanding Series 2016 Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Series 2016 Bonds.

Section 5.05. Payment of Claims. The Successor Agency shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant hereto, or which might impair the security of the Series 2016 Bonds or any Parity Debt. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Section 5.06. Books and Accounts; Financial Statements. The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the County, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Pledged Tax Revenues and the Redevelopment Obligation Retirement Fund. 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 Series 2016 Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared and delivered to the Trustee and the Insurer annually, within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the Series 2016 Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Pledged Tax Revenues, all disbursements from the Redevelopment Obligation Retirement Fund and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. In accordance with Section 6.03(e), the Trustee shall not be responsible for reviewing such financial statements. The Successor Agency shall furnish a copy of such statements to any Owner upon reasonable request and at the expense of such Owner. In addition, the Successor Agency shall deliver the Successor Agency's annual budget to the Insurer upon the written request of the Insurer.

Section 5.07. Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Series 2016 Bonds and the rights of the Owners. From and after the date of issuance of any Series 2016 Bonds, such Series 2016 Bonds shall be incontestable by the Successor Agency.

Section 5.08. Payments of Taxes and Other Charges. The Successor 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 Successor Agency or the properties then owned by the Successor Agency in the Project Area, when the same shall become due. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

Section 5.09. Disposition of Property. Except as otherwise required by the Dissolution Act, the Successor 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) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area unless such disposition is permitted as hereinafter provided in this Section 5.09. If the Successor Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Fiscal Consultant to report on the effect of said proposed disposition. If the report of the Independent Fiscal Consultant concludes that the security of the Bonds or the rights of the Owners will not be materially adversely impaired by said proposed disposition, the Successor Agency may thereafter make such disposition. If such report concludes that such security will be materially adversely impaired by the proposed disposition, the Successor Agency shall not approve the proposed disposition.

Section 5.10. Maintenance of Pledged Tax Revenues. The Successor Agency shall comply with all requirements of the Redevelopment Law and the Dissolution Act to insure the allocation and payment to it of the Pledged Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State of California. The Successor Agency shall not enter into any agreement with the County or any other governmental unit which would have the effect of reducing the amount of Pledged Tax Revenues available to the Successor Agency for payment of the Series 2016 Bonds. The Successor Agency shall not undertake any obligation or actions which would result in payments to one of more taxing entities pursuant to the Dissolution Act unless the Successor Agency shall first obtain a written opinion of an Independent Fiscal Consultant that such payments will not adversely impair the Successor Agency's ability to pay the Series 2016 Bonds and all Parity Debt. Nothing herein is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Successor Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Series 2016 Bonds and all Parity Debt.

Section 5.11. Compliance with the Law; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. Further, the Successor Agency will take all actions required under the Dissolution Act to annually submit to the Oversight Board and DOF, a Recognized Obligation Payment Schedule that includes the principal and interest on the Bonds due and payable February 1 and August 1 of the following year.

The Successor Agency shall place on the applicable Recognized Obligation Payment Schedule for approval by the Oversight Board and DOF, to the extent necessary, any amount required to be held by the Successor Agency as a reserve until the next annual period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law and any amount required to be deposited in the Reserve Account in order to maintain in the Reserve Account the amount of the Reserve Requirement. Additionally, the Successor Agency shall include on the Recognized Obligation Payment Schedule any amounts owing to the Insurer pursuant to the Insurance Policies and the Surety Bonds.

These actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next annual period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with this Indenture and to provide for the payment of principal and interest under this Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under this Indenture for the next payment due thereunder and hereunder in the following next annual period; provided that the Successor Agency shall ensure that any payments pursuant to Section 33607.5 of the Redevelopment Law which have been subordinated pursuant to Section 34183(b) of the Dissolution Act will be payable from the RPTTF on June 1 of each year.

Section 5.12. Tax Covenants Relating to the Series 2016A Bonds.

(a) Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the Series 2016A Bonds are not so used as to cause Series 2016A Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series 2016 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series 2016A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Series 2016A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Tax Code.

(d) Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the Series 2016A Bonds from the gross income of the Owners of the Series 2016A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date. This covenant shall remain in full force and effect following defeasance of Bonds pursuant to Section 9.03.

(e) Rebate Requirement. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series 2016A Bonds.

The Trustee shall have no duty to monitor the compliance by the Successor Agency with any of the covenants contained in this Section 5.12.

Section 5.13. Notice of Insufficiency. The Successor Agency covenants that it will, no later than May 1 and December 1 of each year, file a Notice of Insufficiency with the County Auditor-Controller if the amount of Pledged Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund on the upcoming July 1 or January 2, as applicable, is insufficient to pay debt service on the Series 2016 Bonds, to pay debt service on any Parity Debt, to deposit into the Reserve Account an amount required in order to maintain in the Reserve Account the amount of the Reserve Requirement and to pay amounts due and owing to the Insurer pursuant to the Insurance Policies, the Surety Bonds and Article IV hereof.

Section 5.14. Further Assurances. The Successor 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 the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties shall be read into this Indenture against the Trustee. 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 in the conduct of such person's own affairs.

(b) The Successor Agency may, with the prior written consent of the Insurer, 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 the Insurer or, with the prior written consent of the Insurer, an instrument or concurrent instruments in writing signed by the Owners of not less than a majority of the principal amount of the Series 2016 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, 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 30 days' written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor 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 Successor Agency, and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(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 forty-five (45) days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) 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 Successor Agency and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and 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, upon the receipt by the predecessor Trustee of the Request of the Successor 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 Successor 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, the Successor Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to S&P and Moody's, and to the Owners at the addresses shown on the Registration Books. If the Successor 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 Successor Agency.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall (i) be a company or bank having trust powers, (ii), shall have an office in the State of California or such other state as shall be acceptable to the Successor Agency, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least Seventy Five Million Dollars (\$75,000,000), and (iv) be subject to supervision or examination by federal or state authority. If such bank or company 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 the combined capital and surplus of such bank or company 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 promptly resign in the manner and with the effect specified in subsection (c) of this Section.

Section 6.02. 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 6.01, 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 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Series 2016 Bonds contained shall be taken as statements of the Successor 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 any offering memorandum, this Indenture or of the Series 2016 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 Series 2016 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 shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any Series 2016 Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository 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 the Owners, whether or not such committee shall represent the Owners of a majority of the principal amount of the Series 2016 Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the Successor Agency.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Successor Agency, accompanied by an opinion of Bond Counsel, or in accordance with direction of the Owners of not less than a majority of the principal amount of the Series 2016 Bonds then 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, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee shall have actual knowledge thereof, or the Trustee shall have received written notice thereof at its 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 Series 2016 Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the Successor Agency's payment of principal and interest on the Series 2016 Bonds, the observance or performance by the Successor Agency of any other covenants, conditions or terms contained herein, or 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 5.06 and may rely conclusively on the Request of the Successor Agency accompanying such financial statements to establish the Successor Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(f) No provision in this Indenture shall require the Trustee to risk, expend, or advance its own funds or otherwise incur any financial liability hereunder. However, if the Trustee elects to advance funds, it shall be entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(g) The Trustee may establish additional accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Indenture.

(h) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Series 2016 Bonds.

(i) Before taking any action under Article VIII or this Article at the request of the Owners or Insurer, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners or Insurer for the reimbursement of all expenses to which it may put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

(j) 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 of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(k) 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 6.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion 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, including, without limitation, Bond Counsel or other counsel of or to the Successor 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 the Trustee hereunder 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 Request of the Successor 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 Request of the Successor Agency, but in its discretion the Trustee may (but shall have no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Fiscal Consultant appointed by the Successor Agency.

Section 6.05. 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 during normal business hours, and upon reasonable prior written notice, to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing.

Section 6.06. Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a first lien on the Pledged Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII.

The Successor Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents affiliates and employees, harmless against any loss, expense, including legal fees and expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents affiliates or employees. The obligations of the Successor Agency under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.07. 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 made by it 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 Successor Agency at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.08. 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 law of the State) denying or restricting the right of banking associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not 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 other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-Trustee. The following provisions of this Section 6.08 are adopted to these ends.

In the event that the Trustee 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 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 but only to the extent necessary to enable 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, provided that in the event of any conflict, the Co-Trustee shall defer to the Trustee.

Should any instrument in writing from the Successor Agency be required by the separate Trustee or co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to 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 Successor Agency. In case any separate Trustee or co-Trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee 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 Trustee or co-Trustee.

The Trustee may perform any of its obligations or duties hereunder and under any related documents through agents or attorneys and shall not be responsible for the acts of any such agents or attorneys appointed by it with due care.

Section 6.09. No Liability for Agency Performance. The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants, and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held, or maintained by the Successor Agency pursuant to this Indenture

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Authorized Amendments. This Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, with the consent of the Insurer (except no consent is required with respect to subsection (c) below), but without the consent of any Owners, 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 Successor Agency contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the Successor Agency provided such addition, limit, or surrender shall not materially adversely affect the interest of the Owners as determined by the Successor Agency and certified to the Trustee; or

(b) 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 any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt pursuant to Section 3.04, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.05; or

(d) to amend any provision hereof to assure the exclusion from gross income of interest on the Series 2016A Bonds for federal income tax purposes, in the opinion of Bond Counsel filed with the Successor Agency and the Trustee; or

(e) to comply with the requirements of the provider of a Qualified Reserve Account Credit Instrument.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Insurer and the written consents of the Owners of a majority of the principal amount of the Bonds then Outstanding are delivered to the Trustee. No such modification or amendment shall (A) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (B) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (C) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Promptly following the adoption of any Supplemental Indenture pursuant to the written consent of the Insurer, the Successor Agency shall deliver a copy of the executed Supplemental Indenture to S&P.

As long as an Insurer is not in default under the terms of its Insurance Policies, it shall be deemed the owner of all of the Series 2016 Bonds or Parity Debt insured by its Insurance Policies for all purposes of the Section 7.01.

Section 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the Successor Agency the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Section 7.05. Trustee's Reliance. The Trustee may conclusively rely, and shall be protected in relying, upon an opinion of counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default and Acceleration of Maturities. Each of the following events shall constitute an Event of Default hereunder:

(a) Failure to pay any installment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or the Insurer; provided, however, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency within such thirty (30) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Successor Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Subject in all respects to the provisions of Section 8.08, if an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing by the Owners of a majority of the 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) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Pledged Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, ex parte, and without notice, and the Successor Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Successor Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under this Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with this Section.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor 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 clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable

pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

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 Successor 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 (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, 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 a majority of the principal amount of the Bonds then Outstanding, by written notice to the Successor 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.

Section 8.02. Application of Funds Upon Acceleration. All of the Pledged 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 as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law;

(b) To the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Bonds, 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 interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

Section 8.03. 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 of the 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 of the principal amount of the Bonds then Outstanding opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation accompanied, if requested by the Trustee, by indemnity or confirmation of indemnity as described in Section 8.01.

Section 8.04. Limitation on Owners' 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 of the principal amount of 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 reasonably 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 sixty (60) 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 any remedy hereunder; it being understood and intended that no one or more Owners 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, 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 8.05. Non-waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners when due and payable 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 Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner or the Trustee 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 Trustee and Owners by the Redevelopment Law, the Dissolution Act, or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

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

Section 8.06. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner 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 similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners 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 as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI.

Section 8.07. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or Owners 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 Redevelopment Law, the Dissolution Act, or any other law.

Section 8.08. Rights of the Insurer. Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies (including the right to require a declaration of acceleration) granted hereunder to the Bond Owners, or to the Trustee for the benefit of the Bond Owners, including but not limited to rights and remedies granted pursuant to Section 8.01 and including but not limited to the right to approve all waivers of any Events of Default. The rights granted to the Insurer under this Indenture shall be deemed terminated and shall not be exercisable by the Insurer during any period during which the Insurer shall be in default under the Insurance Policies.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee, the Insurer, and the Owners, 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 Successor Agency shall be for the sole and exclusive benefit of the Trustee, the Insurer, and the Owners.

Section 9.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor 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 Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Defeasance of Bonds.

(a) If the Successor Agency shall pay and discharge the entire indebtedness on any Bonds in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay such Bonds, including all principal, interest and redemption premium, if any;

(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, non-callable Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or

(iv) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any such Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to such Bonds shall cease and terminate, except only (A) the obligations of the Successor Agency under Section 5.11, (B) the obligation of the Trustee to transfer and exchange Bonds hereunder, (C) the obligation of the Successor Agency to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and (D) the obligations of the Successor Agency to compensate and indemnify the Trustee pursuant to Section 6.06. Notice of such election shall be filed with the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provisions, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency.

(b) Notwithstanding the foregoing provisions of this Section 9.03, in the event that the principal, interest and premium (if any) on the Series 2016A Bonds or the Series 2016B Bonds shall be paid by the Insurer pursuant to the Series 2016A Bonds Insurance Policy or the

Series 2016B Bonds Insurance Policy, respectively, the obligations of the Trustee and the Successor Agency hereunder shall continue in full force and effect and the Insurer shall be fully subrogated to the rights of all Owners of the Series 2016 Bonds so paid.

(c) In the event that any portion or all of the Bonds are to be paid and discharged pursuant to Section 9.03(a)(iii), the Insurer shall be notified and provided with a draft copy of any proposed escrow agreement establishing the trust, the form of the Independent Certified Public Accountant's Certificate, the Preliminary Official Statement of the refunding issue (if applicable) and the form of approving opinion of bond counsel. These materials shall be delivered to the Insurer by the Successor Agency no less than five (5) Business Days prior to the scheduled payment and discharge. Substitution of securities held in trust in the escrow shall not be permitted.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, 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, 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.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any request, 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 Successor Agency or the Trustee in good faith and in accordance therewith.

Section 9.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided however that the Trustee shall not be deemed to have knowledge that any Bond is owned or held by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is the owner or is holding for the account of the Successor Agency.

Section 9.06. Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Successor Agency of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, upon receipt by the Trustee of the Request of the Successor Agency a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Successor 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.

Section 9.08. Notices. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, with prompt written confirmation by mail, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in any other case, upon actual receipt. The Successor Agency or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Successor Agency: CDC Successor Agency of the City of Santee
10601 Magnolia Ave.
Santee, CA 92071
Attention: Director of Finance/Treasurer
Fax:

If to the Trustee: U.S. Bank Global Corporate Trust Services
U.S. Bank Tower
633 West 5th Street, 24th Floor
Los Angeles, CA 90071
Attention: _____
Fax:

If to the Insurer: [To Come]
[Street Address]
[City, State, Zip Code]
Attention: _____
Tel: _____
Fax: _____
Re Policy: No. _____

So long as the Insurance Policies remain in effect, the Trustee shall furnish to the Insurer, by registered or certified mail or by facsimile or electronic transmission, a copy of any notice required to be given hereunder to the Bond Owners.

Section 9.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency and the Trustee hereby declare that they would have entered into 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.

Section 9.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, 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 two (2) years 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 repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on such Bonds.

Section 9.11. Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day.

Section 9.12. 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.

Section 9.13. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

(Signature Page follows)

IN WITNESS WHEREOF, the CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE has caused this Indenture to be signed in its name and on its behalf by the Mayor of the City of Santee as Successor Agency and attested to by the City Clerk of the City of Santee as Successor Agency, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE

By: _____
Mayor

ATTEST:

City Clerk

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

*-Signature Page-
Indenture of Trust*

EXHIBIT A-1

FORM OF SERIES 2016A BOND

No. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**CDC SUCCESSOR AGENCY
OF THE CITY OF SANTEE
TAX ALLOCATION REFUNDING BONDS, 2016 SERIES A**

RATE OF INTEREST MATURITY DATE ORIGINAL ISSUE DATE CUSIP

_____ %

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE, a public entity duly existing under the laws of the State of California (the "Successor Agency"), for value received, hereby promises to pay (but only out of the Pledged Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to January 15, 2017, in which event it shall bear interest from the Original Issue Date identified 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 hereon has previously been paid or made available for payment), payable semiannually on February 1 and August 1 in each year, commencing February 1, 2017 (the "Interest Payment Dates"), until payment of such Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office of U.S. Bank National Association, as trustee (the "Trustee"), in Los Angeles, California or such other

location as the trustee may designate. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Bonds, which written request is on file with the Trustee prior to any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date by wire transfer to an account of a financial institution within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the "CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A" (the "Series 2016A Bonds") of 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 provisions) and all issued pursuant to the provisions of the Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Refunding Law") and the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), as amended by Assembly Bill X1 26 in 2011 and Assembly Bill 1484 in 2012 (the "Dissolution Act") and pursuant to an Indenture of Trust, dated as of _____, 2016, by and between the Successor Agency and the Trustee (the "Indenture"). Simultaneously with the issuance of the Bonds, the Successor Agency is also issuing its CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series B (Taxable), which are payable on a parity with the Series 2016A Bonds. The Successor Agency may issue or incur additional obligations on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Refunding Law, the Redevelopment Law and the Dissolution Act for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, as that term is defined in 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 Successor Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Series 2016A Bonds have been issued by the Successor Agency to finance and refinance redevelopment activities of the Successor Agency. This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Pledged Tax Revenues derived by the Successor Agency from the Redevelopment Project, a duly designated redevelopment project under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Pledged Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest and premium (if any) on the Series 2016A Bonds and any such parity obligations. The Series 2016A Bonds and any such parity obligations are secured by a pledge on, security interest in and lien on the Pledged Tax Revenues which is a pledge, security interest and lien on the Pledged Tax Revenues in favor of certain outstanding obligations of the Successor Agency, as provided in the Indenture.

Notwithstanding the foregoing, certain amounts out of Pledged Tax Revenues may be applied for other purposes as provided in the Indenture.

This Series 2016A Bond is not a debt of the City of Santee, the County of San Diego, the State of California, or any of its political subdivisions, other than the Successor Agency, and neither said City, said County, 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 the Pledged Tax Revenues.

The rights and obligations of the Successor 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 of the Bond owners required to effect any such modification or amendment.

The Series 2016A Bonds may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from the proceeds of refunding bonds or other available funds, on August 1, ____ or on any date thereafter. Series 2016A Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Series 2016A Bonds to be redeemed plus accrued interest to the redemption date.

The Series 2016A Bonds maturing on August 1, _____ (the "Series A Term Bonds") are subject to redemption in part by lot, on August 1 in each of the years as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; *provided, however*, that if some but not all of the Series A Term Bonds have been redeemed the optional redemption provisions described above, the total amount of all future payments with respect to such Series A Term Bonds shall be reduced by the aggregate principal amount of such Series A Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

Sinking Account
Redemption Date
(August 1)

Principal Amount
to be Redeemed

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Series 2016A Bonds designated for redemption at their addresses appearing on the Bond registration books of 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.

The Successor Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2016A Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

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.

In lieu of redemption of Series 2016A Bonds amounts on deposit in the Debt Service Fund (as defined in the Indenture) may be withdrawn and used at the direction of the Successor Agency at any time to purchase such Series 2016A Bonds at public or private sale at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any such Series 2016A Bonds so purchased by the Successor Agency in any twelve-month period ending on July 15 will be credited toward, and will reduce the par amount of, Series 2016A Bonds required to be redeemed pursuant to the Indenture on the next succeeding August 1 of such year.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Series 2016A 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.

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 in San Diego, California or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new 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 herefor.

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

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, form and manner as required by the Redevelopment Law, the Dissolution Act, and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Redevelopment Law, the Dissolution Act, 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 Trustee’s Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE has caused this Bond to be executed in its name and on its behalf with the facsimile signature of the Mayor of the City as Successor Agency and attested to by the facsimile signature of the City Clerk of the City as Successor Agency, all as of the Original Issue Date specified above.

CDC SUCCESSOR AGENCY OF THE CITY OF
SANTEE

By: _____
Mayor

ATTEST:

By: _____
City Clerk

STATEMENT OF INSURANCE

[To Come]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated: _____, 2016

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: _____

Signature Guaranteed:

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

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

EXHIBIT A-2

FORM OF SERIES 2016B BOND

No. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**CDC SUCCESSOR AGENCY
OF THE CITY OF SANTEE
TAX ALLOCATION REFUNDING BONDS, 2016 SERIES B (TAXABLE)**

RATE OF INTEREST MATURITY DATE ORIGINAL ISSUE DATE CUSIP

_____ %

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE, a public entity duly existing under the laws of the State of California (the "Successor Agency"), for value received, hereby promises to pay (but only out of the Pledged Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to January 15, 2017, in which event it shall bear interest from the Original Issue Date identified 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 hereon has previously been paid or made available for payment), payable semiannually on February 1 and August 1 in each year, commencing February 1, 2017 (the "Interest Payment Dates"), until payment of such Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office of U.S. Bank National Association, as trustee (the "Trustee"), in San Diego, California or such other location as the trustee may designate. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the

Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Bonds, which written request is on file with the Trustee prior to any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date by wire transfer to an account of a financial institution within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the “CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series B (Taxable)” (the “Series 2016B Bonds”) of 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 provisions) and all issued pursuant to the provisions of the Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Refunding Law”) and the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the “Redevelopment Law”), as amended by Assembly Bill X1 26 in 2011 and Assembly Bill 1484 in 2012 (the “Dissolution Act”), and pursuant to an Indenture of Trust, dated as of _____, 2016, by and between the Successor Agency and the Trustee (the “Indenture”). Simultaneously with the issuance of the Bonds, the Successor Agency is also issuing its CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A, which are payable on a parity with the Series 2016B Bonds. The Successor Agency may issue or incur additional obligations on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Refunding Law, the Redevelopment Law, and the Dissolution Act for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, as that term is defined in 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 Successor Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Series 2016B Bonds have been issued by the Successor Agency to finance and refinance redevelopment activities of the Successor Agency. This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Pledged Tax Revenues derived by the Successor Agency from the Redevelopment Project, a duly designated redevelopment project under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Pledged Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest and premium (if any) on the Series 2016B Bonds and any such parity obligations. The Series 2016B Bonds and any such parity obligations are secured by a pledge on, security interest in and lien on the Pledged Tax Revenues which is a pledge, security interest and lien on the Pledged Tax Revenues in favor of certain outstanding obligations of the Successor Agency, as provided in the Indenture. Notwithstanding the foregoing, certain amounts out of Pledged Tax Revenues may be applied for other purposes as provided in the Indenture.

This Series 2016B Bond is not a debt of the City of Santee, the County of San Diego, the State of California, or any of its political subdivisions, other than the Successor Agency, and neither said City, said County, 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 the Pledged Tax Revenues.

The rights and obligations of the Successor 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 of the Bond owners required to effect any such modification or amendment.

The Series 2016B Bonds may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from the proceeds of refunding bonds or other available funds, on August 1, _____ or on any date thereafter. Series 2016B Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Series 2016B Bonds to be redeemed plus accrued interest to the redemption date.

The Series 2016B Bonds maturing on August 1, _____ (the "Series B Term Bonds") are subject to redemption in part by lot, on August 1 in each of the years as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; *provided, however*, that if some but not all of the Series B Term Bonds have been redeemed the optional redemption provisions described above, the total amount of all future payments with respect to such Series B Term Bonds shall be reduced by the aggregate principal amount of such Series B Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

Sinking Account Redemption Date (August 1)	Principal Amount to be Redeemed
--	------------------------------------

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Series 2016B Bonds designated for redemption at their addresses appearing on the Bond registration books of 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.

The Successor Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2016B Bonds then called for redemption,

and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

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.

In lieu of redemption of Series 2016B Bonds amounts on deposit in the Debt Service Fund (as defined in the Indenture) may be withdrawn and used at the direction of the Successor Agency at any time to purchase such Series 2016B Bonds at public or private sale at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any such Series 2016B Bonds so purchased by the Successor Agency in any twelve-month period ending on July 15 will be credited toward, and will reduce the par amount of, Series 2016B Bonds required to be redeemed pursuant to the Indenture on the next succeeding August 1 of such year.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Series 2016B 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.

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 in San Diego, California or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new 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 herefor.

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

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, form and manner as required by the Redevelopment Law, the Dissolution Act, and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Successor Agency, does not exceed any limit prescribed by the Redevelopment Law, the Dissolution Act, 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 Trustee's Certificate of Authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE has caused this Bond to be executed in its name and on its behalf with the facsimile signature of the Mayor of the City as Successor Agency and attested to by the facsimile signature of the City Clerk of the City as Successor Agency, all as of the Original Issue Date specified above.

CDC SUCCESSOR AGENCY OF THE CITY OF
SANTEE

By: _____
Mayor

ATTEST:

By: _____
City Clerk

STATEMENT OF INSURANCE

[To Come]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated: _____, 2016

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: _____

Signature Guaranteed:

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.

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

**CDC SUCCESSOR AGENCY OF THE
CITY OF SANTEE**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank**

Dated _____, 2016

Relating to:

**COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF SANTEE
(SANTEE COMMUNITY DEVELOPMENT PROJECT)
TAX ALLOCATION BONDS
2005 SERIES A**

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (the “Escrow Agreement”) is made and entered into as of _____, 2016, by and between the CDC Successor Agency of the City of Santee, a Successor Agency existing under the laws of the State of California (the “Successor Agency”) and U.S. Bank National Association, as Escrow Bank (the “Escrow Bank”);

WITNESSETH:

WHEREAS, the Community Development Commission of the City of Santee (the “Former Agency”) previously issued its Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2005 Series A (the “Prior Bonds”) pursuant to an Indenture of Trust (the “Prior Indenture”) dated January 1, 2005, by and between the Former Agency and U.S. Bank National Association (in such capacity, the “Prior Trustee”);

WHEREAS, the Prior Indenture provides that in the event that deposits of moneys and certain Defeasance Obligations (as defined in the Prior Indenture) in an amount, together with investment earnings and certain funds held under the Prior Indenture (defined below), sufficient to pay and discharge all or a portion of the indebtedness of the Prior Bonds at or before maturity, then the obligations of the Former Agency under the Prior Indenture shall cease and terminate with respect to the obligations so discharged, except only the obligation of the Former Agency to pay or cause to be paid to the Former Agency all sums due thereon out of the Escrow Fund with respect to the obligations so discharged and thereafter such Revenues (as defined in the Prior Indenture) shall be released from the lien of the Prior Indenture; and

WHEREAS, the Successor Agency has determined that it is in the best interests of the Successor Agency at this time to refinance the Prior Bonds and to provide for the redemption of the Prior Bonds on _____, 2016, at a redemption price of 100% of the principal amount thereof, plus accrued interest; and

WHEREAS, the Successor Agency proposes to make the deposit of moneys and Defeasance Obligations referenced in the Prior Indenture and to appoint the Escrow Bank as its agent for the purpose of applying said deposit to the payment of the Prior Bonds in accordance with the instructions provided by this Escrow Agreement and redeeming the Prior Bonds in accordance with the Prior Indenture, and the Escrow Bank will accept said appointment; and

WHEREAS, to obtain moneys to make such deposit, the Successor Agency proposes to issue its \$_____ Tax Allocation Refunding Bonds 2016 Series A pursuant to an Indenture of Trust, dated as of _____, 2016, (the “Indenture”), by and between the Successor Agency and the Trustee; and

WHEREAS, the Successor Agency wishes to make such a deposit with the Escrow Bank and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Definition of Defeasance Obligations. As used herein, the term “Defeasance Obligations” shall have the meaning given such term in the Prior Indenture.

Section 2. Appointment of Escrow Bank. The Successor Agency hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

Section 3. Establishment of Escrow Fund. There is hereby created by the Successor Agency with, and to be held by, the Escrow Bank, as security for the payment of the Prior Bonds as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the Former Agency and for the benefit of the owners of the Prior Bonds, said escrow to be designated the “Escrow Fund.” All moneys and Defeasance Obligations deposited in the Escrow Fund shall be held as a special fund for the payment of the Prior Payments in accordance with the provisions of the Prior Indenture. If at any time the Escrow Bank shall receive actual knowledge that the moneys and Defeasance Obligations in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Bank shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency.

The Escrow Bank may rely upon the conclusion of _____ (the “Verification Agent”) in its report dated _____, 2016 (the “Verification Report”) that the Defeasance Obligations listed on Exhibit A, together with interest to accrue thereon, and cash will be fully sufficient to pay the Prior Payments as described in the sixth recital above.

Section 4. Deposit into Escrow Fund; Investment of Amounts. Concurrently with delivery of the Bonds, the Successor Agency shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$_____ in immediately available funds.

The Escrow Bank shall invest all of the moneys deposited into the Escrow Fund pursuant to the preceding paragraph in the Defeasance Obligations set forth in Exhibit A attached hereto and by this reference incorporated herein (the “Escrowed Defeasance Obligations”). The purchase price of the Escrowed Defeasance Obligations is \$_____. The remainder in the Escrow Fund (\$_____) shall be held in cash uninvested (the “Cash”). The Escrowed Defeasance Obligations shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

The Escrow Bank shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

Section 5. Instructions as to Application of Deposit; Agency Retains Right of Optional Redemption. The Successor Agency hereby irrevocably directs and instructs the Escrow Bank to apply the interest on and maturing principal amount of the Escrowed Defeasance Obligations and Cash to pay the Prior Bonds relating to the Prior Indenture, through _____, 2016 and to redeem the remaining Prior Bonds in full on _____, 2016 at a redemption price of 100% of the principal amount hereof, all as more particularly set forth in Exhibit B attached hereto and hereby made a part hereof. For such purpose of call and redemption prior to maturity of a portion of the Prior Bonds, the Successor Agency hereby instructs the Escrow Bank, as Prior Trustee, and the Escrow Bank, as Prior Trustee, hereby agrees to give notice of redemption, such notice of redemption to be given timely for redemption of the Prior Bonds on _____, 2016, in accordance with the applicable provisions of the Prior Indenture. Any funds remaining in the Escrow Fund after _____, 2016, shall be delivered to the Successor Agency. Upon the receipt of funds, the Escrow Bank shall send a notice of defeasance substantially in the form of Exhibit C attached hereto.

Section 6. Investment of Any Remaining Moneys. At the written direction of the Successor Agency received at least two (2) Business Days in advance, the Escrow Bank shall invest and reinvest the proceeds received from any of the Escrowed Defeasance Obligations originally deposited into the Escrow Fund for a period ending not later than the next succeeding Prior Payment date, in Defeasance Obligations; provided, however, that (a) such written directions of the Successor Agency shall be accompanied by (i) the opinion of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, that amounts in the Escrow Fund after such investment, together with interest to be derived therefrom, shall be at all times at least sufficient to make the payments specified in Section 5 hereof, and (ii) an opinion of nationally recognized bond counsel ("Bond Counsel") that investment in accordance with such directions will not affect, for federal income tax purposes, the exclusion from gross income of interest due with respect to the Prior Bonds or the Bonds, and (b) if the Successor Agency directs such investment or reinvestment to be made in United States Treasury Securities - State and Local Government Series, the Successor Agency shall, at its cost, cause to be prepared and delivered all necessary subscription forms therefor to enable the Escrow Bank to acquire such securities not less than 14 days prior to the date of making such investment. In the event that the Successor Agency shall fail to file any such written directions with the Escrow Bank concerning the reinvestment of any such proceeds, such proceeds shall be held uninvested by the Escrow Bank. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 6 and not, in the opinion of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, required for the purposes set forth in Section 5 shall be paid to the Trustee for deposit in the Bond Fund under the Indenture promptly upon the receipt of such interest income by the Escrow Bank.

Section 7. Application of Certain Terms of Prior Indenture. All of the terms of the Prior Indenture relating to the making of payments of principal and interest with respect to the Prior Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the Prior Indenture relating to the limitations from liability and protections afforded the Prior Trustee and the resignation and removal of the Prior Trustee are also incorporated in

this Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 8. Compensation to Escrow Bank. The Successor Agency shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, redemption or redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, fees, costs and expenses relating to the purchase of any Defeasance Obligations after the date hereof, pursuant to a separate agreement between the Successor Agency and the Escrow Bank. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 9. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the Successor Agency shall have deposited sufficient funds with the Escrow Bank to satisfy such obligation. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Successor Agency or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank undertakes such duties as specifically set forth herein and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Bank.

The Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the Successor Agency shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 9 shall survive the termination of this Escrow Agreement and the resignation and removal of the Escrow Bank.

The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Bank be liable for any special indirect or consequential damages.

The Escrow Bank may consult with counsel of its own choice and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

The Escrow Bank shall not be responsible for any of the recitals or representations contained herein.

Whenever in the administration of this Escrow Agreement the Escrow Bank 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, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Successor Agency, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

The liability of the Escrow Bank to make the payments required by this Escrow Agreement shall be limited to the moneys and Defeasance Obligations in the escrow Fund.

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Defeasance Obligations deposited with it to pay the principal, interest, or premiums, if any, on the Bonds.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Successor Agency elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

Section 10. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the Prior Bonds then outstanding shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the Successor Agency, (b) to cure, correct or supplement any ambiguous or defective provision contained herein, (c) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not adversely affect the interests of the owners of the Prior Bonds or the Bonds, and that such amendment will not cause interest on the Prior Bonds or the Bonds to become subject to federal income taxation.

Section 11. Termination; Unclaimed Money. This Escrow Agreement shall terminate when the Prior Payments have been paid; provided, however, that (a) money held by the Escrow Bank pursuant to this Escrow Agreement for the payment and discharge of any of the Prior Payments (which shall not be payable as to interest from and after the date set for redemption) which remain unclaimed for two (2) years after such payments were due, shall be repaid by the Escrow Bank to the Successor Agency free from the trust created by the Prior Indenture and this Escrow Agreement, and the Escrow Bank shall thereupon be released and discharged with respect thereto and hereto and all liability of the Escrow Bank with respect to such money shall thereupon cease and (b) excess moneys held by the Escrow Bank not needed for the payment and discharge of the Prior Payments shall be transferred to the Bond Fund under the Indenture.

Section 12. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 13. Notice of Escrow Bank and Agency. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank as specified by the Escrow Bank as Prior Trustee in accordance with the provisions of the Prior Indenture or by physical delivery with confirmation of receipt or by confirmed telecopy. Any notice to or demand upon the Successor Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the Prior Indenture (or such other address as may have been filed in writing by the Successor Agency with the Escrow Bank).

Section 14. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank may be merged or converted or with which may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as Trustee under the Indenture and the Prior Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 15. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 16. Execution in Several Counterparts. This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall constitute but one and the same instrument.

(Signature page follows)

IN WITNESS WHEREOF, the Successor Agency and the Escrow Bank have each caused this Escrow Agreement to be executed by their duly authorized officers all as of the date first above written.

CDC SUCCESSOR AGENCY OF THE CITY
OF SANTEE

By: _____

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Bank

By: _____
Authorized Officer

*-Signature Page-
Escrow Deposit and Trust Agreement*

EXHIBIT A

**IDENTIFICATION OF AND PAYMENT SCHEDULE FOR
ESCROWED DEFEASANCE OBLIGATIONS**

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Rate</u>	<u>Cost</u>
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EXHIBIT B
PAYMENT SCHEDULE

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u> <u>Redeemed</u>	<u>Redemption</u> <u>Premium</u>	<u>Total</u>
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EXHIBIT C

NOTICE OF DEFEASANCE

\$ _____

**Community Development Commission
of the City of Santee
(Santee Community Redevelopment Project)
Tax Allocation Bonds, 2005 Series A**

NOTICE OF DEFEASANCE

OWNERS of the above-described Bonds (the “Defeased Bonds”) are hereby NOTIFIED that, pursuant to an Escrow Deposit and Trust Agreement dated as of _____, 2016, by and between the CDC Successor Agency of the City of Santee and U.S. Bank National Association, as Escrow Bank (the “Escrow Bank”), the Escrow Bank has received and holds in irrevocable trust, cash moneys or *<insert description of the actual Defeasance Obligations>* (collectively, the “Escrowed Securities”) the interest on and the principal of which obligations, when due, will provide moneys together with any such cash sufficient to pay interest on and the principal of a portion of the Defeased Bonds to _____, 2016, as indicated on such Defeased Bonds, all as verified by an independent certified public accountant. The Escrow Bank shall collect interest on and the principal of such obligations and shall pay the same, together with any such cash moneys held by the Escrow Bank, to owners of record of the Defeased Bonds, in such amounts and at such times as shall be required to pay interest on and the principal of the Defeased Bonds to the redemption date or maturity date, as applicable.

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ESCROW DEPOSIT AND TRUST AGREEMENT

by and between the

**CDC SUCCESSOR AGENCY OF THE
CITY OF SANTEE**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank**

Dated _____, 2016

Relating to:

**COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF SANTEE
(SANTEE COMMUNITY DEVELOPMENT PROJECT)
TAX ALLOCATION BONDS, 2011 SERIES A**

AND

**COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF SANTEE
(SANTEE COMMUNITY DEVELOPMENT PROJECT)
TAX ALLOCATION HOUSING BONDS, 2011 SERIES B (TAXABLE)**

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (the "Escrow Agreement") is made and entered into as of _____, 2016, by and between the CDC Successor Agency of the City of Santee, a Successor Agency existing under the laws of the State of California (the "Successor Agency") and U.S. Bank National Association, as Escrow Bank (the "Escrow Bank");

WITNESSETH:

WHEREAS, the Community Development Commission of the City of Santee (the "Former Commission") previously issued its Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2011 Series A (the "Series 2011A Bonds") and its Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Housing Bonds, 2011 Series B (Taxable) (the "Series 2011B Bonds" and, together with the Series 2011A Bonds, the "Prior Bonds") pursuant to an Indenture of Trust, dated as of January 1, 2005, by and between the Former Commission and U.S. Bank National Association (in such capacity, the "Prior Trustee"), as amended by the First Supplemental Bond Indenture, dated as of March 1, 2011, by and between the Former Commission and the Prior Trustee (the "Prior Indenture");

WHEREAS, the Prior Indenture provides that in the event that deposits of moneys and certain Defeasance Obligations (as defined in the Prior Indenture) in an amount, together with investment earnings and certain funds held under the Prior Indenture (defined below), sufficient to pay and discharge all or a portion of the indebtedness of the Prior Bonds at or before maturity, then the obligations of the Former Commission under the Prior Indenture shall cease and terminate with respect to the obligations so discharged, except only the obligation of the Former Commission to pay or cause to be paid to the Former Commission all sums due thereon out of the Escrow Fund with respect to the obligations so discharged and thereafter such Revenues (as defined in the Prior Indenture) shall be released from the lien of the Prior Indenture; and

WHEREAS, the Successor Agency has determined that it is in the best interests of the Successor Agency at this time to refinance the Prior Bonds and to provide for the redemption of the Prior Bonds on February 1, 2021, at a redemption price of 100% of the principal amount thereof, plus accrued interest; and

WHEREAS, the Successor Agency proposes to make the deposit of moneys and Defeasance Obligations referenced in the Prior Indenture and to appoint the Escrow Bank as its agent for the purpose of applying said deposit to the payment of the Prior Bonds in accordance with the instructions provided by this Escrow Agreement and redeeming the Prior Bonds in accordance with the Prior Indenture, and the Escrow Bank will accept said appointment; and

WHEREAS, to obtain moneys to make such deposit, the Successor Agency proposes to issue its \$_____ Tax Allocation Refunding Bonds 2016 Series A and its \$_____ Taxable Tax Allocation Refunding Bonds 2016 Series B pursuant to an Indenture of Trust, dated as of _____, 2016, (the "Indenture"), by and between the Successor Agency and the Trustee; and

WHEREAS, the Successor Agency wishes to make such a deposit with the Escrow Bank and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Definition of Defeasance Obligations. As used herein, the term “Defeasance Obligations” shall have the meaning given such term in the Prior Indenture.

Section 2. Appointment of Escrow Bank. The Successor Agency hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

Section 3. Establishment of Escrow Fund. There is hereby created by the Successor Agency with, and to be held by, the Escrow Bank, as security for the payment of the Prior Bonds as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the Former Commission and for the benefit of the owners of the Prior Bonds, said escrow to be designated the “Escrow Fund.” All moneys and Defeasance Obligations deposited in the Escrow Fund shall be held as a special fund for the payment of the Prior Payments in accordance with the provisions of the Prior Indenture. If at any time the Escrow Bank shall receive actual knowledge that the moneys and Defeasance Obligations in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Bank shall notify the Successor Agency of such fact and the Successor Agency shall immediately cure such deficiency.

The Escrow Bank may rely upon the conclusion of _____ (the “Verification Agent”) in its report dated _____, 2016 (the “Verification Report”) that the Defeasance Obligations listed on Exhibit A, together with interest to accrue thereon, and cash will be fully sufficient to pay the Prior Payments as described in the sixth recital above.

Section 4. Deposit into Escrow Fund; Investment of Amounts. Concurrently with delivery of the Bonds, the Successor Agency shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$_____ in immediately available funds.

The Escrow Bank shall invest all of the moneys deposited into the Escrow Fund pursuant to the preceding paragraph in the Defeasance Obligations set forth in Exhibit A attached hereto and by this reference incorporated herein (the “Escrowed Defeasance Obligations”). The purchase price of the Escrowed Defeasance Obligations is \$_____. The remainder in the Escrow Fund (\$_____) shall be held in cash uninvested (the “Cash”). The Escrowed Defeasance Obligations shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

The Escrow Bank shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

Section 5. Instructions as to Application of Deposit; Agency Retains Right of Optional Redemption. The Successor Agency hereby irrevocably directs and instructs the Escrow Bank to apply the interest on and maturing principal amount of the Escrowed Defeasance Obligations and Cash to pay scheduled debt service on the Prior Bonds relating to the Prior Indenture, through February 1, 2016 and to redeem the remaining Prior Bonds in full on February 1, 2021 at a redemption price of 100% of the principal amount hereof, all as more particularly set forth in Exhibit B attached hereto and hereby made a part hereof. For such purpose of call and redemption prior to maturity of a portion of the Prior Bonds, the Successor Agency hereby instructs the Escrow Bank, as Prior Trustee, and the Escrow Bank, as Prior Trustee, hereby agrees to give notice of redemption, such notice of redemption to be given timely for redemption of the Prior Bonds on _____, 2021, in accordance with the applicable provisions of the Prior Indenture. Any funds remaining in the Escrow Fund after February 1, 2021, shall be delivered to the Successor Agency. Upon the receipt of funds and the investment of such funds in the Defeasance Obligations, the Escrow Bank shall send a notice of defeasance substantially in the form of Exhibit C attached hereto.

Section 6. Investment of Any Remaining Moneys. At the written direction of the Successor Agency received at least two (2) Business Days in advance, the Escrow Bank shall invest and reinvest the proceeds received from any of the Escrowed Defeasance Obligations originally deposited into the Escrow Fund for a period ending not later than the next succeeding Prior Payment date, in Defeasance Obligations; provided, however, that (a) such written directions of the Successor Agency shall be accompanied by (i) the opinion of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, that amounts in the Escrow Fund after such investment, together with interest to be derived therefrom, shall be at all times at least sufficient to make the payments specified in Section 5 hereof, and (ii) an opinion of nationally recognized bond counsel ("Bond Counsel") that investment in accordance with such directions will not affect, for federal income tax purposes, the exclusion from gross income of interest due with respect to the Prior Bonds or the Bonds, and (b) if the Successor Agency directs such investment or reinvestment to be made in United States Treasury Securities - State and Local Government Series, the Successor Agency shall, at its cost, cause to be prepared and delivered all necessary subscription forms therefor to enable the Escrow Bank to acquire such securities not less than 14 days prior to the date of making such investment. In the event that the Successor Agency shall fail to file any such written directions with the Escrow Bank concerning the reinvestment of any such proceeds, such proceeds shall be held uninvested by the Escrow Bank. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 6 and not, in the opinion of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, required for the purposes set forth in Section 5 shall be paid to the Trustee for deposit in the Bond Fund under the Indenture promptly upon the receipt of such interest income by the Escrow Bank.

Section 7. Application of Certain Terms of Prior Indenture. All of the terms of the Prior Indenture relating to the making of payments of principal and interest with respect to the Prior Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the Prior Indenture relating to the limitations from liability and protections afforded the Prior Trustee and the resignation and removal of the Prior Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 8. Compensation to Escrow Bank. The Successor Agency shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, redemption or redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, fees, costs and expenses relating to the purchase of any Defeasance Obligations after the date hereof, pursuant to a separate agreement between the Successor Agency and the Escrow Bank. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 9. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the Successor Agency shall have deposited sufficient funds with the Escrow Bank to satisfy such obligation. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Successor Agency or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank undertakes such duties as specifically set forth herein and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Bank.

The Successor Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the Successor Agency shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 9 shall survive the termination of this Escrow Agreement and the resignation and removal of the Escrow Bank.

The Escrow Bank shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Bank be liable for any special indirect or consequential damages.

The Escrow Bank may consult with counsel of its own choice and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

The Escrow Bank shall not be responsible for any of the recitals or representations contained herein.

Whenever in the administration of this Escrow Agreement the Escrow Bank 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, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be deemed to be conclusively proved and established by a certificate of an authorized representative of the Successor Agency, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Bank, be full warrant to the Escrow Bank for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

The liability of the Escrow Bank to make the payments required by this Escrow Agreement shall be limited to the moneys and Defeasance Obligations in the escrow Fund.

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Defeasance Obligations deposited with it to pay the principal, interest, or premiums, if any, on the Bonds.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Successor Agency elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including

without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

Section 10. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the Prior Bonds then outstanding shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the Successor Agency, (b) to cure, correct or supplement any ambiguous or defective provision contained herein, (c) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not adversely affect the interests of the owners of the Prior Bonds or the Bonds, and that such amendment will not cause interest on the Prior Bonds or the Bonds to become subject to federal income taxation.

Section 11. Termination; Unclaimed Money. This Escrow Agreement shall terminate when the Prior Payments have been paid; provided, however, that (a) money held by the Escrow Bank pursuant to this Escrow Agreement for the payment and discharge of any of the Prior Payments (which shall not be payable as to interest from and after the date set for redemption) which remain unclaimed for two (2) years after such payments were due, shall be repaid by the Escrow Bank to the Successor Agency free from the trust created by the Prior Indenture and this Escrow Agreement, and the Escrow Bank shall thereupon be released and discharged with respect thereto and hereto and all liability of the Escrow Bank with respect to such money shall thereupon cease and (b) excess moneys held by the Escrow Bank not needed for the payment and discharge of the Prior Payments shall be transferred to the Bond Fund under the Indenture.

Section 12. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 13. Notice of Escrow Bank and Agency. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank as specified by the Escrow Bank as Prior Trustee in accordance with the provisions of the Prior Indenture or by physical delivery with confirmation of receipt or by confirmed telecopy. Any notice to or demand upon the Successor Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed

to such party as provided in the Prior Indenture (or such other address as may have been filed in writing by the Successor Agency with the Escrow Bank).

Section 14. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank may be merged or converted or with which may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as Trustee under the Indenture and the Prior Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 15. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 16. Execution in Several Counterparts. This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall constitute but one and the same instrument.

(Signature page follows)

IN WITNESS WHEREOF, the Successor Agency and the Escrow Bank have each caused this Escrow Agreement to be executed by their duly authorized officers all as of the date first above written.

CDC SUCCESSOR AGENCY OF THE CITY
OF SANTEE

By: _____

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Bank

By: _____
Authorized Officer

*-Signature Page-
Escrow Deposit and Trust Agreement*

EXHIBIT A

**IDENTIFICATION OF AND PAYMENT SCHEDULE FOR
ESCROWED DEFEASANCE OBLIGATIONS**

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Rate</u>	<u>Cost</u>
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EXHIBIT B
PAYMENT SCHEDULE

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u> <u>Redeemed</u>	<u>Redemption</u> <u>Premium</u>	<u>Total</u>
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EXHIBIT C

\$ _____
**Community Development Commission
of the City of Santee
(Santee Community Redevelopment Project)
Tax Allocation Bonds, 2011 Series A**

and

\$ _____
**Community Development Commission
of the City of Santee
(Santee Community Redevelopment Project)
Tax Allocation Housing Bonds, 2011 Series B (Taxable)**

NOTICE OF DEFEASANCE

OWNERS of certain maturities of the above-described Bonds (the “Defeased Bonds”) are hereby NOTIFIED that, pursuant to an Escrow Deposit and Trust Agreement dated as of _____, 2016, by and between the CDC Successor Agency of the City of Santee and U.S. Bank National Association, as Escrow Bank (the “Escrow Bank”), the Escrow Bank has received and holds in irrevocable trust, cash moneys or *<insert description of the actual Defeasance Obligations>* (collectively, the “Escrowed Securities”) the interest on and the principal of which obligations, when due, will provide moneys together with any such cash sufficient to pay interest on and the principal of a portion of the Defeased Bonds to February 1, 2021, as indicated on such Defeased Bonds, all as verified by an independent certified public accountant. The Escrow Bank shall collect interest on and the principal of such obligations and shall pay the same, together with any such cash moneys held by the Escrow Bank, to owners of record of the Defeased Bonds, in such amounts and at such times as shall be required to pay interest on and the principal of the Defeased Bonds to the redemption date or maturity date, as applicable.

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The Defeased Bond CUSIP numbers, maturity dates and principal amounts are listed below:

<u>Original CUSIP Number</u>	<u>Maturity Date (September 1)</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Defeased</u>	<u>Interest Rate</u>	<u>Non-Defeased Amount</u>	<u>Defeased CUSIP</u>
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The Defeased Bonds are now deemed to have been paid, and the owners thereof shall hereafter be limited to the application of such cash moneys or Escrowed Securities for the payment of interest on and the principal of such Defeased Bonds as the same become due and payable as described above.

THIS IS NOT A NOTICE OF REDEMPTION. THIS NOTICE IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT REQUIRE OR SOLICIT THE PRESENT SURRENDER OR EXCHANGE OF THE DEFEASED BONDS.

The CUSIP numbers have been assigned by an independent service for convenience of reference and none of the Successor Agency, the Trustee or the Escrow Bank shall be held liable for any inaccuracy in any such CUSIP number.

DATED: _____

U.S. BANK NATIONAL ASSOCIATION, as
Escrow Bank, on behalf of the CDC
SUCCESSOR AGENCY OF THE CITY OF
SANTEE

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RESOLUTION NO. CDCSA _____ - 2016

A RESOLUTION OF THE CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE, APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SANTEE, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST RELATING THERETO, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the City Council of the City of Santee (the "City") elected to assume the activities and obligations of the Community Development Commission of the City of Santee (the "Former Commission"), as the CDC Successor Agency, the successor entity to the Former Commission (the "Successor Agency"); and

WHEREAS, prior to the dissolution of the Former Commission, the Former Commission issued its \$23,100,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2005 Series A (the "Series 2005A Bonds"), its \$26,845,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2011 Series A (the "Series 2011A Bonds"), and its \$4,710,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Housing Bonds, 2011 Series B (Taxable) (the "Series 2011B Bonds" and, together with the Series 2005A Bonds and the Series 2011A Bonds, the "Prior Bonds") for the purpose of financing redevelopment and low and moderate income housing activities; and

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"); and

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A (the "Series 2016A Bonds"), and its CDC Successor Agency of the City of Santee Taxable Tax Allocation Refunding Bonds, 2016 Series B (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Refunding Bonds"), the Successor Agency has caused its municipal advisor, KNN Public Finance LLC (the "Municipal Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to repay all or a portion of the Prior Bonds and, thereby, to refund all or a portion of the Prior Bonds (the "Debt Service Savings Analysis"); and

WHEREAS, the Successor Agency wishes at this time to approve the issuance of the Refunding Bonds and to approve the form of and authorize the execution and delivery of an indenture of trust, expected to be dated as of the first day of the month such bonds are issued, by and between the Successor Agency and U.S. Bank National Association, as trustee, providing for the issuance of the Refunding Bonds (the “Indenture of Trust”) and two separate escrow deposit and trust agreements (each an “Escrow Agreement”) between the Successor Agency and U.S. Bank National Association, as escrow bank, for the Series 2005A Bonds, and the Series 2011A Bonds and Series 2011B Bonds, each Escrow Agreement to be dated as of the first day of the month of the issuance and delivery of the Refunding Bonds; and

WHEREAS, pursuant to Section 34179, an oversight board (the “Oversight Board”) has been established for the Successor Agency; and

WHEREAS, the Successor Agency requests that the Oversight Board approve the issuance of the Refunding Bonds; and

WHEREAS, the Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds; and

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds on a negotiated basis to Piper Jaffray & Co. (the “Underwriter”) and the Successor Agency will enter into a bond purchase agreement (the “Bond Purchase Agreement”) in connection with the sale of the Refunding Bonds subject to the limitations set forth in this Resolution; and

WHEREAS, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency to be effective upon approval by the California Department of Finance of such approval by the Oversight Board, the Successor Agency, with the assistance of its Municipal Advisor, the Underwriter, Quint & Thimmig LLP, as disclosure counsel, and Best Best & Krieger LLP, as bond counsel, will cause to be prepared an official statement describing the Refunding Bonds and containing material information relating to the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Underwriter to persons and institutions interested in purchasing the Refunding Bonds.

NOW, THEREFORE, BE IT RESOLVED by the CDC Successor Agency of the City of Santee as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to provide funds to defease and redeem the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which Debt Service Savings Analysis is hereby approved.

Section 3. Approval of Issuance of the Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1) of the California Health and Safety Code and other applicable provisions of law and the Refunding Law in the aggregate principal amount of not to exceed \$55,000,000, provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery.

Section 4. Approval of the Indenture of Trust. The Successor Agency hereby approves the Indenture of Trust prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. The Mayor of the City, as the Chair and presiding officer of the Successor Agency, the City Manager of the City, as the chief administrative officer of the Successor Agency, or the City Treasurer of the City (each, an "Authorized Officer"), are hereby authorized and directed to execute and deliver the Indenture of Trust for and in the name and on behalf of the Successor Agency, in the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture of Trust. The Successor Agency hereby authorizes the delivery and performance of the Indenture of Trust.

Section 5. Approval of Escrow Agreements. The forms of the Escrow Agreements on file with the City Clerk are hereby approved and the Authorized Officers are, each acting alone, hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Escrow Agreements upon the issuance of the Refunding Bonds. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Escrow Agreements.

Section 6. Oversight Board Approval of the Issuance of the Bonds. The Successor Agency hereby requests the Oversight Board as authorized by Section 34177.5(f) and Section 34180 to approve the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1) and this Resolution and the Indenture of Trust.

Section 7. Determinations by the Oversight Board. The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) the Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;

(b) the application of proceeds of the Refunding Bonds by the Successor Agency to the defeasance and redemption of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 3417.3 or any other provision of law to the contrary, without the approval of the

Oversight Board, the California Department of Finance, the San Diego County Auditor-Controller or any other person or entity other than the Successor Agency;

(c) the Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34171(b) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance; and

(d) the Successor Agency is authorized and directed to prepare, approve and execute such other documents, including, as necessary, the Bond Purchase Agreement, an official statement, a continuing disclosure certificate and any additional agreements as may be required to carry out the purposes of this Resolution without the need for further approval from the Oversight Board.

Section 8. Filing of Debt Service Savings Analysis and Resolution. The City Clerk is hereby authorized and directed to file the Debt Service Savings Analysis, on behalf of the Successor Agency, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) with the San Diego County Administrative Officer, the San Diego County Auditor-Controller and the California Department of Finance.

Section 9. Issuance of Refunding Bonds in Whole or in Part. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the Refunding Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the Refunding Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Refunding Bonds that meet the Savings Parameters. In the event the Refunding Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the Refunding Bonds pursuant to a supplement to the Indenture of Trust without the prior approval of the Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

Section 10. Municipal Bond Insurance and Surety Bonds. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for the Refunding Bonds and a debt service reserve insurance policy for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor and the Underwriter, that such municipal bond insurance policy and/or debt service reserve insurance policy will reduce the true interest costs with respect to the Refunding Bonds.

Section 11. Ratification. All actions heretofore taken by the officials, employees and agents of the Successor Agency with respect to the sale and issuance of the Refunding Bonds are hereby approved, ratified and confirmed.

Section 12. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and the California Department of Finance and in the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 13. Effective Date. This Resolution shall take effect immediately upon its adoption; provided, however, that the Successor Agency will not execute and deliver the documents approved hereby or issue the Refunding Bonds until such execution, delivery and issuance has been approved by the Oversight Board and the Department of Finance of the State of California.

ADOPTED by the City Council of the City of Santee, California acting in its capacity as designated Successor Agency to the former Community Development Commission of the City of Santee, at a Regular Meeting thereof held this _____ day of _____, 2016, by the following roll call vote to wit:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**

APPROVED

RANDY VOEPEL, MAYOR

ATTEST

PATSY BELL, CMC, CITY CLERK