

INDENTURE OF TRUST

Dated as of February 1, 2025

by and between the

SANTA CRUZ COUNTY REDEVELOPMENT
SUCCESSOR AGENCY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Trustee

Relating to
\$[PAR AMOUNT]

Santa Cruz County Redevelopment Successor Agency
Tax Allocation Refunding Bonds, 2025 Series A

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”) is dated as of February 1, 2025, by and between the SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY, a public body, duly organized and existing under the laws of the State of California (the “Successor Agency”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the County of Santa Cruz Redevelopment Agency (the “Prior Agency”) was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code) (the “Law”), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a redevelopment project known and designated as the Live Oak/Soquel Community Improvement Project Area (the “Redevelopment Project”) was adopted and approved by Ordinance No. 3836 of the Board of Supervisors (the “Board”) of the County of Santa Cruz (the “County”), and all requirements of the Law for and precedent to the adoption and approval of the Redevelopment Project have been duly complied with; and

WHEREAS the Prior Agency previously issued its Subordinate Tax Allocation Bonds 2000 Series A (the “2000 Series A Bonds”), Tax Allocation Bonds, 2005 Series A (the “2005 Series A Bonds”) and Tax Allocation Bonds, 2009 Series A (the “2009 Series A Bonds”) to finance improvements of benefit to the Redevelopment Project; and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the “Dissolution Act”); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act, resulting in the Prior Agency being dissolved as of February 1, 2012; and

WHEREAS, on January 10, 2012, the Board adopted Resolution No. 5-2012 declaring itself as the Successor Agency upon the dissolution of the Prior Agency; and

WHEREAS, the powers, assets, duties and obligations of the Prior Agency were transferred on February 1, 2012 to the Successor Agency; and

WHEREAS, on or about June 27, 2012, the California Legislature adopted AB 1484 as a trailer bill in connection with the 2012-13 California budget; and

WHEREAS, AB 1484 added various provisions to the Law, including section 34177.5(a)(1) thereof which specifically authorizes the issuance of refunding bonds by the Successor Agency in certain circumstances to refund bonds and indebtedness of the Prior Agency or the Successor Agency; and

WHEREAS the Successor Agency previously issued its (i) Tax Allocation Refunding Bonds, 2015 Series A (the “2015 Series A Bonds”) to refund certain of the outstanding 2000 Series A Bonds and the outstanding 2005 Series A Bonds and (ii) Tax Allocation Refunding Bonds, 2016 Series A (the “2016 Series A Bonds” and, together with the 2015 Series A Bonds, the “Refunded Bonds”) to refund the outstanding 2009 Series A Bonds; and

WHEREAS, the Successor Agency has now determined that, due to prevailing financial market conditions, it is in the best interests of the Successor Agency at this time to refinance redevelopment activities within and for the benefit to the Redevelopment Project by means of the refunding of the Refunded Bonds; and

WHEREAS, to provide moneys, together with certain of other funds, to refund the Refunded Bonds, the Successor Agency has determined to issue its Tax Allocation Refunding Bonds, 2025 Series A (the “Bonds”); and

WHEREAS, the Successor Agency has determined that issuance of the Bonds and refunding of the Refunded Bonds will satisfy the debt service savings conditions set forth in Section 34177.5(a)(1) of the Health and Safety Code; and

WHEREAS, pursuant to Section 34179 of the Law, an oversight board (the “Oversight Board”) has been established for the Successor Agency and the Successor Agency has requested that the Oversight Board approve the issuance of the Bonds by the Successor Agency, as authorized by Section 34177.5(f) of the Law and the Indenture; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and interest thereon, the Successor Agency wishes to approve the issuance of the Bonds and authorize the execution and delivery of the Indenture (defined herein); and

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest on all the Bonds issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt 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 Bonds, as follows:

ARTICLE I.
DETERMINATIONS; DEFINITIONS

Section 1.1 Findings and Determinations. 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 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 Bonds in the manner and form provided in this Indenture.

Section 1.2 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.2 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.

“Act” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and Section 34177.5 of the California Health and Safety Code.

“Additional Bonds” or “Additional Loans” or “Parity Debt” means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency on a parity with the Bonds, or the Parity Bonds pursuant to Section 3.4.

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

“Board of Supervisors” means the Board of Supervisors of the County of Santa Cruz.

“Bond,” “Bonds” or “2025 Bonds” means the Santa Cruz County Redevelopment Successor Agency, Tax Allocation Refunding Bonds, 2025 Series A.

“Bond Counsel” means Norton Rose Fulbright US LLP or an attorney or firm of attorneys acceptable to the Successor Agency of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions.

“Bond Insurance Policy” or “Policy” means the policy of municipal bond insurance policy issued by the Bond Insurer which insures the payment when due of principal of and interest on the Bonds.

“Bond Insurer” or “Insurer” means [Bond Insurer], its successors and assigns, as issuer of the Bond Insurance Policy and the Debt Service Reserve Insurance Policy.

“Bondowner” or “Owner”, or any similar term, means any person who shall be the registered owner or his duly authorized attorney, trustee or representative of any Outstanding Bond.

“Bond Year” means the twelve (12) month period commencing on September 2 of each year, provided that the first Bond Year shall extend from the Delivery Date to September 1, 2025.

“Business Day” means a day of the year (other than a Saturday or Sunday) on which banks in California are not required or permitted to be closed, and on which the Federal Reserve System is open.

“Certificate of the Successor Agency” means a certificate in writing signed by the Chairperson, County Administrative Officer, Assistant County Administrative Officer, Treasurer or Clerk of the Board of the Successor Agency, or any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds including the initial fees and expenses of the Trustee, rating agency fees, legal fees and expenses, costs of printing the Bonds and Official Statement, staff time and costs, fees of financial consultants, escrow fees and costs, bond insurance premiums, surety bond premiums, and other fees and expenses set forth in a Certificate of the Successor Agency.

“Costs of Issuance Fund” means the trust fund established in Section 3.3 of this Indenture.

“County” means the County of Santa Cruz, California.

“County Election Amount” means the amounts payable to the County, pursuant to its Resolution 330-87, as subsequently amended from time to time, on a basis subordinate to payment of the Bonds and Parity Bonds.

“Debt Service Fund” means that trust fund established in Section 4.3 of this Indenture.

“Debt Service Reserve Insurance Policy” or “Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy, which is a Qualified Reserve Account Credit Instrument, issued by the Bond Insurer for the credit of the Reserve Account.

“Defeasance Securities” with respect to the Bonds means non-callable direct obligations of the United States of America and securities fully and conditionally guaranteed as to the timely payment of principal and interest by the United States of America or as may be authorized under State law and approved by the Bond Insurer.

“Delivery Date” means the date on which the Bonds are delivered to the initial purchaser thereof.

“Dissolution Act” means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code.

“DOF” means the California Department of Finance.

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

“Escrow Agreement (2015A)” means the Escrow Deposit and Trust Agreement, dated as of February 1, 2025, between the Successor Agency and the Escrow Bank, relating to the deposit and application of the proceeds of a portion of the Bonds and other funds to pay and discharge the 2015 Series A Bonds.

“Escrow Agreement (2016A)” means the Escrow Deposit and Trust Agreement, dated as of February 1, 2025, between the Successor Agency and the Escrow Bank, relating to the deposit and application of the proceeds of a portion of the Bonds and other funds to pay and discharge the 2016 Series A Bonds.

“Escrow Agreements” means the Escrow Agreement (2015A) and the Escrow Agreement (2016A).

“Escrow Bank” means The Bank of New York Mellon Trust Company, N.A.

“Escrow Fund” means the fund by that name created pursuant to each of the Escrow Agreements.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State for trust funds held by the Trustee:

(a) Direct 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 directly or indirectly guaranteed by the United States of America, including without limitation, such of the foregoing which are commonly referred to as “stripped” obligations and coupons; or

(b) Any of the following obligations of the following agencies of the United States of America: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank, (ii) certificates of beneficial ownership issued by the Farmers Home Administration, (iii) obligations of the Federal Financing Bank, (iv) debentures of the Federal Housing Administration, (v) participation certificates issued by the General Services Administration, (vi) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (vii) project notes and local authority bonds issued by the United States Department of Housing and Urban Development (“HUD”), and (viii) new communities debentures, public housing notes and bonds of HUD guaranteed by the United States of America.

“Fiscal Year” means any twelve (12) month period beginning on July 1st and ending on the next following June 30th.

“Indenture” means this Indenture of Trust, dated as of February 1, 2025, between the Successor Agency and the Trustee, as originally entered into or as it may be amended or

supplemented from time to time pursuant to any Supplemental Indenture entered into pursuant to the provisions hereof.

“Independent Financial Consultant,” “Independent Certified Public Accountant” or “Independent Redevelopment Consultant” means any individual or firm engaged in the profession involved, appointed by the Successor Agency, and who, or each of whom, has a favorable reputation in the field in which his/her opinion or certificate will be given, and:

- (1) is in fact independent and not under domination of the Successor Agency;
- (2) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds; and
- (3) 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 the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the Successor Agency may designate in a Certificate of the Successor Agency delivered to the Trustee.

“Insured Bonds” means the Bonds maturing on September 1, 20[] through September 1, 20[], inclusive.

“Insured Obligations” shall mean the Insured Bonds.

“Interest Account” means the account by that name referenced in Section 4.3 of this Indenture.

“Interest Payment Date” means March 1 and September 1 in each year, commencing March 1, 2026, so long as any of the Bonds remain Outstanding hereunder.

“Law” means the Community Redevelopment Law of the State as cited in the recitals hereof.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest amount of Annual Debt Service on all Outstanding Bonds for the current or any future Bond Year.

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

“Opinion of Counsel” means a written opinion of an attorney or firm of attorneys of favorable reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it is related to factual matters, information which is in the possession of the Successor Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Successor Agency, unless such counsel knows, or in the exercise of reasonable care

should have known, that the certificate, opinion or representation with respect to the matters upon which his or her opinion may be based, as aforesaid, is erroneous.

“Outstanding” means, when used as of any particular time with reference to Bonds, subject to the provisions of this Indenture, all Bonds theretofore issued and authenticated under this Indenture except:

- (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid; and
- (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and authenticated pursuant to this Indenture.

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

“Parity Bonds” means the 2007 Refunding Bonds, the 2015 Series B Bonds, the 2017 Bonds and any additional Parity Debt.

“Parity Bonds Indentures” means the 2007 Refunding Indenture, the 2015 Series B Indenture, the 2017 Indenture and any Supplemental Indenture providing for the issuance of Parity Debt.

“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 directions from the Successor Agency as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California):

- (a) Federal Securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the Successor Agency itself): (i) certificates of beneficial ownership of the Farmers Home Administration; (ii) Federal Housing Administration debentures; (iii) participation certificates of the General Services Administration; (iv) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (v) guaranteed Title XI financings of the U.S. Maritime Administration; and (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.
- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the Successor Agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan

Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System.

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAM or AAM, including such funds for which the Trustee, its affiliates or subsidiaries provide investment-advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and retains a fee from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(e) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated “A- 1+” or better by S&P, which collateral must be held by a third party and provided that the Trustee must have a perfected first security interest in such collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by FDIC, including BIF and SAIF.

(g) Commercial paper rated at the time of purchase “A-1+” or better by S&P.

(h) Bonds or notes issued by any state or municipality which are rated by S&P in one of the two highest rating categories assigned by such agencies.

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A-1+” by S&P.

(j) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

“Principal Account” means the account by that name referenced in Section 4.3 of this Indenture.

“Prior Agency” means the County of Santa Cruz Redevelopment Agency.

“Prior Law” or “Redevelopment Law” means the Community Redevelopment Law of the State (commencing with Health and Safety Code Section 33000) as it existed on or before June 29, 2011.

“Purchaser” shall mean [_____].

“Qualified Reserve Account Credit Instrument” means 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 4.3, provided that all of the following requirements are met at the time the Successor Agency determines delivery thereof to the Trustee: (a) the long-term credit rating of such bank or the claims paying rating of such insurance company is at the time of commencement AA or better from each Rating Agency which then maintains a rating on the Bonds; (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 4.3(c); and (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 and the Principal Account for the purpose of making payments required pursuant to Section 4.3.

“Rating Agency” means, individually, either (a) Fitch, Inc., its successors and assigns, (b) Moody’s Investors Service, Inc., its successors and assigns, and (c) S&P, its successors and assigns.

“Rebate Regulations” means the final Treasury Regulations issued under Section 148(f) of the Code.

“Recognized Obligation Payment Schedule” or “ROPS” means a Recognized Obligation Payment Schedule, each prepared and approved from time to time pursuant to subdivision (1) of Section 34177 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(b) and administered by the Successor Agency.

“Redevelopment Plan” means the Redevelopment Plan for the Live Oak/Soquel Community Improvement Project, approved by Ordinance No. 3836, enacted by the Board of Supervisors on May 12, 1987, and as amended, together with any further amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

“Redevelopment Project” means the Live Oak/Soquel Community Improvement Project Area.

“Redevelopment Property Tax Trust Fund” or “RPTTF” means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(a) and administered by the County Auditor-Controller-Treasurer-Tax Collector.

“Refunded Bonds” means the 2015 Series A Bonds and the 2016 Series A Bonds.

“Regular Record Date” means the fifteenth day of the month preceding any Interest Payment Date whether or not such day is a Business Day.

“Remaining Limitation Amount” means the aggregate amount of the tax increment revenues that are permitted to be collected under the Redevelopment Plan less the gross amount of tax increment revenues collected to the date of calculation. The County Election Amount and the School District Election Amount are not included in the amount of tax increment revenues allocated to the Prior Agency or the Successor Agency.

“Report” means a document in writing signed by an Independent Financial Consultant and including:

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

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

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

“Request of the Successor Agency” means a request in writing signed by the Chairperson of the Board of Supervisors, County Administrative Officer, Assistant County Administrative Officer, Treasurer or Clerk of the Board 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 referenced in Section 4.3 hereof.

“Reserve Requirement” means \$[____], an amount equal to [10% of the original principal amount of the Bonds at Closing].

“Indenture” shall mean all bond documents including the resolution, trust agreement, indenture, ordinance, bond, note, certificate and/or any additional or supplemental document executed in connection with the Bonds.

“School District Election Amount” means the full amount of Tax Revenues which could be claimed by any school district or community college district pursuant to a going-forward election pursuant to former California Government Code Section 33676 or agreement with the County and the Prior Agency.

“Special Fund” means the fund by that name referenced in Section 4.2 of this Indenture.

“State” means the State of California, United States of America.

“Supplemental Indenture” means any indenture then in full force and effect which has been duly adopted by the Successor Agency under the Dissolution Act, or any act supplementary thereto or amendatory thereof, at a meeting of the Successor Agency duly convened and held, of which a

quorum was present and acted thereon, amendatory of or supplemental to this Indenture or any indebtedness entered into in connection with the issuance of Parity Bonds; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Statutory Tax Sharing” means amounts paid to affected taxing agencies, if any, pursuant to Sections 33607.5 and/or 33607.7 of the Law except to the extent that any amounts so payable are payable on a basis subordinate to the Bonds or any Parity Bonds or any Additional Loans.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns.

“Tax Certificate” means that certain Tax Certificate executed by the Successor Agency with respect to the Bonds.

“Tax Revenues” means (a) those taxes paid to the Successor Agency with respect to the Redevelopment Project pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State law, and as provided in the Redevelopment Plan, and (b) reimbursements, subventions (but excluding payments to the Prior Agency with respect to personal property within the Redevelopment Project pursuant to Section 16110, et seq., of the Government Code of the State), or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes; including that portion of such taxes otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Parity Bonds, and any Additional Loans (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Redevelopment Project, but excluding (i) all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Prior Agency pursuant to Section 33334.3 of the Redevelopment Law, (ii) all amounts payable by the Successor Agency to affected taxing agencies pursuant to any existing Tax Sharing Agreements, unless the payment of such amounts has been subordinated to the payment of Debt Service on the Bonds, the Parity Bonds, or on any Additional Loans, and (iii) the School District Election Amount and (iv) amounts required to be paid as Statutory Tax Sharing.

“Tax Sharing Agreements” means (a) that certain Agreement between the Prior Agency and the Capitola Fire District Regarding Pass-Through of Tax Increments Pursuant to Health and Safety Code Section 33401, dated April 28, 1987, (b) that certain Agreement between the Prior Agency and the Central Fire District Regarding Pass-Through of Tax Increments Pursuant to Health and Safety Code Section 33401, dated April 28, 1987, (c) that certain Agreement between the Prior Agency and the County of Santa Cruz Flood Control & Water Conservation District Regarding Pass-Through of Tax Increments Pursuant to Health and Safety Code Section 33401, dated April 28, 1987, (d) that certain Agreement between the Prior Agency and the County of Santa Cruz Zone 4 Fund Regarding Pass-Through of Tax Increments Pursuant to Health and Safety Code Section 33401, dated April 28, 1987, (e) that certain Agreement between the Prior Agency and the County of Santa Cruz Zone 5 Fund Regarding Pass-Through of Tax Increments Pursuant

to Health and Safety Code Section 33401, dated April 28, 1987, (f) that certain Agreement between the Prior Agency and the County of Santa Cruz CSA 11 Fund Regarding Pass-Through of Tax Increments Pursuant to Health and Safety Code Section 33401, dated April 28, 1987, and (g) that certain Agreement between the Prior Agency and the County of Santa Cruz Library Fund Regarding Pass-Through of Tax Increments Pursuant to Health and Safety Code Section 33401, dated April 28, 1987.

“Trust Office” means, with respect to the Trustee, the corporate trust office of the Trustee at 333 South Hope Street, Suite 500, Los Angeles, California 90071, 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.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., as Trustee hereunder and having a principal corporate trust office in Los Angeles, California, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

“2007 Refunding Bonds” means the County of Santa Cruz Redevelopment Agency 2007 Taxable Housing Tax Allocation Refunding Bonds (Live Oak/Soquel Community Improvement Project Area).

“2007 Refunding Indenture” means that Indenture of Trust, dated as of April 1, 2007, by and between the Prior Agency and The Bank of New York Mellon Trust Company, N.A., as successor to BNY Western Trust Company, relating to the 2007 Refunding Bonds.

“2015 Series A Bonds” means the Santa Cruz County Redevelopment Successor Agency Tax Allocation Refunding Bonds, 2015 Series A.

“2015 Series B Bonds” means the Santa Cruz County Redevelopment Successor Agency Taxable Tax Allocation Refunding Bonds, 2015 Series B.

“2015 Series B Indenture” means that Indenture of Trust, dated as of March 1, 2015, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., relating to the issuance of the 2015 Series B Bonds.

“2016 Series A Bonds” means the Santa Cruz County Redevelopment Successor Agency Tax Allocation Refunding Bonds, 2016 Series A.

“2017 Bonds” means the Santa Cruz County Redevelopment Successor Agency Taxable Tax Allocation Refunding Bonds, 2017 Series A.

“2017 Indenture” means that Indenture of Trust, dated as of April 1, 2017, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., relating to the issuance of the 2017 Bonds.

Section 1.3 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 THE BONDS

Section 2.1 Authorization of the Bonds. Bonds in the aggregate principal amount of \$[PAR AMOUNT] are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture and the Act. This Indenture constitutes a continuing agreement with the Trustee for the benefit of the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal of and interest on all the Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the “Santa Cruz County Redevelopment Successor Agency, Tax Allocation Refunding Bonds, 2025 Series A.”

The Bonds shall be and are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal and interest from Tax Revenues on a parity with, the Parity Bonds and any Parity Debt. The Bonds and the interest thereon are not a debt of the County, the State or any of its political subdivisions (except the Successor Agency), and none of the County, the State nor any of its political subdivisions (except the Successor Agency) is liable on them. In no event shall the Bonds or the interest thereon be payable out of any funds or properties other than those of the Successor Agency as set forth in this Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Successor Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Bonds shall be and are equally secured together with any Parity Bonds, by an irrevocable pledge of the Tax Revenues as hereinafter provided, without priority for number, maturity, date of sale, date of execution or date of delivery, except as expressly provided herein.

Nothing in this Indenture shall preclude: (a) the payment of the Bonds from the proceeds of refunding bonds issued pursuant to the Law, or (b) the payment of the Bonds from any legally available funds. Nothing in this Indenture shall prevent the Successor Agency from making advances of its own funds, however derived, to any of the uses and purposes mentioned in this Indenture.

The Successor Agency shall have the right to defease the Bonds and be discharged from the lien of this Indenture in accordance with the provision of Section 9.3 hereof. If the Successor Agency shall cause to be paid, or shall have made provision to pay upon maturity or upon redemption prior to maturity, to the Bondowners the principal of and interest to become due on the Bonds, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Indenture or otherwise, or through the irrevocable segregation for that purpose in some sinking account or other fund or trust account with a fiscal agent or otherwise, moneys sufficient therefor, including, but not limited to, interest earned or to be earned on the investment of such funds, then the lien of this Indenture, including, without limitation, the pledge of the Tax Revenues, and all other rights granted hereby, shall cease, terminate and become void

and be discharged and satisfied, and the principal of and interest on the Bonds shall no longer be deemed to be outstanding and unpaid; provided, however, that nothing in this Indenture shall require the deposit of more than such amount as may be sufficient, taking into account both the principal amount of such funds and the interest to become due on the investment thereof, to implement any refunding of the Bonds.

Section 2.2 Term of Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof and the Bonds shall mature on September 1, in the years and in the amounts and shall bear interest at the rate per annum as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
September 1	\$	%

Interest on the 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 Regular Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed on the Interest Payment Date by first class mail to such Owner at the address of such Owner as it appears on the Registration Books; provided, however, that upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Regular Record Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner. Principal of any Bond shall be paid upon presentation and surrender thereof, at maturity or redemption, at the Trust Office of the Trustee. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest shall be calculated based upon a 360-day year of twelve thirty-day months.

Each Bond shall be initially dated as of the Delivery Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Regular 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) a Bond is authenticated on or before February 15, 2026 in which event it shall bear interest from the Delivery Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.3 No Redemption of Bonds Prior to Maturity. The Bonds are not subject to redemption prior to their respective stated maturities.

Section 2.4 Form of Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.5 Execution of Bonds. The Bonds shall be executed on behalf of the Successor Agency by the signature of its County Administrative Officer, Assistant County Administrative Officer [and the signature of its Clerk of the Board] 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 Bond ceases to be such officer before delivery of the Bonds to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Successor Agency although on the date of such Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A hereto, manually executed and dated by and in the name of the Trustee 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 Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.9 hereof, the temporary Bonds shall bear thereon a certificate of authentication manually executed and dated by the Trustee, shall be initially registered by the Trustee, and, until so exchanged as provided under Section 2.9 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.6 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Successor Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of

authorized denominations. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.6. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any exchange or transfer shall be paid by the Successor Agency.

The transferor shall also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.7 Exchange of Bonds. Bonds may be exchanged at the Trust Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.7. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any exchange or transfer shall be paid by the Successor Agency.

Section 2.8 Registration Books. The Trustee will keep or cause to be kept, at its Trust Office, sufficient records for the registration and registration of transfer of the Bonds, which shall at all times during normal business hours be open to inspection by the Successor Agency with reasonable prior written notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as hereinbefore provided.

Section 2.9 Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Bonds. If the Successor Agency issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.10 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon deliver, a new Bond of like amount and maturity in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Successor Agency and the Trustee and, if such evidence is satisfactory to both and indemnity satisfactory to them shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like amount and

maturity in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Successor Agency may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the Successor Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Bond so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

Section 2.11 Book-Entry Only System. It is intended that the Bonds be registered so as to participate in a securities depository system with DTC (the “DTC System”), as set forth herein. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds registered in the name of Cede & Co., as nominee of DTC. The Successor Agency and the Trustee are authorized to execute and deliver such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including a representation letter in the form required by DTC (the “Representation Letter”). In the event of any conflict between the terms of any such letter or agreement, including the Representation Letter, and the terms of this Indenture, the terms of this Indenture shall control. DTC may exercise the rights of a Bondholder only in accordance with the terms hereof applicable to the exercise of such rights.

With respect to the Bonds registered in the books of the Trustee in the name of Cede & Co., as nominee of DTC, the Successor Agency and the Trustee shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “DTC Participant”) or to any person on behalf of whom such a DTC Participant directly or indirectly holds an interest in the Bonds (each such person being herein referred to as an “Indirect Participant”). Without limiting the immediately preceding sentence, the Successor Agency and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (b) the delivery to any DTC Participant or any Indirect Participant or any other person, other than a Bondholder, as shown in the Register, of any notice with respect to the Bonds, including any notice of redemption, (c) the payment to any DTC Participant or Indirect Participant or any other Person, other than a Bondholder, as shown in the Register, of any amount with respect to principal of or interest on the Bonds or (d) any consent given by DTC as registered owner. So long as certificates for the Bonds are not issued pursuant to Section 2.12 and the Bonds are registered to DTC, the Successor Agency, and the Trustee shall treat DTC or any successor securities depository as, and deem DTC or any successor securities depository to be, the absolute owner of the Bonds for all purposes whatsoever, including without limitation (i) the payment of principal and interest on the Bonds, (ii) giving notice of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Bond certificate with respect to any Bond. Notwithstanding any other provision of this Indenture to the contrary, so long as any of the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments

with respect to principal of and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the Representation Letter.

Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks being mailed to the registered owner at the close of business on the Record Date applicable to any Interest Payment Date, the name "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 2.12 Successor Securities Depository; Transfers Outside Book-Entry Only System. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Successor Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. The Successor Agency, without the consent of any other person, but following written notice to the Successor Agency and the Trustee, may terminate the services of DTC with respect to the Bonds. Upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to the foregoing provisions, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Successor Agency, at the expense of the Successor Agency, is obligated to deliver Bond certificates to the beneficial owners of the Bonds, as described in this Indenture, and the Bonds shall no longer be restricted to being registered in the books of the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or name Bondowner transferring or exchanging Bonds shall designate to the Trustee in writing, in accordance with the provisions of this Indenture. The Successor Agency may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, as may be acceptable to the Successor Agency, or such depository's agent or designee.

In connection with any proposed transfer outside the DTC System, the Successor Agency or DTC shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

ARTICLE III.

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

Section 3.1 Issuance of Bonds. Upon the execution and delivery of this Indenture and receipt by the Successor Agency of evidence satisfactory to it of satisfaction of the conditions precedent to issuance of the Bonds, the Successor Agency shall execute and deliver Bonds in the aggregate principal amount of \$[PAR AMOUNT] to the Trustee and the Trustee shall authenticate and deliver the Bonds upon the Request of the Successor Agency.

Section 3.2 Application of Proceeds of Bonds. On the Delivery Date the proceeds of sale of the Bonds shall be paid to the Trustee in the amount of \$[] (being the aggregate principal amount of the Bonds, plus a [net] original issue premium of \$[], less an underwriter's discount of \$[] and less the premiums for the Bond Insurance Policy and the

Debt Service Reserve Insurance Policy in the amount of \$[_____] [(paid by the Purchaser on behalf of the Successor Agency)] and said amount together with moneys transferred from the Funds and Accounts held in connection with the Refunded Bonds shall be applied as follows:

A. The Trustee shall deposit the Debt Service Reserve Insurance Policy into the Reserve Account of the Debt Service Fund,

B. The Trustee shall transfer the amount of \$[_____] to the Escrow Bank for deposit in the Escrow Fund under the Escrow Agreement (2015A),

C. The Trustee shall transfer the amount of \$[_____] to the Escrow Bank for deposit in the Escrow Fund under the Escrow Agreement (2016A),

D. The Trustee shall deposit the amount of \$[_____] from Bond proceeds into the Costs of Issuance Fund.

The Trustee may establish a temporary fund or account in its records to facilitate and record such deposits and transfers.

Moneys deposited in the Escrow Bank and Escrow Funds pursuant to Section 3.2(b) hereof shall be held by the Escrow Bank, and used to pay the principal and redemption price of and interest on the applicable Refunded Bonds in accordance with the provisions of the related Escrow Agreement.

Section 3.3 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. Each such Request of the Successor Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is three (3) months following the Delivery Date, or upon the earlier Request of the Successor Agency, all amounts (if any) remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Debt Service Fund and the Trustee shall close the Costs of Issuance Fund.

Section 3.4 Issuance of Parity Debt. No additional loans, tax allocations bonds or other obligations may be entered into or issued by the Successor Agency senior to the Bonds or the Parity Bonds. Additional tax allocation bonds, additional loans or other obligations on a parity with the Bonds and the Parity Bonds may only be issued for refunding purposes authorized by the Dissolution Act, including, without limitation Section 34177.5 thereof, subject to the following conditions precedent:

The Trustee shall receive prior to the delivery of Parity Debt:

A. Copies of the Supplemental Indenture to which such Parity Debt is authorized to be issued, certified by an authorized officer of the Successor Agency;

B. An opinion of Bond Counsel stating (1) that the Supplemental Indenture, pursuant to which such Parity Debt is authorized to be issued, is valid and enforceable in accordance with its terms; (2) that the Supplemental Indenture pursuant to which such Parity Debt is authorized to be issued, creates a valid pledge of that which it purports to pledge; and (3) that the principal amount of Parity Debt and other obligations to be issued and then Outstanding will not exceed any limit imposed by law;

C. An Officer's Certificate stating that the Successor Agency is not, at the time of issuance of such Parity Debt, in default under the Indenture, the Parity Bonds Indentures, directing the Trustee or designated trustee to deliver such series of bonds or other instrument or instruments evidencing Parity Debt as authorized, and stating the amounts to be deposited in the various funds and accounts.

D. With respect to such Parity Debt, a Certificate of the Successor Agency stating:

(i) For the current and all future fiscal years the debt service for the Bond Year commencing in the fiscal year with respect to all Parity Bonds for the Redevelopment Project, the Bonds, and Parity Debt reasonably expected to be Outstanding including the Parity Debt then being delivered;

(ii) For the then-current fiscal year the Tax Revenues to be received by the Successor Agency based upon the most recent taxable valuation of property in the Redevelopment Project furnished by the appropriate officer of Santa Cruz County, which for the purpose of this calculation, shall be reduced to take into account any pending assessment appeals as determined by an Independent Financial Consultant;

(iii) That for the current and the future fiscal year for the Bond Year commencing in the fiscal year, the Tax Revenues referred to in item (ii) above are at least 1.20 times the Debt Service referred to in item (i) above; and

(iv) That (A) the total debt service on such Parity Debt is lower than total debt service on such Parity Bonds or Parity Debt being refunded and (B) the final maturity of any such refunding Parity Debt does not exceed the final maturity of the Parity Debt being refunded.

E. With respect to such Parity Debt, a Certificate of the Successor Agency stating:

(i) That upon delivery of the proposed Parity Debt, an amount equal to or in excess of the Reserve Requirement for the Parity Debt will be credited to the Reserve Account as partial security for the Parity Debt;

(ii) That, unless the Successor Agency shall have determined that a maturity date of September 1 and that interest payment dates other than September 1 and March 1 will not adversely affect the interest of the owners of the Bonds then Outstanding, the Parity Debt shall mature on September 1 and interest thereon shall be payable September 1 and March 1 of each year; and

(iii) That the Successor Agency has reviewed the limitation upon the amount of taxes which may be allocated to the Successor Agency under the Redevelopment Plan and certifies that the pledge of Tax Revenues to the payment of the Parity Debt will not impair the ability of the Successor Agency to pay future Annual Debt Service on the Parity Bonds and the Bonds and the Parity Debt for the Redevelopment Project.

F. Evidence that the Oversight Board shall have approved the issuance of Parity Debt.

Any Parity Debt may be made subject to redemption prior to maturity, as a whole or in part, at the time or times, and upon payment of the principal amount thereof and accrued interest thereon plus the premium or premiums, if any, as may be determined by the Successor Agency in the resolution or indenture providing for the issuance thereof. The Successor Agency may not issue Parity Debt bearing interest at a variable rate or tender option debt.

If the Successor Agency is in compliance with all covenants set forth in the Indenture, the Successor Agency may for any purpose issue obligations having a lien on the Tax Revenues which is subordinate to the liens of the Bonds and the Parity Bonds and which are payable solely from “surplus” under the Indenture, but only if the pledge of Tax Revenues to the payment of the obligations will not impair the ability of the Successor Agency to pay future annual Debt Service on the Bonds and the Parity Bonds, but only for the purposes authorized in the Dissolution Act and in compliance with the requirements of the Dissolution Act and [Section 10.1E] hereof.

Section 3.5 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 his obligation with respect to the Redevelopment Project.

ARTICLE IV. SECURITY OF BONDS; FLOW OF FUNDS

Section 4.1 Security of Bonds; Equal Security. Except as provided in Sections 4.2 and 6.6, the Bonds shall be secured by a pledge of, security interest in, and lien on all of the Tax Revenues on a parity with the Parity Bonds and any Parity Debt and on all of the moneys in the Special Fund of the Redevelopment Obligation Retirement Fund on a parity with the Parity Bonds and any Parity Debt. In addition, the Bonds shall 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 and the Reserve Account without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

In consideration of the acceptance of the Bonds by those who shall own the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the 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 Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Section 4.2 Redevelopment Obligation Retirement Fund, Special Fund, Deposit of 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 Dissolution Act. There is hereby continued a special trust fund known as the “Special Fund” which shall be held by the Successor Agency within the Redevelopment Obligation Retirement Fund in an account separate and apart from other accounts of the Successor Agency in accordance with the Parity Bonds Indentures and this Indenture. The Successor Agency shall deposit all of the Tax Revenues received in any Bond Year from the Redevelopment Property Tax Trust Fund in accordance with the Dissolution Act in the Special Fund established within the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund are equal to the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to Section 4.3 of this Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in the Parity Bonds Indentures, or with respect to Parity Debt, as provided in any Supplemental Indenture. If the amount of Tax Revenues available in such Bond Year shall be insufficient to deposit the full amount required to be deposited in the Special Fund pursuant to this paragraph, then the Successor Agency shall transfer such Tax Revenues to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to Section 4.3 of this Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Bonds, as provided in the Parity Bonds Indentures, or with respect to Parity Debt, as provided in any Supplemental Indenture, ratably based on the full amounts required to be deposited without preference or priority for series.

All Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year pursuant to the preceding paragraph of this Section 4.2 shall be released from the pledge and lien hereunder for the security of the Bonds and shall be deposited and applied by the Successor Agency for any lawful purpose of the Successor Agency, including but not limited to the payment of any amounts due and owing to the United States of America pursuant to Section 4.4(a). Prior to the payment in full of the principal and interest on the Bonds, and the payment in full of all other amounts payable hereunder and under any Supplemental Indenture, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in this Indenture.

Notwithstanding the foregoing provisions, Tax Revenues shall not be released from the pledge and lien which secures the Bonds unless no amounts are then due and owing to the Bond Insurer in respect of the Bond Insurance Policy or the Debt Service Reserve Insurance Policy.

Section 4.3 Transfer of Amounts by the Trustee. There is hereby established a special trust fund to be known as the “Debt Service Fund,” which shall be held by the Trustee hereunder in trust. Subject to [Section 10.1H], moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are hereby established with the Trustee, in the following order of priority:

A. Interest Account. On or before the 8th Business Day preceding each date on which interest on the Bonds becomes due and payable, the Successor Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in 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 Bonds 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 next succeeding Interest Payment Date upon all of the Outstanding Bonds. Subject to this Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

B. Principal Account. On or before the 8th Business Day preceding each date on which principal of the Bonds is due and payable, either at maturity or upon the mandatory sinking account redemption thereof, the Successor Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the principal becoming due and payable on Outstanding Bonds on such date. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the amount of principal to become due on such date on all Outstanding Bonds. Subject to this Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds upon the maturity and upon mandatory sinking account redemption under Section 2.3(b).

C. Reserve Account. In the event that upon the semi-annual valuation of investments the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Trustee will promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency will transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, to the extent monies on deposit in the Redevelopment Obligation Retirement Fund are available therefor. If no amounts are on deposit in the Redevelopment Obligation Retirement

Fund, the Successor Agency shall request the amount necessary to maintain the Reserve Requirement on the next available Recognized Obligation Payment Schedule. Subject to certain rights of the Trustee, amounts in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the foregoing accounts on any date which the principal of or interest on the Bonds, and any Parity Bonds or Parity Debt becomes due and payable, in the event of any deficiency at any time in any of such accounts, or for the retirement of all the Bonds Outstanding. Amounts in the Reserve Account in excess of the Reserve Requirement will be transferred to the Interest Account.

The Successor Agency shall 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 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 Dissolution Act. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall 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 (C). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall either (i) replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) 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 Tax Revenues. The Reserve Account may be maintained in the form of one or more separate subaccounts which are established at the direction of the Successor Agency for the purpose of holding the proceeds of separate issues of the Bonds in conformity with applicable provisions of the Tax Code.

In any event where the Reserve Account contains both a Qualified Reserve Account Credit Instrument and cash, the cash shall be drawn down completely before any demand is made on the Qualified Reserve Account Credit Instrument.

The Reserve Requirement will be initially maintained in the form of the issuance of the Debt Service Reserve Insurance Policy by the Bond Insurer. Under the terms and conditions of the Debt Service Reserve Insurance Policy, the Trustee shall deliver to the Bond Insurer a demand for payment under the Debt Service Reserve Insurance Policy in the required form prior to the date on which funds are required for the purposes set forth above. The Trustee shall comply with all of the terms and provisions of the Debt Service Reserve Insurance Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve

Account, within the limits of the coverage amount provided by the Debt Service Reserve Insurance Policy. All amounts drawn by the Trustee under the Debt Service Reserve Insurance Policy will be deposited into the Reserve Account and applied for the purposes thereof.

Section 4.4 Rebate Fund. The Trustee shall establish the Rebate Fund and the Successor Agency shall comply with the requirements below. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by Covenant 9 of Section 5.1 hereof and the applicable Tax Certificate, unless the Successor Agency obtains an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

ARTICLE V. OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.1 Covenants of the Successor Agency. As long as the Bonds are outstanding and unpaid, the Successor Agency shall (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued hereunder, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and the Parity Bonds; provided, however, that the covenants do not require the Successor Agency to expend any funds other than the Tax Revenues:

Covenant 1. Use of Proceeds: Management and Operation of Properties. The Successor Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in this Indenture and that it will manage and operate all properties owned by it comprising any part of the Redevelopment Project in a sound and businesslike manner.

Covenant 2. No Priority. The Successor Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Tax Revenues which have any lien upon the Tax Revenues prior or senior to the lien of the Bonds and the Parity Bonds. Except as permitted by Section 3.4 hereof, it will not issue any obligations, payable as to principal or interest, from the Tax Revenues, which have any lien upon the Tax Revenues on a parity with the Bonds authorized herein. Notwithstanding the foregoing, nothing in this Indenture shall prevent the Successor Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding any of the Outstanding Bonds, (ii) from issuing and selling obligations which have any lien upon the Tax Revenues which is junior to the Bonds or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Tax Revenues. As used herein "obligations" includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

Covenant 3. Punctual Payment. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds and the Parity Bonds on the date, at the place and in the manner provided in the Bonds and the Parity Bonds. Further, it will take all actions required under the Dissolution Act to include on the

Recognized Obligation Payment Schedules for each six-month period all payments to the Trustee to satisfy the requirements of Section 4.2 of this Indenture and the Parity Bonds Indentures, including any amounts required under the Indenture and the Parity Bonds Indentures to replenish the Reserve Account of the Debt Service Fund to full amount of the Reserve Requirement.

Covenant 4. Payment of Taxes and Other Charges. The Successor Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Redevelopment Project, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

Covenant 5. Books and Accounts; Financial Statements. The Successor Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Tax Revenues, the Special Fund and other funds of the Successor Agency. The Successor Agency will prepare within one hundred eighty (180) days after the close of each of its Fiscal Years a complete financial statement or statements for such year, accompanied by an opinion of an Independent Certified Public Accountant appointed by the Successor Agency, and will furnish a copy of the statement or statements to any Bondowner upon written request. The Trustee shall have no duty to review the Successor Agency's financial statements. The Successor Agency's financial statements may be included as part of the County's Comprehensive Annual Financial Report.

Covenant 6. Eminent Domain Proceeds. The Successor Agency covenants and agrees that if all or any part of the Redevelopment Project should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, it shall take all steps necessary to adjust accordingly the base year property tax roll of the Redevelopment Project.

Covenant 7. Disposition of Property. The Successor Agency covenants and agrees that it will not dispose of more than ten percent (10%) of the land area in the Redevelopment Project (except property shown in the Redevelopment Plan in effect on the date this Indenture is adopted as planned for public use, or property to be used for public streets, public off-street parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, unless such disposition will not result in Tax Revenues to be less than the amount required for the issuance of Parity Bonds as provided in Section 3.4, based upon the certificate or opinion of an Independent Financial Consultant appointed by the Successor Agency.

Covenant 8. Protection of Security and Rights of Bondowners. The Successor Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondowners and to contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that (i) the Law is unconstitutional or (ii) that the Tax Revenues pledged under this Indenture cannot be paid to the Successor Agency for the debt service on the Bonds or (b) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Tax Revenues, the senior lien position of the Bonds to the County Election Amount.

Covenant 9. Tax Covenants Relating to Bonds. The Successor Agency covenants in connection with the Bonds as follows:

(A) *Special Definitions*. When used in this Section, the following terms have the following meanings:

“Code” means the Internal Revenue Code of 1986.

“Computation Date” has the meaning set forth in section 1.148-1(b) of the Treasury Regulations.

“Gross Proceeds,” with respect to an issue, means any proceeds of that issue as defined in section 1.148-1(b) of the Treasury Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds of that issue as defined in section 1.148-1(c) of the Treasury Regulations.

“Investment” means (i) any security (within the meaning of section 165(g)(2)(A) or (B) of the Code), (ii) any obligation (notwithstanding that such obligation may be a tax-exempt bond), (iii) any annuity contract, (iv) when allocated to a bond other than a private activity bond, any residential rental property for family units that is not located within the jurisdiction of the issuer and that is not acquired to implement a court ordered or approved housing desegregation plan, or (v) any investment-type property (as defined in section 1.148-1(e) of the Treasury Regulations).

“Nonpurpose Investment,” with respect to an issue, means any investment other than a tax-exempt bond that is not a specified private activity bond (within the meaning of section 57(a)(5)(C) of the Code), in which Gross Proceeds of that issue are invested and that is not acquired to carry out the governmental purposes of that issue.

“Prior Issues” shall mean the Refunded Bonds.

“Proceeds,” with respect to an issue of governmental obligations, has the meaning set forth in section 1.148-1(b) of the Treasury Regulations (referring to sales, investment and transferred proceeds, but not replacement proceeds, of that issue).

“Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Treasury Regulations.

“Treasury Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code.

“Yield” shall have:

- (1) with respect to any Investment or class of Investments, that meaning which is set forth in section 1.148-5 of the Treasury Regulations; and
- (2) with respect to any issue, that meaning which is set forth in section 1.148-4 of the Treasury Regulations.

(B) *Not to Cause Interest to Become Taxable.* The Successor Agency shall not use, permit the use of, or omit to use Gross Proceeds of the Bonds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on the Bonds to fail to be excluded pursuant to section 103(a) of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Successor Agency receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion pursuant to section 103(a) of the Code of interest on any Bond from the gross income of the owners thereof for federal income tax purposes, the Successor Agency shall comply with each of the specific covenants in this Section.

(C) *Private Use or Private Payments.* Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall at all times prior to the final cancellation of the last of the Bonds to be retired:

- (1) exclusively own, operate and possess all property the acquisition, construction or improvement of which has been or is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds or of the Prior Issues and not use or permit the use of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, or agency or instrumentality thereof, unless such use is solely as a member of the general public;
- (2) not directly or indirectly impose or accept any charge or other payment by any governmental or nongovernmental person or entity in respect of the use of Gross Proceeds of the Bonds or of the Prior Issues, or of any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, of the type described in clause

(i) foregoing, other than payments that are of taxes of general application within the jurisdiction of the Successor Agency; and

(3) where the Bonds are refunded, the Successor Agency will apply the foregoing restrictions taking cognizance of the provisions of sections 1.141-3(g) and 1.141-4(c)(2)(ii) of the Treasury Regulations and of any subsequently adopted rules or regulations applicable to such a refunding.

(D) *No Private Loan.* Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall not use Gross Proceeds to make or finance any loan to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity not only if such Gross Proceeds are provided to such a person or entity under circumstances that create an indebtedness of that person or entity under local law or for federal income tax purposes, but also if: (a) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (b) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement; or (c) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan. For purposes of this covenant, the Successor Agency will treat any transaction constituting a loan of Gross Proceeds of the Prior Issue as resulting in a loan of Gross Proceeds of the Bonds.

(E) *Not to Invest at Higher Yield.* Except as would not cause any Bond to become an “arbitrage bond” within the meaning of section 148 of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall not, at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds of the Bonds in any Investment, if as a result of such investment the Yield of any Investment or class of Investments acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bond, all as determined in accordance with the provisions of said section 148 and Treasury Regulations and rulings.

(F) *Not Federally Guaranteed.* Except to the extent permitted by section 149(b) of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall not take or omit to take any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Treasury Regulations and rulings thereunder. Without limitation of the foregoing, the Successor Agency will not permit any portion of the debt service on the Bonds to be guaranteed (in whole or in part) by the United States, or more than 5% of the proceeds of the Bonds to be loaned to any person under which the obligation of that person to repay such loan is guaranteed (in whole or in part) by the United States, or more than 5% of the proceeds of the Bonds to be invested (directly or indirectly) in federally insured deposits or accounts. For this purpose, a guarantee or insurance by an agency or instrumentality of the United States will be treated as though made or provided by the United States.

(G) *Information Report.* The Successor Agency shall timely file any information required by section 149(e) of the Code with respect to the Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(H) *Rebate of Arbitrage Profits.* Except to the extent otherwise provided in section 148(f) of the Code and the Treasury Regulations, in order to assure that no Bond is treated as an arbitrage bond:

(1) the Successor Agency shall account for all Gross Proceeds of the Bonds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Successor Agency may commingle Gross Proceeds of Bonds with its other monies, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith in accordance with applicable Treasury Regulations;

(2) not less frequently than each Computation Date, the Successor Agency [shall retain the services of a qualified rebate analyst to calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Treasury Regulations and rulings thereunder. The Successor Agency promptly shall report to the Trustee the results of such calculation, including the basis therefor, in sufficient detail and on a timely basis in order that the Successor Agency shall be able to comply with its covenants herein. The Trustee shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date. The Trustee shall have no duty to review such report or calculation];

(3) to assure the exclusion pursuant to section 103(a) of the Code of interest on Bonds from the gross income of the owners thereof for federal income tax purposes, the Successor Agency shall provide to the Trustee for deposit into the Rebate Fund an amount sufficient to permit the Successor Agency timely to pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in section 1.148-3(e)(2) of the Treasury Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the Successor Agency at the times and in the amounts as are or may be required by

section 148(f) of the Code and the Treasury Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Treasury Regulations and rulings thereunder for execution and filing by the Successor Agency; and

(4) [the Successor Agency shall exercise reasonable diligence to ensure that no error is made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including by payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) or other provision of the Code or Treasury Regulations].

(I) *Not to Divert Arbitrage Profits.* Except to the extent permitted by section 148 of the Code and the Treasury Regulations and rulings thereunder, the Successor Agency shall not, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (H) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on the Bonds not been relevant to either party.

(J) *Bonds Not Hedge Bonds.* The Successor Agency represents and covenants that the Prior Issues and the Bonds are not and will not comprise "hedge bonds" within the meaning of section 149(g) of the Code.

(K) *Use of Proceeds; Weighted Average Maturity.* The Successor Agency hereby represents and covenants that it will apply the proceeds of the Bonds in a manner so that the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected remaining economic life of the facilities financed or refinanced therewith (all determined in accordance with the provisions of section 147(b) of the Code).

(L) *Elections.* The Successor Agency hereby directs and authorizes the Treasurer of the Successor Agency to make elections permitted or required pursuant to the provisions of the Code or the Treasury Regulations, as such authorized Successor Agency representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the Bond as to tax exemption or similar or other appropriate certificate, form or document.

(M) *Closing Certificate.* The Successor Agency agrees to execute and deliver in connection with the issuance of Bonds a Tax Certificate as to Arbitrage and the Provisions of sections 103 and 141-150 of the Code, or similar document containing additional representations and covenants pertaining to the excludability of interest from the gross income of the Owners for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

Covenant 10. Compliance with Dissolution Act. The Successor Agency covenants that in addition to complying with the requirements of Covenant 3, it will comply with all other requirements of the Dissolution Act and [Sections 10.1F and 10.1G] hereof. 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 ensure compliance by the Successor Agency with its covenants hereunder. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Bonds and on the Parity Bonds, as well as any amount required under this Indenture and the Parity Bonds Indentures to replenish the Reserve Accounts of the Debt Service Funds, in Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller-Treasurer-Tax Collector to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds and the Parity Bonds coming due in the respective six-month period and to pay all amounts owed the Insurer. 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, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under this Indenture and the Parity Bonds Indentures in the following six-month period and to pay all amounts owed the Insurer.

Covenant 11. Plan Limit. The Successor Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limit in the amounts and at the times required to enable the Successor Agency to pay the principal of and interest on the Bonds, the Parity Bonds and any Parity Debt when due. [The Successor Agency covenants that the aggregate amount of scheduled debt service remaining to be paid on the Bonds, and all outstanding Parity Debt and all outstanding Subordinate Debt secured by a lien on or pledge of Tax Revenues (the "Aggregate Debt Service") shall at no time exceed 95% of the Remaining Limitation Amount. The Remaining Limitation Amount will be calculated annually after each June 1 distribution to the Redevelopment Obligation Retirement Fund and the calculation included in the Successor Agency's Annual Report prepared to comply with the Continuing Disclosure Certificate. If, in any Fiscal Year, the Successor Agency determines that the Aggregate Debt Service exceeds 95% of the Remaining Limitation Amount, the Successor Agency shall (a) promptly notify the Bond Insurer [and the insurer of the ____ Bonds] of such fact in writing, (b) transfer all Tax Revenues received in such Fiscal Year to the Trustee for deposit in the Debt Service Fund or other applicable fund or accounts, (c) cause, by written instruction, the Trustee to apply such Tax Revenues to the payment and prepayment of the then-outstanding Bonds and Parity Bonds, as said Bonds and Parity Bonds become due, and the scheduled payment of the then-outstanding Subordinate Debt as said Subordinate Debt becomes due in the amount necessary in such Fiscal Year and in each year thereafter so that the 95% limit is no longer reached or exceeded, (d) include such prepayment and payment amounts described in clause (c) to be included on the Recognized Obligation Payment Scheduled, and (e) not later than October 1 of the following year and each October 1 thereafter, cause to be filed with the Bond Insurer [and the insurer of the ____ Bonds] a Report of an Independent Redevelopment Consultant and/or an Independent Certified Public Accountant showing (i) the annual amounts and the aggregate amount of scheduled debt service remaining to be paid on the Bonds, all outstanding Parity Bonds and all outstanding

Subordinate Debt secured by a lien on or pledge of Tax Revenues, and (ii) the Remaining Limitation Amount.]

Covenant 12. Further Assurances. The Successor Agency covenants and agrees to adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

Covenant 13. 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. Notwithstanding any other provision of this Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any participating underwriter, holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

ARTICLE VI. THE TRUSTEE

Section 6.1 Duties, Immunities and Liabilities of Trustee.

A. The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture 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 under the circumstances in the conduct of such person's own affairs.

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

expenses owing to it prior to, or contemporaneous with, signing any instrument or agreement to effect the transfer to a successor Trustee.

C. The Trustee may at any time resign by giving prior written notice of such resignation to the Successor Agency and the Bond Insurer, 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 60 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, at the expense of the Successor Agency, 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 thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the 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, with a copy to the Successor Trustee, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within 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. Notwithstanding any other provisions of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed.

E. Every successor Trustee appointed under the provisions of this Indenture shall be a trust company, national banking association or bank in good standing authorized to exercise trust powers or having the powers of a trust company and duly authorized to exercise trust powers within the State having a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such bank, national banking association or trust 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, national banking association or trust 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 resign immediately in the manner and with the effect specified in this Section.

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

G. Before taking any action under Article VIII or this Section 6.1 at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or its willful misconduct in connection with any action so taken.

H. The Trustee shall notify the Bond Insurer of any name change as described in [Section 10.1.K(1)].

Section 6.2 Merger or Consolidation. Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank, national banking association or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or trust company shall be eligible under subsection E of Section 6.1, shall be the successor to such Trustee without the execution or filing hereunder of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 6.3 Liability of Trustee.

A. The recitals of facts herein and in the 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 this Indenture or of the Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee

shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of any 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 in principal amount of the Bonds then Outstanding.

B. The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts. In acting or omitting to act pursuant to this Indenture, or any other document executed in connection herewith, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Indenture.

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

D. The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, 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 it shall have actual knowledge thereof, or shall have received written notice thereof at its Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 5.1 and may rely conclusively on the certificates 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 or expend its own funds or otherwise incur any financial liability hereunder. The Trustee may refuse to perform any duty or exercise any right or power which would require it to expend its own funds or risk any liability if it shall reasonably believe that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

G. The Trustee may execute any of the trust or powers hereof and perform any of its duties hereunder either directly or by or through attorneys, agents, custodians, nominees and receivers appointed with due care and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

H. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

I. The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

J. The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

K. The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Section 6.4 Right to Rely on Documents. The Trustee shall be protected in acting upon, and shall not be required to make any investigation in connection with, 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, in the absence of negligence or willful misconduct by the Trustee. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and, in the absence of negligence or willful misconduct by the Trustee, 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 Certificate

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 Certificate, but in its discretion the Trustee may, 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 of report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and related financing documents and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Successor Agency shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Successor Agency whenever a person is to be added or deleted from the listing. If the Successor Agency elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Successor Agency understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Successor Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Successor Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Successor Agency. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Successor Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Successor Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 6.5 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times during regular business hours upon reasonable written notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 6.6 Compensation and Indemnification. The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Indenture. Upon the occurrence of an Event of Default, 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 reasonable 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 hereof.

The Successor Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents 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 and those of its attorneys and advisors of defending against any claim of liability, 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 or employees. The obligations of the Successor Agency under this section shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

Section 6.7 Investment of Moneys in Funds and Accounts. Subject to the provisions of Article V hereof, all moneys held by the Trustee in the Debt Service Fund, Costs of Issuance Fund or the Rebate Fund, shall, at the written direction of the Successor Agency received two (2) Business Days prior to the making of such investment, be invested only in Permitted Investments. The Trustee may conclusively rely upon the Successor Agency's written direction as to both the suitability and legality of the directed investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any Fund or Account, the Trustee shall hold such moneys uninvested.

A. Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency only in obligations permitted by the Law which will by their terms mature not later than the date the Successor Agency estimates the moneys represented by the particular investment will be needed for withdrawal from the Redevelopment Obligation Retirement Fund.

B. Moneys in the Interest Account and the Principal Account of the Debt Service Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest and principal payment date, there will be in such account, from matured obligations and other moneys already in such account, cash equal to the interest and principal payable on such payment date.

C. Moneys in the Reserve Account shall be invested in (i) obligations which will by their terms mature on or before the date of the final maturity of the Bonds or five (5) years from the date of investment, whichever is earlier or (ii) an investment agreement which permits withdrawals or deposits

without penalty at such time as such moneys will be needed or in order to replenish the Reserve Account.

D. Moneys in the Rebate Fund shall be invested in Defeasance Securities which mature on or before the date such amounts are required to be paid to the United States.

Obligations purchased as an investment of moneys in any of the Funds or Accounts shall be deemed at all times to be a part of such respective Fund or Account and the interest accruing thereon and any gain realized from an investment shall be credited to such Fund or Account and any loss resulting from any authorized investment shall be charged to such Fund or Account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, shall sell or present for redemption any obligation purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by this Indenture and shall incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the Interest Account, Principal Account or Reserve Account, to the extent they exceed the amount required to be in such Account, shall be transferred on each Interest Payment Date to the Debt Service Fund. All interest earnings on monies invested in the Rebate Fund shall be retained in such Fund and applied as set forth in Section 4.4. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 6.7. The Trustee shall not be responsible or liable for any loss suffered in connection the selection of investments by the Successor Agency or with any investment of funds made by it in accordance with Section 6.7 hereof. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investments prior to its stated maturity or the failure of the Successor Agency to provide timely written investment direction. 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 Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including account maintenance fees. The Trustee may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder. The value of Permitted Investments shall be determined at market. Ratings of permitted investments shall be determined at the time of purchase of such permitted investments and without regard to ratings subcategories. In making any valuations hereunder, the Trustee may utilize and conclusively rely without liability upon such generally recognized pricing information services as may be regularly available to it (including brokers and dealers in securities).

Section 6.8 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 held by it established pursuant to this Indenture. Such books of record and account shall be available for

inspection by the Successor Agency at reasonable hours and under reasonable circumstances with reasonable prior written notice. The Trustee shall furnish to the Successor Agency, at least quarterly, an accounting of all transactions in the form of its regular account statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.9 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 corporations or 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 or Successor Agency appoint an additional individual or institution as a separate co-trustee. The following provisions of this Section 6.9 are adopted to these ends.

In the event that the Trustee or Successor Agency appoint 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 to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Successor Agency be required by the separate trustee or co-trustee so appointed by the Trustee or Successor Agency 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.

In addition to the appointment of a co-trustee hereunder, the Trustee may, at the expense and with the prior written consent of the Successor Agency, appoint any agent of the Trustee, for the purpose of administering the transfers or exchanges of Bonds or for the performance of any other responsibilities of the Trustee hereunder.

ARTICLE VII. MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.1 Amendment Without Consent of Owners. 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, without consent of any Owners, to the extent permitted by law and for any one or more of the following purposes:

A. to add to the covenants and agreements of the Successor Agency in this Indenture contained, 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; 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 the issuance of Parity Debt pursuant to Section 3.4, and to provide the terms and conditions under which such Parity Debt may be issued; or

D. to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on any of the Bonds, in the opinion of nationally-recognized bond counsel; or

E. to amend any provision hereof to comply with the requirements of a provider of a Qualified Reserve Account Credit Instrument.

Section 7.2 Amendment With Consent of Owners. Except as set forth in Section 7.1, 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 Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with 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 or interest 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. [Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondowners or adversely affects the rights and interests of the Bond Insurer shall be subject to the prior written consent of the Bond Insurer.] With the written consent of the Bond Insurer, the Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture authorized by Sections 7.1 and 7.2 which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 7.3 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 7.4 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 Trust 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 Trust Office of the Trustee, without cost to such Owners.

Section 7.5 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 7.6 Opinion of Counsel. The Trustee shall be provided an opinion of counsel that any such Amendment or Supplemental Indenture entered into by the Successor Agency and the Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.1 Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

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

B. if default shall be made by the Successor Agency in the observance of any of the covenants, agreements (including default by the obligor on any underlying agreement) or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (A), and such default shall have continued for a period of 30 days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default; or

C. if the Successor Agency shall commence a voluntary action under Title 11 of the United States Code or any substitute or successor statute.

For purposes of determining whether any event of default has occurred under and as described in the preceding clauses (A) or (B), no effect shall be given to payments made by the Bond Insurer under the Bond Insurance Policy or the Debt Service Reserve Insurance Policy.

If an Event of Default has occurred and is continuing, the Trustee may, or if requested in writing by the Owners of the majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall, by written notice to the Successor Agency, (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, and (b) upon receipt of indemnity to its satisfaction exercise any other remedies available to the Trustee and the Owners in law or at equity.

Immediately 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 (B) above the Trustee in its sole discretion may, also give such notice to the Successor Agency, and 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 net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, including but not limited to attorneys' fees, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the 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.

Upon the occurrence of an event of default, the Trustee may, or if requested in writing by the Owners a majority in aggregate principal amount of the Bonds Outstanding shall, by written notice to the Successor Agency, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding. Notwithstanding the foregoing, the maturity of Bonds insured by the Bond Insurer shall not be accelerated without the consent of the Bond Insurer and in the event the maturity of the Bonds is accelerated, the Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Successor

Agency) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.

Section 8.2 Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.1, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the order following, upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of 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 and disbursements of internal counsel to the extent such services are not redundant with those provided by outside counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee pursuant to Section 6.6, together with interest on all such amounts, if any, advanced by the Trustee at the maximum rate permitted by law, and

Second, 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 8.3 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. The Bond Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. The rights granted to the Bond Insurer under the Indenture or any other Related Document to request, consent

to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Bond Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Bond Insurer.

Section 8.4 Limitation on Owner's Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding, including a writ of mandamus 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 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 provisions 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 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 8.5 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 Tax Revenues and other amounts pledged hereunder, the principal of and interest on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner 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 Owners by 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.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners, the Successor Agency 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 8.6 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 or Parity Bonds, as applicable, 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, provided the Trustee shall have no duty or obligation to enforce any such right or remedy if it has not been indemnified to its satisfaction from loss, liability or any expense including, but not limited to reasonable fees and expenses of its attorneys.

Section 8.7 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the 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 by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.8 Rights of Insurer. The provisions of this Article VIII are subject to the rights of the Bond Insurer under [Section 10.3] hereof.

ARTICLE IX. MISCELLANEOUS

Section 9.1 Benefits Limited to Parties. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Successor Agency, the Trustee, the Bond Insurer, and the registered Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Successor Agency, the Trustee, and the registered Owners of the Bonds. Notwithstanding the foregoing, the Bond Insurer shall be a third-party beneficiary to the Indenture.

Section 9.2 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 9.3 Discharge of Indenture. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest on all Outstanding Bonds; or

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

(iii) by irrevocably depositing with the Trustee, in trust, Defeasance Securities in such amount as an Independent Certified Public Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal and interest at or before maturity, then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture with respect to such Bonds shall cease and terminate, except only (a) the obligation of the Trustee to transfer and exchange Bonds hereunder and (b) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Successor Agency. To accomplish defeasance, the Successor Agency shall comply with [Section 10.1 J] hereof, and shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (“Verification”), (ii) an Escrow Deposit Agreement, (iii) an opinion of nationally recognized bond counsel to the effect that such Bonds are no longer “Outstanding” under the Indenture and (iv) a certificate of discharge of the Trustee with respect to such Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency, Trustee and Bond Insurer. [The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.]

Bonds shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Section 9.4 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 provided 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 9.5 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 or the County (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 for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded. Upon request of the Trustee, the Successor Agency shall specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 9.6 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 or interest 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 9.7 Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds and upon written request of the Successor Agency, provide the Successor Agency a certificate of destruction. 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 9.8 Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by Electronic Means, addressed as follows:

If to the Successor Agency:	Santa Cruz County Redevelopment Successor Agency Government Center 701 Ocean Street Santa Cruz, CA 95060 Attn: County Administrative Officer
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If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.
Attn: Corporate Trust
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Email: gloria.ramirez@bny.com

Section 9.9 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 hereby declares that it would have adopted this Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.1 hereof, be assumed by and vest in the Finance Officer of the Successor Agency in trust for the benefit of the Owners that the Finance Officer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bondowners, pending appointment of a successor Trustee in accordance with the provisions of Section 6.1 hereof.

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 principal of or interest on the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest 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 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 Bond Owners shall look only to the Successor Agency for the payment of the principal of and interest on such Bonds.

Section 9.11 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 9.12 Governing Law. This Indenture shall be construed and governed in accordance with the internal Laws of the State.

Section 9.13 Payments Due on Other Than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

ARTICLE X.
PROVISIONS RELATING TO BOND INSURANCE POLICY

Section 10.1 Bond Insurance Policy.

[To come from Bond Insurer.]

ARTICLE XI.
PROVISIONS RELATING TO DEBT RESERVE INSURANCE POLICY

Section 11.1 Debt Service Reserve Insurance Policy.

[To come from Bond Insurer.]

IN WITNESS WHEREOF, the SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY, has caused this Indenture to be signed in its name by its Assistant County Administrative Officer and attested by its Clerk of the Board, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer hereunto duly authorized, all as of the day and year first above written.

SANTA CRUZ COUNTY
REDEVELOPMENT SUCCESSOR
AGENCY

By: _____
[]
[]

ATTEST:

By: _____
Juliette Rezzato
Chief Deputy Clerk of the Board

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee

By: _____
Authorized Officer

EXHIBIT A
(FORM OF BOND)

No. R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SANTA CRUZ

SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY
TAX ALLOCATION REFUNDING BONDS, 2025 SERIES A

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	September 1, 20 ____	____, 2025	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ THOUSAND DOLLARS

The SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Successor Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated after the close of business on the fifteenth calendar day of the month preceding such interest payment date (a "Regular Record Date"), and on or before such interest payment date, in which event it shall bear interest from such interest payment date, or (ii) this Bond is authenticated on or before February 15, 2026, in which event it shall bear interest from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the rate per annum stated above, payable semiannually on March 1 and September 1 in each year (each an "Interest Payment Date"), commencing March 1, 2026, calculated on the basis of a 360-day year composed of twelve 30-day months. Principal hereof is payable upon presentation and surrender of this Bond at the corporate Trust Office of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed on the interest payment date by first class mail to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee at the close of business on the Record Date next preceding such interest payment date; provided, however, that upon the written request of any Registered Owner of at least \$1,000,000 in principal amount of Bonds received by the Trustee at least fifteen (15) days prior to such Regular Record

Date, payment shall be made by wire transfer in immediately available funds to an account in the United States designated by such Owner.

This Bond is one of a duly authorized issue of Bonds of the Successor Agency designated as “Santa Cruz County Redevelopment Successor Agency Tax Allocation Refunding Bonds, 2025 Series A (the “Bonds”), in an aggregate principal amount of \$[PAR AMOUNT], all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates or redemption and other provisions) and all issued pursuant to the provisions of the Refunding Bond Act, being 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 of California (the “Act”), Health and Safety Code Section 34177.5, and pursuant to a resolution of the Successor Agency adopted February 11, 2025, and a resolution adopted by the Oversight Board on March 4, 2025, and an Indenture of Trust, dated as of February 1, 2025, entered into by and between the Successor Agency and the Trustee (the “Indenture”), authorizing the issuance of the Bonds. Additional bonds, notes or other obligations may be issued 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 indentures supplemental thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the registered 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 Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Successor Agency to refund the Santa Cruz County Redevelopment Successor Agency’s previously issued Tax Allocation Refunding Bonds, 2015 Series A and Tax Allocation Refunding Bonds, 2016 Series A.

The Bonds are special obligations of the Successor Agency and are payable from, and are secured by a pledge of and lien on the Tax Revenues derived by the Successor Agency from the Redevelopment Project Area (as that term is defined in the Indenture), on a parity with the County of Santa Cruz Redevelopment Agency’s 2007 Refunding Bonds and the Successor Agency’s 2015 Series B Bonds and 2017 Bonds, as defined in the Indenture.

There has been created and will be maintained by the Successor Agency the Redevelopment Obligation Retirement Fund (as defined in the Indenture) and with such fund, there is contained a Special Fund, into which Tax Revenues shall be deposited and transferred to the Trustee for deposit into the Debt Service Fund (as defined in the Indenture) from which the Trustee shall pay the principal of and the interest on the Bonds when due. As and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably pledged to and constitute a trust fund for, in accordance with the terms hereof and the provisions of the Indenture and the Law and for the security and payment of interest on, the Bonds, the Parity Bonds and any additional bonds, notes or other obligations authorized by the Indenture to be issued on a parity therewith. In addition, the Bonds shall be additionally secured at all times by a first and exclusive pledge of and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account and the Reserve Account (as such terms are defined in the Indenture). Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

The Bonds are not subject to redemption prior to their respective stated maturities.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

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

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the corporate Trust Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange 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.

The rights and obligations of the Successor Agency and the registered 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 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 and interest at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the registered owner of such Bond, reduce the percentage of Bonds required for the written consent to any such amendment or modification or, without its written consent thereto, modify any of the rights or obligations of the Trustee.

This Bond is not a debt of the County of Santa Cruz, the State of California, or any of its political subdivisions (except the Successor Agency), and none of said County, said State, nor any of its political subdivisions (except the Successor Agency) is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Successor Agency as set forth in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

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

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

IN WITNESS WHEREOF, the Santa Cruz County Redevelopment Successor Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of its [_____] [and Chief Deputy Clerk of the Board] [and its seal to be reproduced hereon], all as of the Delivery Date.

SANTA CRUZ COUNTY REDEVELOPMENT
SUCCESSOR AGENCY

By: _____
[____], [_____]

[By: _____
Juliette Rezzato, Chief Deputy Clerk of the Board]

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

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

Authentication Date: _____, 20__

THE BANK OF NEW YORK MELLON
TRUST COMPANY, as Trustee

By: _____
Authorized Officer

[Bond Insurer to provide insurance legend]

(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto

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

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s)
_____ attorney, to transfer the same on the
bond register of the Trustee with full power of substitution in the premises.

Dated: _____

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.

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an "eligible guarantor institution."