OVERSIGHT BOARD FOR SUCCESSOR AGENCY
TO THE LOMA LINDA REDEVELOPMENT AGENCY

AGENDA

Loma Linda Community Room
25541 Barton Road, Loma Linda, California

Special Meeting
WEDNESDAY, _AUGUST 10, 2016
4:30 p.m.
Beginning Resolution No. 2016-004

CALL TO ORDER

1. Roll Call

BUSINESS ITEMS

1. Minutes of January 26, 2016

2. Resolution approving the issuance and sale of Tax Allocation Refunding bonds by the Successor Agency to the Loma Linda Redevelopment Agency and authorizing certain other actions in connection therewith

    a. Preliminary Official Statement
    b. Bond Purchase Agreement
    c. Indenture of Trust
    d. 2003 Bonds Escrow Agreement
    e. 2005 Bonds Escrow Agreement
    f. 2008 Bonds Escrow Agreement

STAFF REPORTS

CHAIR AND BOARD MEMBERS' ITEMS

PUBLIC COMMENT

This is the time set aside for public comment on any matter not listed on the agenda. Please complete a "Request to Speak" form and limit your comments to three minutes. When addressing the Oversight Board, please state your name and address,

ADJOURNMENT

Oversight Board for the Successor Agency
To the Loma Linda Redevelopment Agency

Minutes

Regular Meeting of January 26, 2016

A regular meeting of the Oversight Board for the Successor Agency to the Loma Linda Redevelopment Agency was called to order by Chairman Rigsby at 4:32 p.m., Tuesday, January 26, 2016 in the Community Room of the Civic Center, 25541 Barton Road, Loma Linda, California.

Board Members Present:	Rhodes Rigsby, Chairman Konrad Bolowich Douglas Headrick Victoria Ostermann Steve Sutorus
Board Members Absent:	Edward Gonzales Brian Guggisberg
Others Present:	T. Jarb Thaipejr, City Manager Mark Huebsch, Special Counsel to the Loma Linda Housing Authority and the Successor Agency to the former Loma Linda Redevelopment Agency

Business Items

OB-2015-001 – **Minutes of November 24, 2015**

Motion by Bolowich, seconded by Sutorus and unanimously carried to approve the Minutes of November 24, 2015 as presented. Board Members Gonzales and Guggisberg absent.

OB-2016-002 – **Resolution approving an Administrative Budget for the period of 7/1/2016-6/30/2017**

Finance Director DeAnda presented the report, explaining that with the new ROPS, there would be an annual ROPS divided into two segments so that the minimal payment per year would be applied equally between the two periods for staff, legal counsel, auditing services, and operations.

Motion by Headrick, seconded by Bolowich and unanimously carried to adopt Resolution 2016-01. Board Members Gonzales and Guggisberg absent.

Resolution No. 2016-01

A Resolution of the Oversight Board of the Successor Agency to the Loma Linda Redevelopment Agency approving an Administrative Budget for the period of July 1, 2016 through June 30, 2017

OB-2016-003 **– Resolution approving Recognized Obligation Payment Schedule (ROPS) 16-17 for the period of 7/1/2016-6/30/2017**

Finance Director DeAnda presented the report, stating that the ROPS primarily consisted of debt service and bond service costs which were the trustee costs and annual disclosure costs; repayment of the loans to the City and the transfer of bond proceeds to the City, which was the subject of discussion next.

She added that a Finding of Completion was received from the Department of Finance allowing the expenditure of bond proceeds on eligible projects, which would also benefit the taxing entities. Subsequent to the transfer of bond proceeds, repayment of the loans would occur providing for minimal ROPS in the future.

She then responded to questions.

Motion by Rigsby, seconded by Headrick and unanimously carried to adopt Resolution No. 2016-02. Board Members Gonzales and Guggisberg absent.

Resolution No. 2016-02

A Resolution of the Oversight Board of the Successor Agency to the Loma Linda Redevelopment Agency approving a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017

OB-2016-004 – **Resolution approving a plan for spending excess Tax Allocation Bond Proceeds, Authorizing a Bond Expenditure Agreement with the City, Directing transfer of funds to the City**

City Manager Thaipejr explained that receiving a Finding of Completion from the Department of Finance and Section 34191.4(c) of the Health and Safety Code allowed the Successor Agency to use bond proceeds remaining from bonds issued prior to 2011 for the permissible uses of the proceeds. Therefore, a portion of the proceeds could be applied toward intersection improvements at California Street and Redlands Boulevard. He added that the design was being prepared and that he was working with the City of Redlands and San Bernardino County Flood Control who also had an interest in the intersection.

Finance Director DeAnda added that adoption of the Resolution and Agreement would facilitate the process without having to submit individual expenditures.

Special Counsel added that Oversight Board meetings would most likely be on an annual basis, unless there was a disposition of property item that required calling a meeting.

Motion by Headrick, seconded by Sutorus and unanimously carried to adopt Resolution No. 2016-03. Board Members Gonzales and Guggisberg absent.

Resolution No. 2016-03

A Resolution of the Oversight Board to the Successor Agency to the Loma Linda Redevelopment Agency (a) approving a Plan For Spending Excess Tax Allocation Bond Proceeds, (2) Authorizing a Bond Expenditure Agreement with the City of Loma Linda to transfer such funds to the City for bond-eligible purposes, (3) Directing the transfer of such funds to the City, and (4) making certain findings in connection therewith

Public Comments

No public comments were offered upon invitation from the Chairman.

The meeting adjourned at 4:49 p.m.

Approved at the meeting of _____, 2016.

_____
Secretary

STAFF REPORT FOR OVERSIGHT BOARD RE CONSIDERATION OF APPROVAL TO REFINANCE 2003, 2005A, 2005B AND 2008 TAX ALLOCATION BONDS

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY APPROVING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

RECOMMENDED ACTION

Oversight Board adopt the Resolution as submitted herewith approving of the issuance of tax allocation refunding bonds.

SUMMARY

The Redevelopment Dissolution Act allows for the Successor Agency to the Loma Linda Redevelopment Agency (Successor Agency) to refinance outstanding tax allocation bonds to provide debt service savings. The Successor Agency has the opportunity to refinance the former Redevelopment Agency's 2003 Tax Allocation Bonds (the "2003 Bonds"), its Subordinate 2005A Tax Allocation Bonds (the "2005A Bonds"), its Subordinate 2005B Taxable Tax Allocation Bonds (the "2005B Bonds" and, together with the 2005A Bonds, the "2005 Bonds") and its 2008 Taxable Housing Tax Allocation Refunding Bonds (the "2008 Bonds") at this time, subject to approval by the Oversight Board.

Because of the favorable impact the refunding would have, staff recommends approval.

DISCUSSION

Background

Prior to dissolution under AB X1 26 and AB 1484 (the Dissolution Act), the Loma Linda Redevelopment Agency (former Agency) issued tax allocation bonds for a variety of redevelopment purposes. After the adoption of the Dissolution Act, the Successor Agency is responsible to pay bond debt service until all bonds are repaid.

Section 34177.5 of the Dissolution Act authorizes refinancing of the former Agency debt if debt service savings can be achieved.

Refinancing Opportunity

The bonded debt obligations of the former Agency are shown in the table below.

	Original Principal	Outstanding Principal	Final Maturity
2003 Bonds	$12,610,000	$ 6,120,000	2030
2005A Bonds	15,100,000	13,560,000	2030
2005B Bonds	10,435,000	6,400,000	2025
2008 Bonds	8,900,000	7,855,000	2029

Upon review of these obligations, it has been determined that refinancing all four series of outstanding tax allocation bonds will achieve debt service savings and that, based on current market conditions, the statutory savings requirement can be met if the refinancing is approved. Staff costs related to refunding proceedings can be recovered at closing and, if applicable, through the Successor Agency's Recognized Obligation Payment Schedule as authorized by the Dissolution Act.

Refunding Analysis

The four series of Tax Allocation Bonds (Prior Bonds) can currently be refinanced at the present time and, based on current market conditions, provide debt service savings to the Successor Agency. These savings will increase the amount of "residual" property tax available to be redistributed to the affected taxing agencies.

Based on current interest rates, the Successor Agency can refinance the Prior Bonds at an average interest cost materially below that for the Prior Bonds; the discussion of the current interest rates and those projected for the refunding bonds is contained in a report by the Financial Advisor to the Successor Agency, A. M. Miller & Company, Inc. (the "Municipal Advisor"), a copy of which is submitted herewith. Mr. Miller has advised the City and the former redevelopment agency in connection with financial matters since 1993. The figures contained in the report by the Municipal Advisor are estimates based upon current market conditions; market conditions are subject to change, and the actual savings achieved may differ from what is described in this paragraph; however, in order for the refinancing to proceed to sale, savings must be achieved at a level complying with Section 34177.5 of the Dissolution Act. The reduction in net debt service would yield greater funding available to apply toward other enforceable obligations; by expediting the satisfaction of such other obligations, the result will be to expedite the funding of a greater share of RPTTF revenues to taxing agencies than would be achievable if the refunding were not to occur.

The Successor Agency intends to apply for bond insurance to achieve the interest rate used in the savings estimates.

Authorization and Sale

The Dissolution Act has added a number of steps to the traditional refinancing process, and requires more time to actually get the bonds to market. As of the preparation of this staff report, it is anticipated that the Successor Agency will approve the issuance of refunding bonds at its meeting of August 9, 2016; should that occur, and subject to the Oversight Board authorizing the refinancing of the bonds by approving the resolution presented with this report, the action taken by the Oversight Board will be submitted to and approved by the State Department of Finance (DOF). DOF can take up to 65 days from the time the Oversight Board resolution is submitted to approve the financing.

Based on an anticipated Oversight Board approval on August 10, staff anticipates the bonds would be sold in November 2016.

Between the time that the refinancing is approved by the Successor Agency and the time that the Successor Agency can actually enter the market to sell the refunding bonds, interest rates could increase, and debt service savings may be reduced.

In order to authorize the issuance of the Bonds the Oversight Board has been presented with a resolution for their consideration. The Successor Agency resolution authorizes the sale of refunding bonds with a minimum savings requirement as set forth in Health & Safety Code Section 34177.5.

The instruments used in processing the refunding would be approved by the Successor Agency. However, in order for the refinancing to proceed, affirmative action by the Oversight Board is required.

OVERSIGHT BOARD RESOLUTION NO. _____

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY APPROVING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Loma Linda 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 of the Health and Safety Code of the State of California) (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 project area known as the "Loma Linda Project Area" was adopted, approved and amended from time to time by the City Council of the City of Loma Linda (the "City Council"), and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

WHEREAS, the Prior Agency has previously issued its Loma Linda Redevelopment Agency 2003 Tax Allocation Bonds (Loma Linda Redevelopment Project), currently outstanding in the aggregate principal amount of $6,120,000 (the "2003 Bonds"); and

WHEREAS, the Prior Agency has previously issued its Loma Linda Redevelopment Agency, Subordinate 2005A Tax Allocation Bonds (Loma Linda Redevelopment Project) currently outstanding in the aggregate principal amount of $13,560,000 (the "2005A Bonds"); and

WHEREAS, the Prior Agency has previously issued its Loma Linda Redevelopment Agency, Subordinate 2005B Taxable Tax Allocation Bonds (Loma Linda Redevelopment Project) currently outstanding in the aggregate principal amount of $6,400,000 (the "2005B Bonds"); and

WHEREAS, the Prior Agency has previously issued its Loma Linda Redevelopment Agency, 2008 Taxable Housing Tax Allocation Refunding Bonds (Loma Linda Redevelopment Project), currently outstanding in the aggregate principal amount of $7,855,000 (the "2008 Bonds"; and, together with the 2003 Bonds, the 2005A Bonds and the 2005B Bonds, the "Prior Bonds"); and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the dissolution of the redevelopment component of the Prior Agency as of February 1, 2012; and

WHEREAS, the Prior Agency, including its redevelopment powers, assets and obligations, was transferred on February 1, 2012 to the Successor Agency to the Loma Linda Redevelopment Agency (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency to refund the bonds or other indebtedness of the Prior Agency to provide savings to the Successor Agency, provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds shall not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds shall not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, for the corporate purposes of the Successor Agency, the Successor Agency has approved the issuance of tax allocation refunding bonds (the "2016 Bonds") in an aggregate principal amount sufficient to refund all or a portion of the Prior Bonds, and to irrevocably set aside a portion of the proceeds of such 2016 Bonds in a separate segregated trust fund which will be used to refund the outstanding Prior Bonds being refunded, to pay costs in connection with the issuance of the 2016 Bonds and to make certain other deposits as required by the Indenture (as defined below), all pursuant to a resolution adopted by the Successor Agency Board of Directors on August 9, 2016 (the "Successor Agency Resolution"); and

WHEREAS, the 2016 Bonds shall be secured by a pledge of property tax revenues authorized by California Health and Safety Code Section 34177.5(a) and (g), pursuant to the provisions of Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"); and

WHEREAS, this Oversight Board of the Successor Agency to the Loma Linda Redevelopment Agency (the "Oversight Board") desires to approve all matters relating to the issuance and sale of the 2016 Bonds as required by Sections 34177.5 (f) and 34180 of the Health and Safety Code of the State of California.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board for the Successor Agency to the Loma Linda Redevelopment Agency as follows:

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The issuance by the Successor Agency to the Loma Linda Redevelopment Agency of the 2016 Bonds in an aggregate principal amount sufficient to refund all or a portion of the Prior Bonds for the purpose of achieving debt service savings in accordance with Health & Safety Code Section 34177.5(a)(1), as reflected in the Debt Service Savings Analysis to be prepared by the Successor Agency's Municipal Advisor, and the pledge of property tax revenues to the 2016 Bonds pursuant to the Indenture approved by Section 2 of the Successor Agency Resolution (as authorized by California Health and Safety Code Section 34177.5(a) and (g)) is hereby approved. The 2016 Bonds may be issued as a single issue, or from time to time in separate series, as the Successor Agency shall determine (including, without limitation, the issuance of bonds with respect to which the payment of interest is not exempt from the payment of federal income tax). The approval of the issuance of the 2016 Bonds by the Successor Agency and the Oversight Board shall constitute the approval of each and every separate series of 2016 Bonds and the sale of the 2016 Bonds at a public or private sale.

Section 3. The Oversight Board further approves the forms of the following documents and authorizes and directs the Successor Agency to modify and finalize such documents and to prepare, approve and execute such additional instruments, agreements and instructions as may be required to carry out the purposes hereof all in accordance with the terms of the Successor Agency Resolution, without the need for any further approval from the Oversight Board: an Indenture of Trust, a Bond Purchase Agreement, a Continuing Disclosure Certificate, and Escrow Agreements for each of the Prior Bonds.

Section 4. The Chairman of the Oversight Board and the other officers and members of staff having responsibility for the affairs of the Oversight Board are hereby authorized and directed to execute such documents and certificates as they determine are necessary or appropriate to assist the Successor Agency in the issuance of the 2016 Bonds.

Section 5. Pursuant to the provisions of California Health and Safety Code Section 34177.5(f), the Successor Agency is expressly authorized to recover its related costs in connection with the transaction approved hereby, irrespective of whether the 2016 Bonds are issued.

Section 6. This Resolution shall take effect immediately upon its adoption.

Section 7. The Oversight Board Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED by the Oversight Board for the Successor Agency to the Loma Linda Redevelopment Agency, this 11th day of August, 2016 by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
Chair of the Oversight Board

ATTEST:

_____
Oversight Board Secretary

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE—BOOK-ENTRY ONLY

Rating: S&P "___" (_____ Outlook)
See the caption "CONCLUDING INFORMATION—Ratings"

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, the interest (and original issue discount) with respect to the 2016A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, the interest (and original issue discount) with respect to the 2016 Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences concerning the 2016 Bonds.

**$_____*
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS,
SERIES 2016A**

**$_____*
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS,
SERIES 2016B (FEDERALLY TAXABLE)**

Dated: Closing Date **Due: September 1, as shown on the inside front cover page**

The Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A (the "2016A Bonds") and the Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable) (the "2016B Bonds" and, together with the 2016A Bonds, the "2016 Bonds") will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in integral multiples of $5,000 under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the 2016 Bonds. The principal of, premium if any, and interest (which interest is due January 1 and July 1 of each year, commencing [January 1, 2017]) on the 2016 Bonds will be payable by U.S. Bank National Association, as trustee (the "Trustee"), to DTC for subsequent disbursement to DTC Participants, so long as DTC or its nominee remains the registered owner of the 2016 Bonds. See the caption "THE 2016 BONDS—Book-Entry System."

The 2016 Bonds are being issued pursuant to an Indenture of Trust, dated as of _____ 1, 2016 (the "Indenture"), by and between the Trustee and the Successor Agency to the Loma Linda Redevelopment Agency (the "Agency"): (i) to refund certain bonds of the former Loma Linda Redevelopment Agency (the "Former Agency") currently outstanding in the aggregate principal amount of $_____*, as described under the caption "REFUNDING PLAN"; (ii) [to purchase a bond insurance policy and a Municipal Bond Debt Service Reserve Insurance Policy from [Insurer] for deposit in the Reserve Account; and (iii)] to pay certain costs of issuance of the 2016 Bonds.

The 2016 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. See the caption "THE 2016 BONDS—Redemption."

The 2016 Bonds are payable from and secured by the Pledged Tax Revenues deposited in the Redevelopment Property Tax Trust Fund on a subordinate basis to certain bonds currently outstanding in the aggregate principal amount of $_____* and certain other ongoing obligations of the Agency, as more fully described under the caption "SECURITY FOR THE 2016 BONDS—*Tax Sharing Agreements*" and "—*Statutory Pass-Through Amounts*." Taxes levied on the property within the project areas on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll, will be deposited in the Redevelopment Obligation Retirement Fund and administered by the Agency and the Trustee in accordance with the Indenture.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the 2016 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described herein.

The 2016 Bonds are not a debt of the City of Loma Linda, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall the 2016 Bonds be payable out of any funds or properties other than those of the Agency. The 2016 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The principal of and interest on the 2016 Bonds are payable solely from the Pledged Tax Revenues allocated to the Agency from the Project Area (all as defined herein and in the Indenture) and other funds as set forth in the Indenture.

The 2016 Bonds are offered, when, as and if issued, subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel and Disclosure Counsel to the Agency. Certain legal matters will be passed on for the Agency by the City Attorney of the City of Loma Linda, as counsel to the Agency, for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, and for the Trustee by its counsel. It is anticipated that the 2016 Bonds will be available for delivery through the facilities of DTC on or about _____, 2016.

NEWCOMB WILLIAMS
FINANCIAL GROUP
Securities offered through Stinson Securities, LLC

Dated: _____, 2016

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* *Preliminary, subject to change.*

MATURITY SCHEDULES

$_____*

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2016A

Base CUSIP† _____

Maturity Date (July 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP†*
	$	%	%		

$_____*

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2016B (FEDERALLY TAXABLE)

Maturity Date (July 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP†*
	$	%	%		

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* *Preliminary, subject to change.*

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SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
Loma Linda, California

AGENCY MEMBERS AND CITY COUNCIL

Rhodes Rigsby, *Agency Chairman and City Mayor Pro Tempore*
Phill Dupper, *Agency Vice Chairman and City Council Member*
Ovidiu Popescu, *Agency Member and City Mayor*
Ron Dailey, *Agency Member and City Council Member*
John Lenart, *Agency Member and City Council Member*

AGENCY STAFF AND CITY STAFF

T. Jarb Thaipejr, *Executive Director and City Manager*
Diana De Anda, *Finance Director/Treasurer*
Pamela Byrnes-O'Camb, *Agency Secretary and City Clerk*

SPECIAL SERVICES

Bond Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Agency Counsel

Robbins & Holdaway, Inc.
Ontario, California

Independent Municipal Advisor

A.M. Miller & Co., Inc.
San Diego, California

Fiscal Consultant

DHA Consulting, LLC
Long Beach, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

The Arbitrage Group
Buhl, Alabama

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriter to give any information or to make any representations with respect to the 2016 Bonds other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been given or authorized by the Agency or the Underwriter.

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2016 Bonds described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement does not constitute a contract between any 2016 Bond owner and the Agency or the Underwriter.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter have provided the following sentence for inclusion in this Official Statement: The Underwriter have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter do not guarantee the accuracy or completeness of such information.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure made by the Agency, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2016 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Agency or the other parties described in this Official Statement, since the date of this Official Statement.

Document Summaries. All summaries of the Indenture or other documents contained in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions. All references in this Official Statement to the Indenture and such other documents are qualified in their entirety by reference to such documents, which are on file with the Agency.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

No Registration with the SEC. The issuance and sale of the 2016 Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

Public Offering Prices. The Underwriter may offer and sell the 2016 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and the Underwriter may change such public offering prices from time to time.

Website. The City of Loma Linda maintains an Internet website. However, the information maintained on such website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2016 Bonds.

[[Insurer] (the "Insurer") makes no representation regarding the 2016 Bonds or the advisability of investing in the 2016 Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Insurer, supplied by Insurer and presented under the caption "[BOND INSURANCE]."]

[MAP OF PROJECT AREA]

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$_____*
SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2016A

$_____*
SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2016B (FEDERALLY TAXABLE)

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Loma Linda Redevelopment Agency (the "Agency") of its $_____* Tax Allocation Refunding Bonds, Series 2016A (the "2016A Bonds") and its $_____* Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable) (the "2016B Bonds" and, together with the 2016A Bonds, the "2016 Bonds").

Authority and Purpose

The 2016 Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law") and an Indenture of Trust, dated as of _____ 1, 2016 (the "Indenture"), by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"). See the caption "THE 2016 BONDS—Authority for Issuance."

The 2016 Bonds are being issued: (i) to refund certain bonds of the former Loma Linda Redevelopment Agency (the "Former Agency") currently outstanding in the aggregate principal amount of $_____*, as described under the caption "REFUNDING PLAN;" (ii) [to purchase [a bond insurance policy (the "Bond Insurance Policy") and] a Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Fund Policy") from [Insurer] (the "Insurer") for deposit in the Reserve Account; and (iii)] to pay certain costs of issuance of the 2016 Bonds. See the caption "SOURCES AND USES OF FUNDS."

Section 34177.5 of the Dissolution Act (defined under the caption "—The City and the Agency") authorizes the Successor Agency to issue bonds for limited purposes only, including for the purpose of refunding bonds and other obligations of the Agency for debt service savings. The 2016 Bonds are being issued for this purpose.

As permitted by the Dissolution Act, the 2016 Bonds are payable from and secured by the Pledged Tax Revenues deposited in the Redevelopment Property Tax Trust Fund (also referred to herein as the "RPTTF") on a subordinate basis to certain ongoing obligations of the Agency, as more fully described under the caption "SECURITY FOR THE 2016 BONDS—Tax Sharing Agreements" and "—Statutory Pass-Through Amounts."

The City and the Agency

The City Council of the City of Loma Linda (the "City") acts as the governing body of the Agency and staff of the City provides administrative support for the Agency. The City of Loma Linda (the "City") encompasses approximately 7.6 square miles. As of January 1, 2016, the City had a population of approximately 24,649. The City is located approximately 60 miles east of the City of Los Angeles, in proximity to Interstate 10. Incorporated in 1970, the City operates as a chartered city under California law. The City has a City Council/City Manager form of government, with the Mayor and four Council Members elected at large for four-year terms. The City Council acts as the governing board of the Agency. See "THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY" herein.

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* *Preliminary, subject to change.*

The Former Agency was established pursuant to the California Community Redevelopment Law (the "Redevelopment Law"), codified in Part 1 of Division 24 of the California Health and Safety Code. The Agency was activated on February 27, 1979, by City Ordinance No. 207. The Project Area consists of three component areas resulting from a series of actions by the City Council of the City, and includes those redevelopment projects and Project Area formerly known as Loma Linda Redevelopment Project No. 1 ("Project No. 1") and Loma Linda Redevelopment Project No. 2 ("Project No. 2") as follows: (i) that area included as the project area of Project No. 1 as approved by Ordinance No. 226 adopted by the City Council of the City on July 15, 1980 ("Component No. 1"); (ii) that area added to the project area of the Project No. 1 by that amendment to Project No. 1 as approved by Ordinance No. 508 adopted by the City Council of the City on December 13, 1994 ("Component No. 3"); and (iii) that area designated as the project area for Project No. 2 as approved by Ordinance No. 374 adopted by the City Council of the City on May 12, 1987 ("Component No. 2"); each of those areas as so included or added within the Project Area as described by the foregoing items (i) through (iii) shall constitute a "Component Area." Project No. 1 and Project No. 2 were merged and amended under Ordinance No. 591 adopted by the City Council of the City on September 26, 2000; as so merged the territory of Project No. 1 and Project No. 2 constitutes the "Project Area."

The Project Area consists of approximately 2,122 acres and is made up of commercial, industrial, housing and public land uses including the City's Civic Center.

On June 28, 2011, Assembly Bill No. 26 ("AB X1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB X1 27"). A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (Dec. 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions of AB X1 26 relating to the dissolution and winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health & Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 and as further amended on September 22, 2015 by Senate Bill 107 ("SB 107"), enacted as Chapter 325, Statutes of 2015 (collectively, as amended from time to time, the "Dissolution Act").

On January 10, 2012, pursuant to Resolution No. 2722 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the governing body of the successor agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, which was added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City, nor will the assets of the Former Agency become assets of the City.

The Redevelopment Plan

Pledged Tax Revenues are derived from the Project Area.

The Redevelopment Plan contained separate time and financial limitations applicable to each of the Component Areas thereof; however, SB 107, which became effective on September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Agency's enforceable obligations. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report attached

to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan for the Project Area. The Redevelopment Plan and the Project Area are discussed in more detail under the caption "THE PROJECT AREA."

Pursuant to the Indenture, the Agency will deposit moneys constituting Pledged Tax Revenues promptly upon receipt from the Project Area into the Redevelopment Obligation Retirement Fund established within the Redevelopment Property Tax Trust Fund pursuant to Section 34170.5(b) of the Dissolution Act. Moneys held in the Redevelopment Obligation Retirement Fund will be transferred to the Trustee at the times specified in the Indenture to make payments of principal of and interest on the 2016 Bonds, all as described under the caption "SECURITY FOR THE 2016 BONDS."

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming that the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

Section 34177.5 of the Dissolution Act authorizes the Successor Agency to issue bonds for limited purposes only, including for the purpose of refunding bonds and other obligations of the Agency for debt service savings. The 2016 Bonds are being issued for this purpose. Successor Agency bonds issued pursuant to Section 34177.5(a) of the Dissolution Act may be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects.

Under the Indenture, Pledged Tax Revenues consist of all taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the RPTTF, excluding (i) payments required by Tax Sharing Agreements that have not been subordinated to the 2016 Bonds, and (ii) all Statutory Pass-Through Amounts unless such payments are subordinated to payments on the 2016 Bonds or any additional Bonds or to the payments owed under any Parity Debt Instrument pursuant to Sections 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act. See the caption "SECURITY FOR THE 2016 BONDS—Tax Increment Financing." See the captions "SECURITY FOR THE 2016 BONDS—Obligations with Senior right to Payment—Tax Sharing Agreements," "—Statutory Pass-Through Amounts" for definitions of these terms and a description of these obligations.

Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption "RISK FACTORS."

Security for the 2016 Bonds

The Dissolution Act requires the Auditor-Controller of the County of San Bernardino (the "County Auditor-Controller") to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the Redevelopment

Property Tax Trust Fund pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Agency's Recognized Obligation Payment Schedule. See Appendix B and the caption "SECURITY FOR THE 2016 BONDS—Recognized Obligation Payment Schedule."

The Dissolution Act further provides that bonds authorized to be issued by the Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in, the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the 2016 Bonds, are taxes allocated to the Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law, as described in the foregoing paragraph.

In accordance with the Dissolution Act, the 2016 Bonds are payable from and secured by, and Pledged Tax Revenues include, all taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the RPTTF, excluding (i) payments required by Tax Sharing Agreements that have not been subordinated to the 2016 Bonds, (ii) all Statutory Pass-Through Amounts unless such payments are subordinated to payments on the 2016 Bonds or any additional Bonds or to the payments owed under any Parity Debt Instrument pursuant to Sections 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act.

The 2016 Bonds are payable from and equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and the moneys in the Special Fund, and the 2016 Bonds will also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account (including any subaccounts therein); provided, amounts held in the Reserve Account (or subaccounts therein) will secure only the issue to which such account or subaccount relates to the extent specifically provided for in the Indenture and any Supplemental Indenture, as applicable, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Area, to the extent that such taxes constitute Pledged Tax Revenues as described in this Official Statement, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year (adjusted for holidays and weekends) to the extent required for payments listed in the Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See the caption "SECURITY FOR THE 2016 BONDS—Recognized Obligation Payment Schedule." Moneys deposited by the County Auditor-Controller into the Agency's Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

The Agency has no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption "RISK FACTORS."

Coverage*

Assuming no future growth or diminishment in assessed value, the Agency projects that coverage on the 2016 Bonds will not fall below [_____] times. [The Agency projects coverage to generally increase over time beginning in Fiscal Year 2018-19, and beginning in Fiscal Year [_____], coverage does not fall below [_____] times. See tables 9 and 10 under the caption "PLEDGED TAX REVENUES—Debt Service Coverage."]

Obligations with Senior Right to Payment

The use of tax increment revenues from the Project Area to pay debt service on the 2016 Bonds is subject to the prior pledge or priority of payment of certain obligations with a prior claim on tax increment revenues to the 2016 Bonds. See the captions "SECURITY FOR THE 2016 BONDS—Obligations with Senior Right to Payment—*Tax Sharing Agreements*" and "—*Statutory Pass-Through Amounts*" for a description of each of these senior obligations.

Reserve Fund Policy

[A Reserve Account for the 2016 Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement of $_____.* [The Insurer has committed to issue, simultaneously with the issuance of the 2016 Bonds, the Reserve Fund Policy in the principal amount of the Reserve Requirement for deposit in the Reserve Account. See the caption "SECURITY FOR THE 2016 BONDS—Deposit of Amounts by Trustee—*Reserve Account*."]]

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, the interest (and original issue discount) with respect to the 2016A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, the interest (and original issue discount) with respect to the 2016 Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences concerning the 2016 Bonds.

Further Information

Brief descriptions of the 2016 Bonds, the Indenture, the Agency, the Former Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bond Law, the Redevelopment Law, the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Agency and the City are qualified in their entirety by reference to such documents. References herein to the 2016 Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein.

Capitalized terms used herein and not defined have the meanings set forth in Appendix B.

* *Preliminary, subject to change.*

REFUNDING PLAN

The Refunded Bonds

The Agency expects to apply a portion of the proceeds of the 2016 Bonds, together with other available funds, to refund on a current basis all amounts payable pursuant to the debt obligations described in the following table, which are referred to collectively in this Official Statement as the "Refunded Bonds."

	Dated Date	*Refunded Bonds*	*Refunded Amount*	*Redemption Date*[*]	*CUSIP*[†] *of Longest Maturity*
		To be refunded with 2016A Bond Proceeds			
1.	5/1/2003	$12,610,000 2003 Tax Allocation Bonds	$_____	__/__/201_	
		Subtotal	**$_____**		
		To be refunded with 2016B Bond Proceeds			
2.	11/1/2005	$15,000,000 Subordinate 2005A Tax Allocation Bonds	$	__/__/201_	
3.	11/1/2005	$10,435,000 Subordinate 2005B Taxable Tax Allocation Bonds	$_____	__/__/201_	
4.	3/1/2009	$8,900,000 2008 Taxable Housing Tax Allocation Bonds	$_____]	__/__/201_	_____
		Subtotal	**$_____**		
		Total:	**$_____**		

Pursuant to separate escrow agreements, each dated as of the Closing Date (collectively, the "Escrow Agreements"), by and between the Agency and the respective trustees for the Refunded Bonds (in such capacity, the "Escrow Bank"), the Agency will cause a portion of the proceeds of the 2016 Bonds to be delivered to the Escrow Bank for deposit in the applicable escrow funds established under the Escrow Agreements (each, an "Escrow Fund" and collectively, the "Escrow Funds"). Such amounts to be delivered by or on behalf of the Agency to the Escrow Bank on the Closing Date, together with amounts transferred from funds and accounts established in connection with each series of the Refunded Bonds, will be held in cash and invested in Federal Securities in amounts sufficient to pay principal and accrued interest and thereby redeem all of the Refunded Bonds on the dates shown in the above table (each, a "Redemption Date").

Sufficiency of the deposits in each Escrow Fund for such purposes will be verified by The Arbitrage Group, Buhl, Alabama (the "Verification Agent"). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreements, the applicable series of Refunded Bonds will be defeased pursuant to the provisions of the indentures under which they were issued as of the date of issuance of the 2016 Bonds.

The amounts held by the Escrow Bank in each Escrow Fund are pledged solely to the redemption of the applicable series of outstanding Refunded Bonds. Neither the moneys deposited in the Escrow Funds nor the interest on the invested moneys will be available for the payments of principal of and interest on the 2016 Bonds.

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[*] *Preliminary, subject to change.*

[†] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2016 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the Local Agency or the Underwriter take any responsibility for the accuracy of such numbers.*

Verification of Mathematical Computations

Upon issuance of the 2016 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the cash to be deposited in the respective Escrow Funds to pay the Redemption Price of the applicable series of Refunded Bonds.

Sources and Uses of Funds

The estimated sources and uses of funds are summarized as follows:

	2016A Bonds	*2016B Bonds*	*Total*
Sources[1]:			
Principal Amount of 2016 Bonds	$	$	$
Prior Reserve Funds			
Plus Other Moneys[2]			
Plus/Less Original Issue Premium/Discount			
Total Sources:	$	$	$
Uses[1]:			
Refunded Bonds Escrow Funds	$	$	$
Costs of Issuance Fund[3]			
Underwriter's Discount			
Total Uses:	$	$	$

(1) Amounts rounded to nearest dollar.
(2) Reflects moneys held in funds and accounts established in connection with the Refunded Bonds.
(3) Includes fees and expenses of Bond and Disclosure Counsel, Independent Municipal Advisor, Fiscal Consultant, Trustee, Escrow Agent, Underwriter counsel and Verification Agent, printing expenses, rating agency fees, [premiums for the Bond Insurance Policy and Reserve Fund Policy] and other miscellaneous costs.

THE 2016 BONDS

Authority for Issuance

The 2016 Bonds were authorized for issuance pursuant to the Indenture, the Bond Law, and the Dissolution Act. Direction to undertake the issuance of the 2016 Bonds and the execution of the related documents was authorized by the Agency pursuant to a resolution adopted on August 9, 2016, and by the Oversight Board of the Agency pursuant to a resolution adopted on August 10, 2016 (the "Oversight Board Action").

Written notice of the Oversight Board Action was provided to the State Department of Finance (the "DOF"). On _____, 2016, the DOF provided a letter to the Agency stating that based on the DOF's review and application of the law, the Oversight Board Action approving the 2016 Bonds is approved by the DOF.

Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the 2016 Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the 2016 Bonds and the Oversight Board Resolution on _____, 2016.

Description of the 2016 Bonds

The 2016 Bonds will be issued in fully-registered form without coupons in integral multiples of $5,000 for each maturity, initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of all 2016 Bonds. See the caption "—Book-Entry System." The 2016 Bonds will be dated the Closing Date and mature on July 1 in the years and in the amounts shown on the inside front cover page of this Official Statement. Interest on the 2016 Bonds will be calculated at the rates shown on the inside cover page of this Official Statement, payable semiannually on January 1 and July 1 in each year, commencing on January 1, 2017 (each, an "Interest Payment Date").

Each 2016 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before the first Record Date, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any 2016 Bond, interest thereon is in default, such 2016 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2016 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the Interest Payment Date to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least $1,000,000 aggregate principal amount of either the 2016A Bonds or the 2016B Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2016A Bonds or such 2016B Bonds will be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal of the 2016 Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

Book-Entry System

DTC will act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix D for further information with respect to DTC and its book-entry system.

Redemption

Optional Redemption. The 2016A Bonds maturing on or prior to July 1, 20__ are not subject to optional redemption. The 2016A Bonds maturing on or after July 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after July 1, 20__, by such maturity or maturities as the Agency may direct (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption will be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The 2016B Bonds maturing on or prior to July 1, 20__ are not subject to optional redemption. The 2016B Bonds maturing on or after July 1, 20__, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after July 1, 20__, by such maturity or maturities as the Agency may direct (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption will be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2016A Bonds that are Term Bonds maturing July 1, 20__ and July 1, 20__ are also subject to mandatory redemption in whole, or in part by lot, on September 1 in each year, commencing July 1, 20__ and July 1, 20__, respectively, as set forth below, from sinking fund payments made by the Agency to the Principal Account pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on July 1 in the respective years as set forth in the following table[s]; provided however, that (y) in lieu of redemption thereof such 2016A Term Bonds may be purchased by the Agency pursuant to the Indenture, and (z) if some but not all of such 2016A Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2016A Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of $5,000 as determined by the Agency (notice of which determination will be given by the Agency to the Trustee).

2016A Term Bonds of 20__

Sinking Fund Redemption Date (July 1)	***Principal Amount to be Redeemed***
(maturity)	

2016A Term Bonds of 20__

Sinking Fund Redemption Date (July 1)	***Principal Amount to be Redeemed***
(maturity)	

The 2016B Bonds that are Term Bonds maturing July 1, 20__ and July 1, 20__ are also subject to mandatory redemption in whole, or in part by lot, on July 1 in each year, commencing July 1, 20__ and July 1, 20__, respectively, as set forth below, from sinking fund payments made by the Agency to the Principal Account pursuant to the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on July 1 in the respective years as set forth in the following table[s]; provided however, that (y) in lieu of redemption thereof such 2016B Term Bonds may be purchased by the Agency pursuant to the Indenture, and (z) if some but not all of such 2016B Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2016B Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of $5,000 as determined by the Agency (notice of which determination will be given by the Agency to the Trustee).

2016B Term Bonds of 20__

Sinking Fund Redemption Date (July 1)	***Principal Amount to be Redeemed***
(maturity)	

2016B Term Bonds of 20__

Sinking Fund Redemption Date (July 1)	*Principal Amount to be Redeemed*
(maturity)	

Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Agency will mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, (i) [to any Insurer and] to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services designated in a Written Request of the Agency filed with the Trustee; but such mailing will not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the redemption date and the redemption price, will state, in the case of a redemption pursuant to (a) above, that such redemption is conditioned upon the timely delivery of the redemption price by the Agency to the Trustee for deposit in the Redemption Account, will designate the CUSIP number of the 2016 Bonds to be redeemed, will state the individual number of each Bond to be redeemed or will state that all Bonds between two stated numbers (both inclusive) or all of the 2016 Bonds Outstanding are to be redeemed, and will require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2016 Bonds being redeemed with the proceeds of such check or other transfer.

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

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

Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee will make such selection, in such manner as the Trustee deems appropriate, and will notify the Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee will assign to each Bond then Outstanding a distinctive number for each $5,000 of

the principal amount of each such Bond. The 2016 Bonds to be redeemed will be the 2016 Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than $5,000 will be redeemed as will equal $5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased pursuant to the Indenture will be cancelled and destroyed.

Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to the Indenture or a Supplemental Indenture, amounts on deposit in the Special Fund or in the Principal Account may also be used and withdrawn by the Agency and the Trustee, respectively, at any time, upon the Written Request of the Agency, for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Agency in any twelve-month period ending on July 1 in any year will be credited towards and will reduce the par amount of the Term Bonds required to be redeemed pursuant to the Indenture on September 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

Annual Debt Service

The table below sets forth debt service on the 2016 Bonds.*

	2016A Bonds			*2016B Bonds*			
Payment Date	***Principal***	***Interest***	***Total***	***Principal***	***Interest***	***Total***	***Total***
	$	$	$	$	$	$	$
Total	$	$	$	$	$	$	$

Source: The Underwriter.

* *Preliminary, subject to change.*

SECURITY FOR THE 2016 BONDS

General

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized thereunder to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, will be included in the Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. Property tax revenues pledged to any bonds authorized to be issued by the Agency under the Dissolution Act, including the 2016 Bonds, are taxes allocated to the Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution. See Appendix B and the caption "—Recognized Obligation Payment Schedule."

Pursuant to Section 33670(b) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution, and as provided in the redevelopment plans for the Project Area, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the ordinance approving the applicable redevelopment plan, or the respective effective dates of ordinances approving amendments to the redevelopment plan that added territory to the Project Area are to be divided as follows:

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable redevelopment plan, or the respective effective dates of ordinances approving amendments thereto that added territory to the Project Area (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency (as discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA of the State Constitution"), that portion of the levied taxes each year in excess of such amount, annually allocated within the redevelopment plan limit, when collected will be paid into a special fund of the Former Agency. Section 34172(c) of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund will be deemed to be a special fund of the Agency to pay the debt service on indebtedness incurred by the Former Agency or the Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller

(as discussed under the caption "PROPERTY TAX COLLECTION IN CALIFORNIA—Property Tax Collection and Distribution Procedures—*Property Tax Administrative Costs*"), constitutes the amount required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date referred to in paragraph (b) above and provides that debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects or programs related to the State Water Project that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override.

The San Bernardino Valley Municipal Water District levies a tax rate override in the Project Area. Override revenues are not reflected in the projections of Pledged Tax Revenues set forth in this Official Statement or the Fiscal Consultant's Report; such projections are limited to the 1% general tax levy. See APPENDIX B"Fiscal Consultant's Report", Section VII, Tax Increment Projections.

Subject to the prior application and lien in favor of the senior Tax Sharing Agreements, if any, and Statutory Pass-Through Amounts (as described under the captions "—*Tax Sharing Agreements*" and "—*Statutory Pass-Through Amounts*"), the 2016 Bonds are payable from and secured by deposits into the Redevelopment Property Tax Trust Fund to be derived from the Project Area. See the caption "—Security of Bonds; Equal Security."

The Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any fiscal year (defined as July 1 through June 30) to pay the principal of and interest on the 2016 Bonds. See the captions "—Tax Increment Financing," "—Recognized Obligation Payment Schedule," "PROPERTY TAXATION IN CALIFORNIA" and "RISK FACTORS."

The 2016 Bonds are not a debt of the City, the State, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable thereon, nor in any event will the 2016 Bonds be payable out of any funds or properties other than those of the Agency. The 2016 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Security of Bonds; Equal Security

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the 2016 Bonds will be equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and the moneys in the Special Fund, and the 2016 Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account (including any subaccounts therein); provided, amounts held in the Reserve Account (or subaccounts therein) shall secure only the issue to which such account or subaccount relates to the extent specifically provided for in the Indenture and any Supplemental Indenture, as applicable, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues, which constitute the amounts deposited in the Redevelopment Property Tax Trust Fund that are not pledged to other obligations of the Former Agency or the Agency, and such moneys, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2016 Bonds.

As defined in the Indenture, "Pledged Tax Revenues" means all taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the Redevelopment Property Tax Trust Fund, excluding (i) payments required by Tax Sharing Agreements that have not been subordinated to the 2016 Bonds, and (ii) all Statutory Pass-Through Amounts unless such payments are subordinated to payments on the 2016 Bonds or any additional Bonds or to the payments owed under any Parity Debt

Instrument pursuant to Sections 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act. See Appendix B.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Area, to the extent that they constitute Pledged Tax Revenues as described below, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year (adjusted for holidays and weekends) to the extent required for payments listed in the Agency's approved Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See the caption "—Recognized Obligation Payment Schedule." Moneys deposited by the County Auditor-Controller into the Agency's Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

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

Under the Dissolution Act, Pledged Tax Revenues derived from one Component Area and deposited in the Redevelopment Property Tax Trust Fund are available to pay debt service on the obligations incurred with respect to other Component Areas of the Agency.

Redevelopment Obligation Retirement Fund; Special Fund; Deposit of Pledged Tax Revenues

The Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act. The Indenture establishes a special fund to be held by the Agency within the Redevelopment Obligation Retirement Fund to be known as the "Special Fund." The Special Fund will be held by the Agency separate and apart from other funds of the Agency.

The Agency will deposit all of the Pledged Tax Revenues received with respect to any ROPS Period (defined in the Indenture as each annual period beginning on July 1 of any calendar year and ending on June 30 of the next calendar year, or such other period as provided in the Dissolution Act) into the Special Fund promptly upon receipt thereof by the Agency. All Pledged Tax Revenues received by the Agency in excess of the amount required to make the deposits required by the Indenture in order to pay debt service on the 2016 Bonds and to make any other payments due under the Indenture, and except as may be provided to the contrary in the Indenture or in any Supplemental Indenture or Parity Debt Instrument, will be released from the pledge and lien of the Indenture and will be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the 2016 Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures or other Parity Debt Instrument, the Agency will not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any Supplemental Indenture or other Parity Debt Instrument.

Deposit of Amounts by Trustee

There has been established under the Indenture a trust fund to be known as the Debt Service Fund, which will be held by the Trustee in trust. If Parity Debt is issued, the Trustee will establish subaccounts within each fund for each issue of Parity Debt, including a separate subaccount of the Reserve Account as

security for Parity Debt pursuant to a Supplemental Indenture to the extent provided under the Indenture, if applicable. Moneys in the Special Fund will be transferred by the Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are established in the Debt Service Fund pursuant to the Indenture, and in the following order of priority (provided further that, if on the fifth (5th) Business Day prior to the date the Agency is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Debt other than Bonds, the Agency will immediately notify the Trustee of the amount of any such insufficiency):

Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date and each interest payment date for any Parity Debt, commencing with the Interest Payment Date of January 1, 2017, the Agency will withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Account (and applicable subaccounts therein) an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment 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. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2016 Bonds as it will become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to the Indenture).

Principal Account. On or before the fifth (5th) Business Day preceding July 1 in each year (or other principal payment date for any Parity Debt) beginning July 1, 2016, the Agency will withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account (and applicable subaccounts therein) an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next July 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next July 1 on all of the Outstanding Serial Bonds and Outstanding Term Bonds. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as the same will become due and payable.

Reserve Account. The Indenture establishes a separate account in the Debt Service Fund known as the "Reserve Account," solely as security for payments on the 2016 Bonds payable by the Agency pursuant to the Indenture, which will in each case be held by the Trustee in trust for the benefit of the Owners of the 2016 Bonds, provided separate subaccounts may be established in the Reserve Account as separate security for any future issue of Parity Debt. The Reserve Requirement for the 2016 Bonds will be satisfied by the delivery of the Reserve Fund Policy by the Insurer to the Trustee on the Closing Date. The Agency will have no obligation to replace the Reserve Fund Policy or to fund the Reserve Account with cash if, at any time that the 2016 Bonds are Outstanding, amounts are not available under the Reserve Fund Policy other than in connection with a draw on the Reserve Fund Policy. The Trustee will draw on the Reserve Fund Policy in accordance with its terms and conditions and the terms of the Indenture.

The term "Reserve Requirement" means $_____,[*] which is equal, as of the date of issuance of the 2016 Bonds, and with respect to the 2016 Bonds, and each series of Parity Debt issued pursuant to a Supplemental Indenture, to the lesser of:

(i) 125% of the average Annual Debt Service with respect to that series of the 2016 Bonds,

[*] *Preliminary, subject to change.*

(ii) Maximum Annual Debt Service with respect to that series of the 2016 Bonds, or

(iii) with respect to an individual series of Bonds, 10% of the original principal amount of a series of Bonds (or, if such series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds);

provided, that in no event will the Agency, in connection with the issuance of Parity Debt pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt pursuant to a Supplemental Indenture, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture.

The amounts available under the Reserve Fund Policy will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the 2016 Bonds then Outstanding.

The Trustee will comply with all documentation relating to the Reserve Fund Policy as required to maintain the Reserve Fund Policy in full force and effect and as required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. The Agency has no obligation to replace the Reserve Fund Policy or to fund the Reserve Account with cash if, at any time that the 2016 Bonds are Outstanding, amounts are not available under the Reserve Fund Policy.

See Appendix B under the captions "SECURITY OF BONDS; FLOW OF FUNDS—Deposit of Amounts by Trustee—*Reserve Account*" and "SECURITY OF BONDS; FLOW OF FUNDS—Provisions Relating to 2016 Reserve Fund Policy" for further information with respect to the procedure for drawing upon the Reserve Fund Policy.

Tax Increment Financing

General. Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming that the taxable valuation never dropped below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the 2016 Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Indenture, Pledged Tax Revenues consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act less payments on Statutory Pass-Through Amounts (as such terms are defined under the caption "—Tax

Sharing"). Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption "RISK FACTORS."

The Dissolution Act combines the property tax revenues derived from the Project Area, including all of the Component Areas, into a *single trust fund*, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent that the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states that "It is the intent ... that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency will not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge." The Agency believes that all of the Pledged Tax Revenues from all Project Area will secure all of the 2016 Bonds.

Tax Sharing. The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency entered into numerous agreements for this purpose (the "Tax Sharing Agreements"). Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (such payments and the 33676 Amounts (defined below) are referred to herein and in the Indenture as the "Statutory Pass-Through Amounts"). Further, certain taxing agencies receive payments from the tax revenues generated from the Project Area pursuant to Section 33676 of the Redevelopment Law (the "33676 Amounts"). The Dissolution Act requires county auditor-controllers to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under the Tax Sharing Agreements and for Statutory Pass-Through Amounts to the taxing entities on each January 2 and June 1 <u>before</u> amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund, unless: (i) pass-through payment obligations have been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Agency; (ii) the Agency has reported, no later than the December 1 and May 1 preceding the applicable January 2 or June 1 distribution date, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Agency's enforceable obligations, pass-through payments and the Agency's administrative cost allowance for the applicable ROPS Period; and (iii) the State Controller has concurred with the Agency that there are insufficient funds for such purposes.

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed on the applicable January 2 or June 1 property tax distribution date (as adjusted for weekends and holidays). To provide for calculated shortages to be paid to the Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Agency's enforceable obligations, pass-through payments and the Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency for administrative costs for the applicable ROPS Period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under Tax Sharing Agreements and for Statutory Pass-Through Amounts, in order to be paid to the Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts subordinate to the 2016 Bonds. The Agency has not undertaken the requisite procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts are senior to the 2016 Bonds. See the caption "THE PROJECT AREA." The Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the Pledged Tax Revenues and the subordinations

provided in the Tax Sharing Agreements will effectively result in adequate Pledged Tax Revenues for the payment of principal and interest on the 2016 Bonds when due. See the captions "—*Tax Sharing Agreements*" and "—Recognized Obligation Payment Schedule" and the caption "RISK FACTORS—Recognized Obligation Payment Schedule." See also the caption "THE PROJECT AREA" for additional information regarding the Tax Sharing Agreements and the Statutory Pass-Through Amounts applicable to the Agency and the revenues derived from the Project Area.

Elimination of Housing Set-Aside. Before the dissolution of the Former Agency, the Redevelopment Law required the Former Agency to set aside not less than 20% of the gross tax increment with respect to the Project Area, referred to as the "Housing Set-Aside," in the Low- and Moderate-Income Housing Fund (the "Housing Fund") to be expended for low and moderate income housing purposes. Generally, the Former Agency was authorized to use the Housing Set-Aside to pay debt service on bonds solely to the extent that the proceeds of such bonds were used to finance or refinance low and moderate income housing projects. The Former Agency could not pledge, and did not use, the Housing Set-Aside to pay debt service on other obligations. In contrast, under the Redevelopment Law, the Former Agency was authorized to use the portion of tax increment that was not part of the Housing Set-Aside (the "80 Percent Portion") to pay debt service on all bonds and other indebtedness of the Former Agency incurred to finance or refinance redevelopment projects for the Project Area, subject to limitations set forth in the indentures or other governing documents.

The Dissolution Act has eliminated the Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. None of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund are designated as the Housing Set-Aside. The Redevelopment Property Tax Trust Fund flow of funds under the Dissolution Act makes no distinction between bonds that were, in whole or in part, secured by and payable from the Housing Set-Aside, such as the 2008 Bonds, and bonds that were solely secured by and payable from the 80 Percent Portion. In effect, after the Former Agency's dissolution, all of the Agency's outstanding bonds are paid from Redevelopment Property Tax Trust Fund disbursements without distinction between obligations related to housing and non-housing projects. Debt service payments for the 2008 Bonds were originally payable from a pledge of Housing Set-Aside moneys.

Recognized Obligation Payment Schedule

Before each June 1 property tax distribution date, with respect to each fiscal year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as such term is defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Housing Fund. The Dissolution Act permits a successor agency to request additional amounts on a Recognized Obligation Payment Schedule to fund a reserve when required by a bond indenture or when the next property tax allocation will be insufficient to pay all enforceable obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) bond proceeds; (ii) reserve balances; (iii) administrative cost allowance; (iv) the Redevelopment Property Tax Trust Fund (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); or (v) other revenue sources

(including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by its oversight board).

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Each annual Recognized Obligation Payment Schedule may be amended once, provided that (i) the Agency submits the amendment to the DOF no later than October 1, (ii) the Oversight Board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (from January 1 to June 30, inclusive), and (iii) the Agency may only amend the amount requested for payment of approved enforceable obligations. The DOF shall notify the Agency and the County Auditor-Controller as to whether the Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution.

The Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year, commencing February 1, 2016. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to $10,000 per day for every day that the schedule is not submitted. Additionally, the Agency's administrative cost allowance will be reduced by 25% for any fiscal year for which the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the 2016 Bonds, see the caption "RISK FACTORS—Recognized Obligation Payment Schedule."

With respect to each Recognized Obligation Payment Schedule submitted by the Agency, the Dissolution Act requires the DOF to make a determination of the enforceable obligations and the amounts and funding sources available to pay approved enforceable obligations no later than April 15. Within five business days of the determination by the DOF, the Agency may request additional review by the DOF and an opportunity to meet and confer on disputed items, if any. The DOF will notify the Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the June 1 property tax distribution date preceding the applicable Recognized Obligation Payment Schedule period. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Agency, the Oversight Board and the DOF at least 60 days prior to the next June 1 property tax distribution date.

The Agency has submitted each Oversight Board-approved Recognized Obligation Payment Schedule to the DOF on or before the statutory deadline. Further, the Agency's debt service obligations have been consistently approved by the DOF and the County Auditor-Controller has timely distributed sufficient Redevelopment Property Tax Trust Fund moneys to enable the Successor Agency to meet its debt service obligations on a timely basis.

See the caption "—Last and Final Recognized Obligation Payment Schedule" for a description of the Last and Final Recognized Obligation Payment Schedule authorized by the Dissolution Act pursuant to SB 107.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County

Auditor-Controller must prepare estimates of the amounts of: (i) property tax to be allocated and distributed; and (ii) the amounts of pass-through payments to be made for the upcoming fiscal year, and provide those estimates to the entities receiving the distributions and to the DOF by no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, Agency enforceable obligations listed on the Recognized Obligation Payment Schedule and the Agency's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the DOF by no later than 10 days from the date of the Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, and if the Agency's tax sharing obligations described in Section 38183(a)(1) of the Dissolution Act have been subordinated to the Agency's enforceable obligations, then the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under the caption "—Tax Increment Financing."

The Dissolution Act provides that any bonds authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to such date, will be included in the Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the DOF to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the DOF's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the DOF, then the DOF's review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

The Agency has covenanted to take all actions required under the Dissolution Act to include: (i) Tax Sharing Agreements, if any, which have not been subordinated to the 2016 Bonds, (ii) scheduled debt service on the 2016 Bonds and any Parity Debt and any amount required under the Indenture or any Parity Debt Instrument to replenish the Reserve Account established thereunder or the reserve account established under any Parity Debt Instrument, and (v) amounts due [to the 2016 Insurer hereunder or] under the 2016 Reserve Account Agreement, or to any insurer under an insurance or surety bond agreement relating to any Parity Debt, in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Agency to pay principal of, and interest on, the 2016 Bonds coming due in the respective ROPS Period and to pay amounts owed to any Insurer, as well as the other amounts set forth above.

Further, in order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds and all amounts due and owing [to the 2016 Insurer hereunder or] under the 2016 Reserve Account Agreement or to any other insurer of any Parity Debt on a timely basis, on or before each February 1 following the Closing Date (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds are outstanding, the Agency covenants in the Indenture to submit an Oversight Board-approved Recognized Obligation Payment Schedule to the DOF and to the County Auditor-Controller that will include, from the first available Pledged Tax Revenues, (i) all debt service coming due on all Outstanding Bonds during the applicable ROPS Period and during the Bond Year commencing in such ROPS Period, (which amounts shall be treated as a reserve for debt service to the extent such amount is funded on June 1 (for the first semiannual period) or January 2 (for the second semiannual period) and relates to debt service coming due on the 2016 Bonds after such respective semiannual period), as well as all amounts due and owing [to the 2016

Insurer under the Indenture or] under the 2016 Reserve Account Agreement or to any other Insurer, and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to the Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing [to the 2016 Insurer hereunder or] under the 2016 Reserve Account Agreement).

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the 2016 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Indenture requires the Agency to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the 2016 Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the Agency will deposit the first Pledged Tax Revenues distributed to the Agency in each Bond Year, up to the full amount of annual debt service coming due in such Bond Year and the next Bond Year, in the Special Fund. See Appendix B.

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit a successor agency to submit a Last and Final Recognized Obligation Payment Schedule (a "Last and Final ROPS") for approval by the oversight board and DOF if: (i) The successor agency's only remaining debt is administrative costs and payments pursuant to enforceable obligations with defined payment schedules, (ii) All remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved by DOF, and (iii) The successor agency is not a party to outstanding or unresolved litigation. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency in the following order: (A) enforceable obligations to be funded from the Redevelopment Property Tax Trust Fund, (B) enforceable obligations to be funded from bond proceeds or other legally or contractually dedicated or restricted funding sources, and (C) loans or deferrals authorized for repayment to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets. The Last and Final ROPS must also include the total outstanding obligation and a schedule of remaining payments for each enforceable obligation described in (A) and (B) above, and the total outstanding obligation and an interest rate of 4%, for any loans or deferrals listed pursuant to (C) above. The Last and Final ROPS shall also establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid. DOF approval is required for any Last and Final ROPS to become effective. The county auditor-controller shall also review the Last and Final ROPS and provide any objection to the inclusion of any items or amounts to DOF. Successor agencies may only amend an approved Last and Final ROPS twice. Commencing on the effective date of the approved Last and Final ROPS, the successor agency shall not prepare or transmit annual Recognized Obligation Payment Schedules.

After the Last and Final ROPS is approved by DOF, the county auditor-controller shall continue to allocate moneys in the successor agency's Redevelopment Property Tax Trust Fund pursuant to Section 34183 of the Dissolution Act; however, the county auditor-controller shall allocate such moneys in each fiscal period, after deducting the county auditor-controller's administrative costs, in the following order of priority: (A) pass through payments pursuant to Section 34183(a)(1) of the Dissolution Act, (B) scheduled debt service payments on tax allocation bonds listed and approved in the Last and Final ROPS, (C) scheduled payments on revenue bonds listed and approved in the Last and Final ROPS, but only to the extent the revenues pledged for them are insufficient to make the payments and only if the successor agency's tax increment revenues were also pledged for the repayment of bonds, (D) scheduled payments for debts and obligations listed and approved in the Last and Final ROPS to be paid from the Redevelopment Property Tax Trust Fund, (E) payments listed and approved on the Last and Final ROPS that were authorized but unfunded in prior periods, (F) repayment of loans and deferrals to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets that are listed and approved on the Last and Final ROPS, and (G) any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers described in (A) to (F), above, shall be distributed to taxing entities in accordance with Section 34183(a)(4) of the Dissolution Act.

If the successor agency reports to the county auditor-controller that the total available amounts in the Redevelopment Property Tax Trust Fund will be insufficient to fund the successor agency's current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Dissolution Act. See the caption "—Tax Increment Financing."

The Agency covenants in the Indenture to provide the Trustee and each Insurer of [Outstanding 2016 Bonds or] Parity Debt with copies of (a) any Request for Last and Final ROPS Approval submitted by the Agency and (b) any and all correspondence received from DOF regarding a Request for Last and Final ROPS Approval, upon receipt thereof. In the event that the Agency and DOF schedule a meeting or telephone conference to discuss a written denial by DOF of a Request for Last and Final ROPS Approval, the Agency shall timely notify the Trustee and each Insurer of [Outstanding 2016 Bonds or] Parity Debt of such meeting or telephone conference. The Trustee will, and, if the subject of the meet and confer could impact the payment of or security for Insured Bonds or Policy Costs, each potentially affected Insurer will, have the right to participate in the meeting or telephone conference either by appearance with the Agency or through written submission as determined by the Trustee and such Insurer. In the event the Agency receives a denial of a Request for Last and Final ROPS Approval, whether relating to Insured Bonds or not, and such denial could delay the receipt of tax revenues necessary to pay debt service, Policy Costs, or other amounts owing to an Insurer, the Agency agrees to cooperate in good faith with the Insurer and the Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Agency and DOF relating to such event and to discuss such matters with DOF directly.

Obligations with Senior Right to Payment

Tax Sharing Agreements. Pursuant to Section 33401 of the Redevelopment Law as in effect at the time of adoption of the Project Area, a redevelopment agency was authorized to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project area in an amount which in the agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provide for a pass-through of tax increment revenue directly to the affected taxing agency, and, are called "Tax Sharing Agreements."

So long as any 2016 Bonds are Outstanding, the Agency covenants to not enter into any new agreement or amend any existing agreement with any other taxing agency entered into (i) pursuant to Section 33401 of the Redevelopment Law or (ii) which operates as a waiver of the Agency's right to receive Tax Increment Revenues under the Redevelopment Plan, unless the Agency's obligations under such agreements are made expressly subordinate and junior to the Agency's obligations under the Indenture and the 2016 Bonds.

The Former Agency entered into two Tax Sharing Agreements whereby portions of the taxes which would otherwise be allocated and paid to the Agency as described above are required to be paid to certain entities. Amounts paid under the Tax Sharing Agreements which are senior in right of payment are not Housing Tax Revenues and, therefore, are not pledged to secure the 2016 Bonds. APPENDIX A—"FISCAL CONSULTANT'S REPORT" herein shows the amount of projected Pledged Tax Revenues net of amounts payable under the Tax Sharing Agreements, and the tables set forth herein under the heading "PLEDGED TAX REVENUES" show the relationship between such net Housing Tax Revenues and debt service requirements of the 2016 Bonds.

1. <u>Component No. 1</u>.

The Former Agency entered into an agreement with the County of San Bernardino (the "County"), requiring the Agency to pay a portion of tax increment revenues generated in the Redevelopment Project to the County Flood Control District and the County Free Library System. The County of San Bernardino, County Flood Control District, and the County Public Library (collectively, "County

Districts") are entitled to receive total pass-throughs of their shares of the annual tax increment revenue attributable to an increase in assessed valuation, exclusive of moneys attributable to overrides established for the benefit of entities other than the County Districts. The County has indicated the shares for the County Districts 2015-16 to be approximately 16.1%, 2.9% and 1.6%, respectively. to be 16.151%, 2.94% and 1.57%, respectively. Once the Former Agency received $7,739,000 from the County Share, which threshold was reached in the 2011-12 tax year, the County began retaining 100% of its share in fiscal year 2012-13; it is assumed that these payments will continue. See APPENDIX B¬"Fiscal Consultant's Report", Section VIII, Project Area Obligations, Negotiated Tax Sharing Payments, County Agreement.

2. Component No. 2.

The Former Agency entered into an agreement with the Redlands Unified School District ("RUSD") dated as of June 30, 1987 (the "RUSD Agreement"), requiring the Agency to pay a portion of the Tax Increment Revenues generated in the Project No. 2 Component Area to the RUSD. The percentage of Tax Increment payable to the RUSD is subject to revision from time to time based upon the development of certain surplus RUSD property (the "District Property").

Under the RUSD Agreement, the RUSD's share of Tax Increment Revenues from the Project No. 2 Component Area is 33.56% (the "RUSD Share"). Until the District Property is sold or leased for development, RUSD receives 10% of the RUSD Share of the "Remaining Increment", which is calculated as Tax Increment generated by all property in the Redevelopment Project, excluding the District Property. The RUSD Agreement further provided as follows: (i) if the District Property is sold or leased for development prior to July, 1997, the RUSD receives 10% of the RUSD Share of Remaining Increment plus 70% of the Tax Increment generated by the District Property (the "District Property Increment"); (ii) if the District Property is not substantially developed by July, 1997, the Agency is required to pay RUSD an amount equal to 60% of the District Property Increment, and none of the Remaining Increment; and (iii) if the District Property is substantially developed prior to July, 1997, RUSD will receive 50% of the District Property Increment plus 50% of the RUSD Share of the Remaining Increment. The Former Agency determined and the Agency has confirmed that: (i) the District Property as not sold or leased for development prior to July, 1997, and (ii) the District Property was not substantially developed by July, 1997. Consequently the obligation of the Agency under the RUSD Agreement is limited to payment of an amount equal to 60% of the District Property Increment computed after a reduction of 20% based upon housing set aside, yielding a percentage of 48%. See APPENDIX B"Fiscal Consultant's Report", Section VIII, Project Area Obligations, Negotiated Tax Sharing Payments, RUSD Agreement.

The Agency's obligations pursuant to the Tax Sharing Agreements are payable from moneys deposited in the Redevelopment Property Tax Trust Fund. Amounts payable by the Agency pursuant to the Tax Sharing Agreements have been deducted from the projections of Pledged Tax Revenues set forth in this Official Statement and the Fiscal Consultant's Report attached as Appendix A. The Agency's obligations under the Tax Sharing Agreements are further described in the Fiscal Consultant's Report attached as Appendix A.

Statutory Pass-Through Amounts. The Agency is obligated to make certain tax sharing payments to taxing agencies as described below under the subheadings "*—AB 1290 Statutory Pass-Through*," "*—SB 211 Triggered Statutory Pass-Through*" and "—33676 Amounts." These payment obligations are referred to collectively in this Official Statement as the "Statutory Pass-Through Amounts." Pursuant to the Dissolution Act, all Statutory Pass-Through Amounts are paid to taxing agencies by the County Auditor-Controller before any Redevelopment Property Tax Trust Fund moneys are distributed to the Agency for payment of Agency obligations unless such Statutory Pass-Through Amounts have been subordinated to Agency indebtedness. The Agency has not taken any action to subordinate the Statutory Pass-Through Amounts to the 2016 Bonds.

AB 1290 Statutory Pass-Through. Redevelopment plans that were adopted on or after January 1, 1994 were subject to the statutory pass-through requirements of Assembly Bill ("AB") 1290 which provided for

payments to taxing agencies calculated pursuant to specific statutory formulas, set forth in Health and Safety Code Section 33607.59. Pursuant to AB 1290, the following Component Areas are subject to the AB 1290 Statutory Pass Throughs. The projections of Statutory Pass-Through Amounts, Tax Revenues Available for Debt Service and Pledged Tax Revenues [check column headings' at Table 7 take such payments into account. See also See APPENDIX B—"FISCAL CONSULTANT'S REPORT," Section VIII, Project Area Obligations, Statutory Tax sharing Payments.

SB 211 Triggered Statutory Pass-Through. A statutory pass through obligation could also be triggered by amendments to pre-AB 1290 redevelopment plans to increase the tax increment revenue limit, extend the time for the incurrence of debt or to extend the duration of the redevelopment plan. This provision applied when SB 211 was adopted by the State Legislature, enabling the Former Agency to adopt a summary ordinance electing to eliminate the debt incurrence time limitations for qualifying Redevelopment Plans adopted before January 1, 1994 for Component 1 and Component 2. See APPENDIX B—"FISCAL CONSULTANT'S REPORT," Section VIII, Project Area Obligations, Statutory Tax Sharing Payments.

These tax sharing payments continue for the life of the Project Area. Because the Agency has not requested any subordination, the Fiscal Consultant has deducted the projected Statutory Pass-Through Amounts in connection with its calculation of Pledged Tax Revenues (see the Fiscal Consultant's Report attached hereto as Appendix A and the projections of Pledged Tax Revenues set forth in Tables 7 and 8).

33676 Amounts. Prior to the enactment of AB 1290, redevelopment project areas adopted between January 1, 1985 and January 1, 1994 were subject to payments to schools and to other affected taxing agencies that elected to receive tax revenue payments set forth under Section 33676 of the Law ("33676 Amounts"). The annual payments represent that portion of property taxes that are, or otherwise would be, calculated annually pursuant to subdivision (f) of Section 110.1 of the Revenue and Taxation Code (and referred to as the 2% inflation allocation). As with Statutory Pass-Through Amounts, the County Auditor-Controller administers the payment of 33676 Amounts and such 33676 Amounts are deducted from the tax revenues included in the definition of Pledged Tax Revenues under the Indenture. Only Component 2 is subject to the two percent inflation allocation to qualifying affected taxing entities. The County makes payments of 33676 Amounts as to Component 2; the projections of Tax Revenues Available at Table 7 take such amounts into account [check column headings]. See also See APPENDIX B¬"Fiscal Consultant's Report", Section VIII, Project Area Obligations, 33676 or 2% Payments.

Subordinate Obligations

The Agency has various significant enforceable obligations that are, or will be, listed on the Agency's Recognized Obligation Payment Schedules and paid from moneys deposited in the Agency's Redevelopment Property Tax Trust Fund from time to time. The Agency has determined that these obligations are either subordinate to the 2016 Bonds or not secured by a pledge of Pledged Tax Revenues.

Limitation on Additional Indebtedness

Parity Obligations. The Agency may issue or incur additional bonds or incur other loans, advances or indebtedness payable from Pledged Tax Revenues on a parity with the 2016 Bonds (collectively, "Parity Debt") to refund any outstanding Bonds or Parity Debt in such principal amount as will be determined by the Agency. The Agency may issue and deliver any such Parity Debt subject to the following specific conditions:

(a) No event of default under the Indenture or under any Parity Debt Instrument has occurred and is continuing unless such event of default will be cured by the issuance of such Parity Debt;

(b) The Parity Debt has been issued in accordance with the requirements of Section 34177.5 of the Dissolution Act, (or any comparable provision of any successor statute);

(c) A Supplemental Indenture will have been adopted which will (i) if the obligation being refunded had a reserve fund, determine the applicable reserve requirement and the amount, if any, to be deposited from the proceeds of sale of such [Parity Debt] in a separate account of the Reserve Account to be held as separate security for such Series or Series of Parity Debt; (ii) designate accounts in the Debt Service Fund and accounts therein including the Reserve Account to be applicable to such Parity Bonds; and (iii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof; and

(d) The Agency will deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

Subordinate Obligations. The Indenture permits the Agency to issue or incur Subordinate Debt in such principal amount as may be determined by the Agency. Such Subordinate Debt may be payable from any assets or property of the Agency, including Pledged Tax Revenues, on a subordinate basis to the payment of debt service on the 2016 Bonds.

[BOND INSURANCE]

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection and Distribution Procedures

Classification. In the State, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." Secured and unsecured property is entered on separate parts of the assessment roll maintained by county assessors. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens. See the caption "RISK FACTORS—Bankruptcy and Foreclosure" for certain limitations on the priority of secured tax liens under federal law, however.

Generally, *ad valorem* taxes are collected by a county for the benefit of the various taxing agencies (cities, schools and special districts) that share in the *ad valorem* tax (each, a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Fund.

Collections. The method of collecting delinquent taxes is substantially different for secured and unsecured property. Counties have four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer; (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer; and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an

additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31. Although the Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq*. of the State Revenue and Taxation Code commencing with fiscal year 1993-94 with respect to public agencies which receive *ad valorem* tax revenues, the City, the Former Agency and the Agency are not participants in the Teeter Plan. See "THE PROJECT AREA—Levy and Collection." Therefore, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments. See Table 5 under the caption "THE PROJECT AREA—Levy and Collection" for historic property tax collection rates within the Project Area.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, which delayed the realization of increased property taxes from the new assessments for up to 14 months. Revenue and Taxation Code Section 75.70 provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of the Project Area subsequent to the January 1 lien date. To the extent that such supplemental assessments occur within the Project Area, Pledged Tax Revenues may increase. However, because supplemental assessments cannot be accurately projected, no provision has been made by the Fiscal Consultant to reflect the impact of supplemental assessments on Pledged Tax Revenues. See Appendix A.

Property Tax Administrative Costs. In 1990, the State Legislature enacted Senate Bill ("SB") 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 2557 amounts, to be deducted from property tax revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2014-15, the County's administrative charge to the Agency for the Project Area was 1.3% of gross tax increment revenues received by the Agency in such Fiscal Year.

Tax Sharing Agreements. Prior to 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the redevelopment agency's determination was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. Such agreements normally provide for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements. The Agency's agreements with affected taxing agencies are referred to herein as "Tax Sharing Agreements." See the caption "THE PROJECT AREA" for a discussion of Tax Sharing Agreements for the Project Area. See also the caption "SECURITY FOR THE 2016 BONDS—Tax Increment Financing" for additional discussion of the treatment of Tax Sharing Agreements under the Dissolution Act.

Statutory Pass-Through Amounts. The payment of Statutory Pass-Through Amounts results from: (i) redevelopment plan amendments which add territory in existing project areas on or after January 1, 1994; and (ii) redevelopment plan amendments which eliminate one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The

calculation of the amount due to affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See the captions "THE PROJECT AREA" and "SECURITY FOR THE 2016 BONDS—Tax Increment Financing" for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to the Project Area.

33676 Amounts. The Agency is required to pay certain inflationary increases in tax increment revenues referred to herein as 33676 Amounts to certain educational taxing agencies. See the caption "SECURITY FOR THE 2016 BONDS—Obligations with Senior Right to Payment—*Statutory Pass-Through Amounts*" for a discussion of the Agency's obligation to pay 33676 Amounts.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each June 1 property tax distribution date, with respect to each fiscal year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to each June 1 property tax distribution date. See the caption "SECURITY FOR THE 2016 BONDS—Recognized Obligation Payment Schedule" and "RISK FACTORS—Recognized Obligation Payment Schedule." See also "SECURITY FOR THE 2016 BONDS—Last and Final Recognized Obligation Payment Schedule" for a description of the Last and Final ROPS authorized by the Dissolution Act pursuant to SB 107.

Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with State Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. AB 454 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. AB 454 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is located. The intent of AB 2890 and AB 454 is to provide redevelopment agencies with their appropriate share of revenue generated from property assessed by the State Board of Equalization.

[The County Auditor-Controller allocated an aggregate total of $1,585,037 of unitary tax revenue to the Project Area for Fiscal Year 2013-14. Pledged Tax Revenues from unitary property are assumed to remain at Fiscal Year 2013-14 levels for the Project Area for purposes of gross tax increment projections in the Fiscal Consultant's Report. See Appendix A for a breakdown of the Fiscal Year 2013-14 unitary property values in each of the Project Area.] [**Update**]

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as Proposition 13 or the Jarvis-Gann Initiative) which added Article XIIIA to the State Constitution. Article XIIIA limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the State Fiscal Year 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIIIA: (i) exempts from the 1% tax limitation taxes to pay debt service on: (a) indebtedness approved by the voters prior to July 1, 1978; or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional *ad valorem* taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIIIA has been upheld by both the State Supreme Court and the United States Supreme Court.

In the general election held on November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of: (1) real property between spouses; and (2) the principal residence and the first $1,000,000 of other property between parents and children. This amendment to Article XIIIA may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIIIA to permit the State Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county to transfer the old residence assessed value to the new residence. As a result of the State Legislature's action, the growth of property tax revenues may decline.

Legislation enacted by the State Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Appropriations Limitation – Article XIIIB

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIIIB to the State Constitution. Article XIIIB limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is State Fiscal Year 1978-79, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness is not deemed to be the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIIIB, nor will such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two State appellate court decisions. On the basis of these decisions, the Agency does not believe that it is subject to Article XIIIB and has not adopted an appropriations limit.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness, and *not* to redevelopment agencies. SB 107, which became effective on September 22, 2015, amended Section 34183(a)(1) of the Dissolution Act to provide that such debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects or programs related to the State Water Project that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override.

Appeals of Assessed Values

Pursuant to State law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by November 30 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Pledged Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted. See Appendix A for information regarding the appeals pending with respect to the assessed valuations of the top ten property owners within the Project Area.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions pursuant to Proposition 8 may be initiated by the County Assessor or requested by the property owner, and such reductions apply only to a single tax year.

After a roll reduction is granted pursuant to Proposition 8, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

The County Assessor has the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of property affected by particular negative economic conditions. The Agency is aware that the County Assessor made such reductions to assessed values of residential property in the Project Area and the City generally in recent fiscal years, a portion of which reductions have now been restored. The Fiscal Consultant's Report does not assume any future reductions in assessed valuations as a result of Proposition 8, but there can be no assurance that such reductions will not be made in the future. See the caption "THE PROJECT AREA" for further information with respect to reductions in assessed value within the Project Area in the last nine fiscal years.

For a summary of the recent history of Proposition 8 reductions in the Project Area, see "THE PROJECT AREA—Assessment Appeals."

Propositions 218 and 26

On November 5, 1996, State voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26 amended Article XIIIC of the State Constitution by adding an expansive definition for the term "tax," which previously was not defined under the State Constitution. Pledged Tax Revenues securing the 2016 Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and Article XIIID to the State Constitution and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

THE SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY

The Former Agency was established pursuant to the Redevelopment Law and was activated by Ordinance No. 207 adopted by the City Council on February 27, 1979, at which time the City Council declared

itself to be the governing board of the Former Agency. Project implementation and administration of the Former Agency was provided by the governing board of the Former Agency, consisting of the Members of the City Council.

On June 28, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (Dec. 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On January 10, 2012, pursuant to Resolution No. 2722 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Loma Linda Redevelopment Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City; however, the assets and liabilities of the Former Agency were transferred by operation of law to the Successor Agency on February 1, 2012.

The Agency is governed by a five-member Board of Directors (the "Board") which consists of the members of the City Council of the City. The Mayor chairs the Board; the Executive Director of the Agency directs the administrative activities of the Agency and makes recommendations to the Board, and the City Attorney serves as legal counsel to the Agency.

Agency Powers

All powers of the Agency are vested in its five members, who are the elected City Council members. Pursuant to the Dissolution Act, the Agency is a separate public body from the City and successor to the organizational status of the Former Agency, but without any legal authority to participate in redevelopment activities except to complete any work related to an approved enforceable obligation. The Agency is tasked with expeditiously winding down the affairs of the Former Agency pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Agency actions are subject to approval by the Oversight Board, as well as review by the DOF. The State has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Agency and Oversight Board meetings open to the public in a similar manner as City Council meetings.

Previously, Section 33675 of the Redevelopment Law required the Former Agency to file not later than the first day of October of each year with the County Auditor of a statement of indebtedness certified by the chief fiscal officer of the Former Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plan). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Former Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Former Agency could not exceed the amounts shown on the Former Agency's statement of indebtedness. The Dissolution Act eliminates this requirement and provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and that, commencing on such date, the statement of indebtedness will no longer be prepared nor have any effect

under the Redevelopment Law. See the caption "SECURITY FOR THE 2016 BONDS—Recognized Obligation Payment Schedule."

THE PROJECT AREA

Under the Redevelopment Law, a city or county that activated a redevelopment agency was required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency could only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a "plan" in the customary sense of the word. Each redevelopment plan was originally to include separate time and financial limitations applicable to the Project Area. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Agency's enforceable obligations. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan for the Project Area. See also "—Project Area Characteristics" for additional information regarding the Project Area, including information on land use, assessed valuation and property ownership, assessed valuation and Pledged Tax Revenues generated within the Project Area. See "SECURITY FOR THE 2016 BONDS—Pledged Tax Revenues."

A brief description of the location and land uses within the Project Area is set forth below.

Project Area Characteristics

A breakdown of the taxable valuations and resulting gross tax increment in the Project Area for Fiscal Year 2015-16 is set forth in the below table:

Table 1
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
Assessed Values by Component Area
(Fiscal Year 2016-17)

Description	*Project No. 1*	*Added Area*[1]	*Project No. 2*	*Total*
Total Values	$ 570,304,382	$ 71,151	$ 300,132,464	$ 870,507,997
Base Year Value	73,021,144	385,625	27,963,457	101,370,226
Incremental Value	$ 497,283,238	$ (314,474)	$ 272,169,007	$ 769,137,771
% of Total	64.7%	0.0%	35.4%	100.0%

Source: DHA Consulting, LLC.

Taxable values for the Project Area for the current and past nine fiscal years are set forth in the below table.

Table 2
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
Historic Taxable Values

Fiscal Year	*Secured Value*	*Unsecured Value*	*Assessed Value*	*Percentage Change*	*Incremental Value Over Base Year*[1]	*Percentage Change*
2006-07	$665,401,568	$18,660,173	$684,061,741	N/A	$582,691,515	N/A
2007-08	772,528,747	19,944,945	792,473,692	15.85%	691,103,466	18.61%
2008-09	813,933,388	24,474,901	838,408,289	5.80	737,038,063	6.65
2009-10	739,125,023	25,994,492	765,119,515	-8.74	663,749,289	-9.94
2010-11	695,273,756	28,198,617	723,472,373	-5.44	622,102,147	-6.27
2011-12	693,944,119	25,835,793	719,779,912	-0.51	618,409,686	-0.59
2012-13	702,474,067	22,881,660	725,355,727	0.77	623,985,501	0.90
2013-14	715,470,339	22,081,611	737,551,950	1.68	636,181,724	1.95
2014-15	775,441,949	22,105,447	797,547,396	8.13	696,177,170	9.43
2015-16	810,440,763	20,044,309	830,485,072	4.13	729,114,846	4.73
2016-17	851,433,075	19,060,637	870,493,712	4.82	769,123,486	5.49

(1) Taxable value over base year value of $101,370,226.
Source: San Bernardino County Auditor-Controller's Office.

The top ten taxpayers for the Project Area in the current fiscal year are set forth in the below table.

Table 3
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
Top Ten Taxpayers For The Project Area
(Fiscal Year 2016-17)

No.	*Assessee*	*Predominant Uses*	*No. of Assmts*	*2016-17 Assessed Value*	*Percentage of Total Assessed Value*[1]	*Percentage of Total Increment*
1	Drc Industrial Cbc II LP[2]	Office/R & D Business Park	44	$ 31,905,305	3.7%	4.15%
2	Loma Linda Heritage Associates	Apartments	1	27,992,030	3.2	3.64
3	WI Loma Linda LLC[3]	Undeveloped	1	13,979,718	1.6	1.82
5	Loma Linda University[4]	Residential/Commercial	162	13,868,175	1.6	1.80
4	Oasis Townhomes LLC	Apartments	3	13,164,951	1.5	1.71
6	Chancellor Properties LLC	Assisted Living	6	12,794,710	1.5	1.66
7	Loma Linda Plaza Partners	Retail/Commercial	2	12,322,854	1.4	1.60
8	DRC 17 Mountain View[2]	Office Building	1	12,235,730	1.4	1.59
9	Emerikeyt Palms at Loma Linda Inc.	Assisted Living	2	11,241,499	1.3	1.46
10	Monterey Pines, LLC	Apartments	2	10,996,749	1.3	1.43
		Total	224	$ 160,501,721	18.4%	20.87%

(1) Total 2016-17 assessed value equals $870,507,997 and incremental value is $769,137,771.
(2) Formerly General American Life Insurance Co.
(3) Location of the new Veteran's Hospital, which improvement value is not reflected on the tax roll as of July 2016.
(4) A majority of the holdings for Loma Linda University are tax exempt.
Source: DHA Consulting, LLC, San Bernardino County Assessor's Records.

Additional information with respect to the top ten taxpayers for the Project Area is set forth in Appendix A.

[To come: discussion of activities of top ten taxpayers]

The assessed valuation of the Project Area for the current fiscal year by land use category is set forth in the below table.

Table 4
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
Assessed Values By Land Use
(Fiscal Year 2015-16)

Category	*No. of Assessments*[1]	*% of Total Assessments*	*Total Value*	*% of Total Value*
Residential	2,596	81.3%	$ 632,009,477	72.6%
Commercial	76	2.4	129,336,638	14.9
Industrial	67	2.1	34,505,584	4.0
Recreational	1	0.0	575,923	0.1
Institutional	16	0.5	260,028	0.0
Vacant Land	204	6.4	39,384,845	4.5
State Assessed (SBE)	1	0.0	14,285	0.0
Unsecured	174	5.4	19,060,637	2.2
Other	60	1.9	15,360,580	1.8
Total	3,195	100.0%	$ 870,507,997	100.0%

(1) Includes the number of secured and unsecured assessments, which totals more than the number of parcels in the Project Area.

(2) Can include Escaped Assessments, Possessory Interest and other assessments that are cross referenced to secured parcel numbers.

Source: DHA Consulting, LLC, San Bernardino County Assessor's Records.

Levy and Collection

The following table sets forth property tax levy and collections in the Project Area from Fiscal Year 2010-11 through 2014-15. The Successor Agency is not a participant in the Teeter Plan alternative method for collection of taxes and, therefore, the receipt of property taxes is subject to delinquencies. Actual receipts of tax increment have averaged [98.63%] of the levy for the Project Area.

Table 5
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
Tax Levy and Collections
(Fiscal Years 2010-11 to 2014-15)

Fiscal Year Ended June 30	*Computed Levy*[1]	*Actual Based on Collections Rate*[2]	*Variance*	*Percent Collected*
2011				
2012				
2013				
2014				
2015				

(1) Computed Levy based on reported incremental value multiplied by the tax rate to compute gross tax increment. Computed Levy also includes Unitary Taxes, if any, as reported by the County Auditor-Controller.

(2) Amounts represent the annual current year tax increment revenues allocable up to Fiscal Year _____ and prior to dissolution of redevelopment agencies pursuant to AB X1 26. For purposes of identifying the collection of property taxes, amounts shown do not include deductions for administrative fees, tax refunds or pass through payments. Revenues are based on current year assessed values only and do not include supplemental taxes, prior year redemption payments, escaped assessments or mid-year adjustments made by the Assessor or Auditor-Controller.

Source: DHA Consulting, LLC; County.

Assessment Appeals

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the Assessor immediately subsequent to a change in ownership or completion of new construction. If the base year value assigned by the Assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value.

Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. A property owner can file for a regular assessment appeal with the County between July 2 and November 30. Revenue and Taxation Code Section 1604 allows up to two years for an assessment appeal to be decided. Three of the top ten taxpayers within the Project Area have filed assessment appeals that are currently pending. Additional appeals to assessed values in the Project Area may be filed from time to time in the future. The Agency cannot predict the extent of these appeals or their likelihood of success. See discussion under the captions "PROPERTY TAXATION IN CALIFORNIA—Appeals of Assessed Values" and "—Proposition 8."

The Fiscal Consultant researched the status of assessment appeals filed by property owners in the Project Area based upon information available as of _____, 2016. The Fiscal Consultant's estimates are

based upon the historical averages of successful appeals and amounts of value reductions. Actual appeals, reductions and refunds may vary from historical averages. The Fiscal Consultant's estimated reductions in values are reflected in its projections.

[The following table summarizes the potential losses for the Project Area that are incorporated into the Fiscal Consultant's projections:

Table 6
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
Assessed Valuation Appeals

Description	*2011-12*	*2012-13*	*2013-14*	*2014-15*	*2015-16*[(1)]	*Total*
Appeal History[(1)]						
Number of Appeals:						
Total Filed	16	19	11	15	22	83
Resolved To Date	16	19	11	8	1	55
Resolved Appeals with Reductions	1	6	4	2	0	13
% Appeals Resulting in Reductions	6.3%	31.6%	36.4%	25.0%	0.0%	23.6%
Valuation Impact:						
Total Filed/Assessed Value	24,429,009	25,862,132	21,112,531	28,828,199	32,459,792	132,691,663
Resolved To Date	24,429,009	25,862,132	21,112,531	9,934,200	780,000	82,117,872
Resolved Appeals with Reductions	59,469	14,949,696	5,726,244	580,168	0	21,315,577
Value Change	(16,009)	(1,654,130)	(1,197,722)	(115,168)	0	(2,983,029)
% Reduction/Successful Appeals	-26.9%	-11.1%	-20.9%	-19.9%	0.0%	-14.0%
% Reduction/All Resolved Appeals	-0.1%	-6.4%	-5.7%	-1.2%	0.0%	-3.6%
Pending Appeals						
Number of Appeals Outstanding	-	-	-	7	21	28
Value of Appeals Outstanding	-	-	-	18,893,999	31,679,792	50,573,791
Percentage of total Project Value						5.8%
Potential Reduction						(50,573,791)
Average Reduction Ratio (from above)						-3.6%
Estimated Resolved Value						48,736,638
Estimated Reduction						(1,837,153)
Estimated Refunds						($18,372)

(1) Information through June 30, 2016. Appeals for the 2016-17 fiscal year, if any, will be filed by taxpayers throughout the winter of 2016.
Source: DHA Consulting, LLC, Santa Bernardino County Assessor's Office.

Tax refunds payable from resolved appeals (to the extent applicants are not delinquent in their property tax payments) are deducted by the County Auditor-Controller from current year gross property taxes before the County's allocation to the RPTTF.]

[The Fiscal Consultant has reviewed assessment appeals data from San Bernardino County in an effort to disclose the potential impact that pending appeals may have on the projected Tax Revenues. Within the Project Area, _____ appeals seeking a reduction of $_____ are outstanding. Of these, _____ appeals are for the _____ year and represent approximately _____% of the Project Area's assessed value for that year. The combined value of the _____ properties and the _____ properties currently seeking a reduction through the appeal process corresponds to approximately _____% of the Project Area's total assessed value. Reduction of assessed values could negatively impact Tax Increment Revenues and Tax Revenues. See APPENDIX A—"FISCAL CONSULTANT'S REPORT."]

Actual resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment. Therefore, actual reductions, if any, may be higher or lower than the reductions incorporated in the Fiscal Consultant's projections. An appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value may be adjusted to an amount other

than the stated opinion of value. See "—Project Area Characteristics" above, for a summary of historical assessed property valuations in the Project Area. For more information about appeals and the Fiscal Consultant's assumptions, see the Fiscal Consultant's Report attached to this Official Statement as Appendix A.

PLEDGED TAX REVENUES

Pledged Tax Revenues will be deposited in the Redevelopment Obligation Retirement Fund, and then transferred by the Agency to the Trustee for deposit into the Debt Service Fund administered by the Trustee and applied to the payment of the principal of and interest on the 2016 Bonds.

Projected Pledged Tax Revenues

The Agency has retained DHA Consulting, LLC to provide projections of taxable valuation and Pledged Tax Revenues from developments in the Project Area. The Agency believes that the assumptions (set forth in the footnotes below and in Appendix A) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See the caption "RISK FACTORS." Therefore, the actual Pledged Tax Revenues received during the forecast period may vary from the projections and the variations may be material. A summary of the projected total taxable valuation and Pledged Tax Revenues for all Project Area is set forth in the following tables. The projections set forth in Table 7 assume no growth in assessed value. The projections set forth in Table 8 assume assessed value growth at 2% in Fiscal Year 2016-17 and thereafter.

SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Agency set forth in the Redevelopment Plans are not effective for purposes of paying the Agency's enforceable obligations. Accordingly, the projections set forth below in this Official Statement and in the Fiscal Consultant's Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the Redevelopment Plans for the Project Area.

Table 7
SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY
Tax Increment Projection[1]
(0.0% Trended Growth)

Fiscal Year	*Total Value[2]*	*Less Base 101,370,226*	*Gross Tax Revenues[3]*	*Admin Charge*	*33676 Payments[4]*	*County Pass Thru[5]*	*RUSD Pass Thru[5]*	*AB 1290 Pass Thru[6]*	*Net Tax Revenue*
2016-17	$870,507,997	$769,137,771	$7,808,213	$97,603	$12,164	$1,026,687	$75,350	$590,739	$6,005,672
2017-18	870,507,997	769,137,771	7,808,213	97,603	12,764	1,026,687	75,350	590,739	6,005,072
2018-19	870,507,997	769,137,771	7,808,213	97,603	13,376	1,026,687	75,350	590,739	6,004,460
2019-20	870,507,997	769,137,771	7,808,213	97,603	14,000	1,026,687	75,350	590,739	6,003,836
2020-21	870,507,997	769,137,771	7,808,213	97,603	14,636	1,026,687	75,350	590,739	6,003,199
2021-22	870,507,997	769,137,771	7,808,213	97,603	15,286	1,026,687	75,350	590,739	6,002,550
2022-23	870,507,997	769,137,771	7,808,213	97,603	15,948	1,026,687	75,350	590,739	6,001,888
2023-24	870,507,997	769,137,771	7,808,213	97,603	16,623	1,026,687	75,350	590,739	6,001,212
2024-25	870,507,997	769,137,771	7,808,213	97,603	17,312	1,026,687	75,350	590,739	6,000,523
2025-26	870,507,997	769,137,771	7,808,213	97,603	18,015	1,026,687	75,350	590,739	5,999,820
2026-27	870,507,997	769,137,771	7,808,213	97,603	18,732	1,026,687	75,350	590,739	5,999,103
2027-28	870,507,997	769,137,771	7,808,213	97,603	19,463	1,026,687	75,350	590,739	5,998,372
2028-29	870,507,997	769,137,771	7,808,213	97,603	20,209	1,026,687	75,350	590,739	5,997,626
2029-30	870,507,997	769,137,771	7,808,213	97,603	20,970	1,026,687	75,350	590,739	5,996,866
2030-31	870,507,997	769,137,771	7,808,213	97,603	21,746	1,026,687	75,350	590,739	5,996,090

(1) Includes assessed values and revenues for all components of the Project Area, including Amendment No. 1, where the current assessed value for that area is below the base year assessed value.

(2) Based on County-reported assessed values for 2016-17, which values are assumed to remain constant over the term of the revenue estimates.

(3) Revenues generated based on a 1.0% tax rate and an estimate for unitary revenue. Supplemental and other potential adjustments to tax revenues are not included.

(4) Two percent inflationary payments (33676) are applicable in Project No. 2 for the County Superintendent of Schools and the Community College District. These payments may or may not increase if values/revenues are flat in the Project Area.

(5) The Agency has a written tax sharing agreement (pass through) with the County (County General, Flood and Library) in Project No. 1 and with RUSD in Project No. 2. The Agreement with the County provides that the County receives 100% of their share of tax increment while the Agreement with RUSD provides for payments based on the current assessed value of a particular property, as specified in the Agreement.

(6) The Agency is obligated to make statutory pass through payments for all Component Areas that generate tax increment revenues to taxing entities with which the Agency does not already have a pass through agreement. Two percent inflationary payments, or 33676 Payments, do not count as offsets for this purpose.

Source: DHA Consulting, LLC, Santa Bernardino County Auditor-Controller's Office.

Table 8
SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY
Tax Increment Projection[1]
(2.0% Trended Growth)

Fiscal Year	*Total Value[2]*	*Less Base 101,370,226*	*Gross Tax Revenues[3]*	*Admin Charge*	*33676 Payments[4]*	*County Pass Thru[5]*	*RUSD Pass Thru[5]*	*AB 1290 Pass Thru[6]*	*Net Tax Revenue*
2016-17	$ 870,507,997	$ 769,137,771	$ 7,808,213	$ 97,603	$12,164	$1,026,687	$75,350	$ 590,739	$6,005,672
2017-18	887,536,659	786,166,433	7,978,486	99,731	12,764	1,049,711	76,857	638,043	6,101,380
2018-19	904,905,893	803,535,667	8,152,164	101,902	13,376	1,073,196	78,394	686,294	6,199,002
2019-20	922,622,513	821,252,287	8,329,315	104,116	14,000	1,097,150	79,962	735,510	6,298,577
2020-21	940,693,464	839,323,238	8,510,009	106,375	14,636	1,121,584	81,561	785,710	6,400,143
2021-22	959,125,835	857,755,609	8,694,318	108,679	15,286	1,146,506	83,192	836,914	6,503,740
2022-23	977,926,854	876,556,628	8,882,312	111,029	15,948	1,171,927	84,856	889,142	6,609,410
2023-24	997,103,892	895,733,666	9,074,067	113,426	16,623	1,197,856	86,553	942,415	6,717,193
2024-25	1,016,664,472	915,294,246	9,269,656	115,871	16,623	1,224,304	88,284	996,753	6,827,131
2025-26	1,036,616,263	935,246,037	9,469,157	118,364	16,623	1,251,281	90,050	1,052,178	6,939,268
2026-27	1,056,967,089	955,596,863	9,672,649	120,908	16,623	1,278,797	91,851	1,108,712	7,053,648
2027-28	1,077,724,933	976,354,707	9,880,210	123,503	16,623	1,306,864	93,688	1,166,376	7,170,316
2028-29	1,098,897,933	997,527,707	10,091,922	126,149	16,623	1,335,492	95,562	1,225,193	7,289,317
2029-30	1,120,494,393	1,019,124,167	10,307,869	128,848	16,623	1,364,692	97,473	1,285,187	7,410,698
2030-31	1,142,522,783	1,041,152,557	10,528,134	131,602	16,623	1,394,477	99,423	1,346,380	7,534,507

(1) Includes assessed values and revenues for all components of the Project Area, including Amendment No. 1, where the current assessed value for that area is below the base year assessed value.

(2) Based on County-reported assessed values for 2016-17, which values are estimated to increase by 2.0% commencing in 2017-18.

(3) Revenues generated based on a 1.0% tax rate and an estimate for unitary revenue. Supplemental and other potential adjustments to tax revenues are not included.

(4) Two percent inflationary payments (33676) are applicable in Project No. 2 for the County Superintendent of Schools and the Community College District.

(5) The Agency has a written tax sharing agreement (pass through) with the County (County General, Flood and Library) in Project No. 1 and with RUSD in Project No. 2. The Agreement with the County provides that the County receives 100% of their share of tax increment while the Agreement with RUSD provides for payments based on the current assessed value of a particular property, as specified in the Agreement.

(6) The Agency is obligated to make statutory pass through payments for all Component Areas that generate tax increment revenues to taxing entities with which the Agency does not already have a pass through agreement. Two percent inflationary payments, or 33676 Payments, do not count as offsets for this purpose.

Source: DHA Consulting, LLC, Santa Bernardino County Auditor-Controller's Office.

Debt Service Coverage

Set forth below is the estimated all-in debt service coverage for the Senior Obligations and 2016 Bonds using actual Fiscal Year 2015-16 Pledged Tax Revenues assuming no growth in tax increment revenues in Fiscal Year 2016-17 and thereafter, through maturity of the 2016 Bonds.

Table 9
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
Estimated All-In Debt Service Coverage (2016 Bonds)
Assumes No Value Growth
(000s Omitted)

Fiscal Year Ending June 30	*Tax Increment Revenues Available for Debt Service on Senior Obligations and Bonds*[1]	*Debt Service on Senior Obligations*[2]	*Debt Service on 2016 Bonds*[3]*	*Total Payments For All-In Debt Service Coverage Calculation*[4]*	*All-In Debt Service Coverage*[5]*
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					

(1) See Table 7.
(2) Reflects debt service on Senior Obligations. See the captions "SECURITY FOR THE 2016 BONDS—Obligations with Senior Right to Payment—Tax Sharing Agreements" and "—Statutory Pass-Through Amounts."
(3) Reflects debt service on 2016 Bonds payable in calendar year that begins in such Fiscal Year.
(4) Reflects sum of debt service on Senior Obligations and debt service on 2016 Bonds.
(5) Tax Increment Revenues Available for Debt Service on Senior Obligations and 2016 Bonds divided by Total Payments For All-In Debt Service Coverage Calculation.

Source: Tax Increment Revenues information provided by DHA Consulting, LLC; 2016 Bonds debt service provided by the Underwriter.

Set forth below is the estimated all-in debt service coverage for the Senior Obligations and 2016 Bonds using actual Fiscal Year 2015-16 Pledged Tax Revenues and assuming 2% growth in tax increment revenues in Fiscal Year 2016-17 through maturity of the 2016 Bonds.

Table 10
SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
Estimated All-In Debt Service Coverage (2016 Bonds)
Assumes 2% Value Growth
(000s Omitted)

Fiscal Year Ending June 30	*Tax Increment Revenues Available for Debt Service on Senior Obligations and Bonds*[1]	*Debt Service on Senior Obligations*[2]	*Debt Service on 2016 Bonds*[3] *	*Total Payments For All-In Debt Service Coverage Calculation*[4]	*All-In Debt Service Coverage*[5]
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					

(1) See Table 8.
(2) Reflects debt service on Senior Obligations. See the captions "SECURITY FOR THE 2016 BONDS—Obligations with Senior Right to Payment—Tax Sharing Agreements" and "—Statutory Pass-Through Amounts."
(3) Reflects debt service on 2016 Bonds payable in calendar year that begins in such Fiscal Year.
(4) Reflects sum of debt service on Senior Obligations and debt service on 2016 Bonds.
(5) Tax Increment Revenues Available for Debt Service on Senior Obligations and 2016 Bonds divided by Total Payments For All-In Debt Service Coverage Calculation.
Source: DHA Consulting, LLC; 2016 Bonds debt service provided by the Underwriter.

* *Preliminary, subject to change.*

RISK FACTORS

The following information must be considered by prospective investors in evaluating the 2016 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 2016 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the 2016 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, and the application of equitable principles.

Reduction in Taxable Value

Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Agency's control, such as relocation out of the Project Area by one or more major tenants, sale of property to a government entity or non-profit corporation exempt from property taxation or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Pledged Tax Revenues that provide for the repayment of and secure the 2016 Bonds. Such reduction in Pledged Tax Revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the 2016 Bonds.

As described in greater detail under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA of the State Constitution," Article XIIIA provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the 2016 Bonds could reduce Pledged Tax Revenues securing the 2016 Bonds.

In addition to the other limitations on and required application under the Dissolution Act of Pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, as described in this Official Statement, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Agency. For example, the Dissolution Act authorizes counties to pay county administrative fees incurred to administer the Dissolution Act prior to depositing any moneys in the Redevelopment Property Tax Trust Fund for distribution to successor agencies, although such moneys may previously have been pledged to bondholders. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Pledged Tax Revenues and adversely affect the source of repayment and security of the 2016 Bonds. Also, see the caption "—Challenges to Dissolution Act" below.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of

California, County of Sacramento, Case No. 34-2012-80001215). Syncora is a monoline financial guaranty insurer domiciled in the State of New York and has provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature because no obligations were impaired. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Agency's ability to timely pay debt service on the 2016 Bonds.

Risks to Real Estate Market

The Agency's ability to make payments on the 2016 Bonds is dependent upon the economic strength of the Project Area. The general economy of the Project Area is subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs, the supply of or demand for competitive properties in such area, the market value of property in the event of sale or foreclosure and other similar factors. Furthermore, real estate development within the Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development, changes in real estate tax rates and other operating expenses, zoning laws and laws relating to threatened and endangered species and hazardous materials and fiscal policies, as well as natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Pledged Tax Revenues by the Agency from the Project Area.

Because assessed values do not necessarily indicate fair market values, the declines in fair market values in recent years may have been even greater than the declines in assessed valuations, although it is also possible that market values could be greater than assessed valuations at any given time. No assurance can be given that the individual parcel owners will pay property taxes in the future or that they will be able to pay such taxes on a timely basis. See the caption "—Bankruptcy and Legal Delays" for a discussion of certain limitations on the City's ability to pursue judicial proceedings with respect to delinquent parcels.

Reduction in Inflation Rate

As described in greater detail above, Article XIIIA of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the rate of inflation, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because

Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The State Board of Equalization directed county assessors to use 1.998% as the inflation factor for purposes of preparing the 2015-16 tax roll.

The Agency is unable to predict if any adjustments to the full cash value of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Levy and Collection of Taxes

The Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Agency to repay the 2016 Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Agency's ability to make timely payments on the 2016 Bonds. As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection and Distribution Procedures—Delinquencies," the County has not implemented a Teeter Plan with respect to the collection and distribution of taxes. Therefore, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to pay the principal of and interest on the 2016 Bonds. See Table 5 under the caption "THE PROJECT AREA—Levy and Collection."

State Budget Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its Fiscal Years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (then projected savings of $1.5 billion).

SB 107, which makes extensive amendments to the Dissolution Act, was enacted following the adoption of the Fiscal Year 2015-16 Budget, after having initially been presented as AB 113, a trailer bill to the Fiscal Year 2015-16 Budget. SB 107 changes the process for submitting Recognized Obligation Payment Schedules from a six-month to an annual process, authorizes successor agencies to submit and obtain DOF approval of a Last and Final ROPS to govern all remaining payment obligations of the successor agency, alters the provisions governing the distribution of Redevelopment Property Tax Trust Fund moneys attributable to pension and State Water Project tax rate overrides, and eliminates the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which successor agencies claim Redevelopment Property Tax Trust Fund moneys for enforceable obligations and, for some successor agencies, impact the amount of Redevelopment Property Tax Trust Fund moneys that will be available for payment of the successor agency's enforceable obligations.

There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Pledged Tax Revenues.

[To come: discussion re 2016 State of California Budget]

Information about the State budget and State spending is available at various State maintained websites. Text of the Fiscal Year 2016-17 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Recognized Obligation Payment Schedule

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those obligations listed in the Recognized Obligation Payment Schedule may be paid by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each June 1 property tax distribute date, with respect to each fiscal year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as described under the caption "SECURITY FOR THE 2016 BONDS—Recognized Obligation Payment Schedule") of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to each June 1 property tax distribution date. See the caption "SECURITY FOR THE 2016 BONDS—Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection and Distribution Procedures—*Recognized Obligation Payment Schedule*." If the Agency was to fail to file a Recognized Obligation Payment Schedule with respect to a fiscal year, the availability of Pledged Tax Revenues to the Agency could be adversely affected for such period.

In the event that a successor agency fails to submit to the DOF an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) below, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the DOF to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any moneys in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the DOF.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds on each January 2 and June 1 (adjusted for weekends and holidays) in the following order specified in Section 34183 of the Dissolution Act:

(i) First, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Tax Sharing Agreements and Statutory Pass-Through Amounts. Pension or State Water Project override revenues that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override;

(ii) Second, to the Agency for payments listed in its Recognized Obligation Payment Schedule;

(iii) Third, to the Agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) Fourth, the remainder is distributed to the taxing entities in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in such Fiscal Year (without adjustment for pass-through obligations).

If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the DOF does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such fiscal year would be distributed to taxing entities pursuant to clause (iv) above. However, the Agency has covenanted to take all actions required under the Dissolution Act to include: (i) Tax Sharing Agreements, if any, which have not been subordinated to the 2016 Bonds, (ii) scheduled debt service on the 2016 Bonds and any Parity Debt and any amount required under the Indenture or any Parity Debt Instrument to replenish the Reserve Account established thereunder or the reserve account established under any Parity Debt Instrument, and (iii) amounts due [to the 2016 Insurer hereunder or] under the 2016 Reserve Account Agreement, or to any insurer under an insurance or surety bond agreement relating to any Parity Debt, in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Agency to pay principal of, and interest on, the 2016 Bonds coming due in the respective ROPS Period and to pay amounts owed to any Insurer, as well as the other amounts set forth above.

In order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds and all amounts due and owing [to the 2016 Insurer hereunder or] under the 2016 Reserve Account Agreement or to any other insurer of any Parity Debt on a timely basis, on or before each February 1 following the Closing Date (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds are outstanding, the Agency covenants in the Indenture to submit an Oversight Board-approved Recognized Obligation Payment Schedule to the DOF and to the County Auditor-Controller that will include, from the first available Pledged Tax Revenues, (i) all debt service coming due on all Outstanding Bonds during the applicable ROPS Period and during the Bond Year commencing in such ROPS Period, (which amounts shall be treated as a reserve for debt service to the extent such amount is funded on June 1 (for the first semiannual period) or January 2 (for the second semiannual period) and relates to debt service coming due on the 2016 Bonds after such respective semiannual period), as well as all amounts due and owing [to the 2016 Insurer under the Indenture or] under the 2016 Reserve Account Agreement or to any other Insurer, and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to the Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing [to the 2016 Insurer hereunder or] under the 2016 Reserve Account Agreement).

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the 2016 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Indenture requires the Agency to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the 2016 Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the Agency will deposit the first Pledged Tax Revenues distributed to the Agency in each Bond Year, up to the full amount of annual debt service coming due in such Bond Year and the next Bond Year, in the Special Fund. See Appendix B.

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event that the Agency does not timely submit a Recognized Obligation Payment Schedule by the deadline specified in the Dissolution Act. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller no later than each February 1, commencing February 1, 2016

with respect to each subsequent fiscal year. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. Additionally, the Agency's administrative cost allowance is reduced by 25% for any fiscal year for which the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the successor agency or the department or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the 2016 Bonds, see the caption "SECURITY FOR THE 2016 BONDS—Recognized Obligation Payment Schedule."

Santa Ana Unified School District Case

The Fourth District of the California Court of Appeal has rendered a decision in *Santa Ana Unified School District vs. Orange County Development Agency* (the "Santa Ana USD Case") which involves the allocation of tax increment revenues pursuant to Section 33676(a) of the Redevelopment Law as it existed before the passage of AB 1290 (which is discussed under the caption "SECURITY FOR THE 2016 BONDS—Obligations with Senior Right to Payment—Statutory Pass-Through Amounts." Generally, before AB 1290, Section 33676(a) provided that, prior to the adoption of a redevelopment plan (or an amendment adding territory to a project area), under certain conditions, "any affected taxing agency may elect, and every school and community college district shall elect, to be allocated all or any portion of the tax revenues" derived based on an annual adjustment of the base year assessed value of real properties in the project area (or the added territory). The words "every school and community college district shall elect" were added pursuant to a 1984 amendment. The amount of property taxes that a taxing entity may receive under the former Section 33676(a) is derived by increasing the base year value of taxable real property in the project area (or the added territory) by an inflationary factor of not greater than 2% per year (the "2% Allocation"). In effect, the 2% Allocation reduced the tax increment revenues that a redevelopment agency received from the project area (or, if applicable, an added area to the project area).

In the Santa Ana USD Case, the redevelopment plan at issue was adopted in 1986. In 1996, the Santa Ana Unified School District ("Santa Ana USD") adopted a resolution electing to be paid its share of the 2% Allocation. The Orange County Development Agency took the position that Santa Ana USD was not entitled to the 2% Allocation because the election to receive such allocation should have been made before the adoption of the redevelopment plan for the project area. In turn, Santa Ana USD argued that the mandatory nature of the words "shall elect" in the statute made the allocation mandatory with respect to a school district. The lower court ruled in favor of Santa Ana USD. In an opinion published June 29, 2001, the Court of Appeal affirmed. As a result, Santa Ana USD received the award it had requested, i.e., its share of the 2% Allocation from 1996, the year Santa Ana USD made the Section 33676 election. The State Supreme Court denied review of the Santa Ana USD Case on September 19, 2001. The case affects redevelopment agencies, such as the Agency, which amended or added territory between the years 1983 to 1994. See the caption "SECURITY FOR THE 2016 BONDS—Statutory Pass-Through Amounts—*33676 Amounts*." In connection with adoption of Project No. 2, adopted May 12, 1987, the Former Agency had no agreement with either the San Bernardino Community College District or the San Bernardino County Superintendent of Schools, and neither of those two entities submitted a resolution electing to receive payments under Health and Safety Code section 33676. If both of those entities were to receive additional moneys by virtue of the principles set forth in the *Santa Ana Unified School District* case in connection with the area included in that Component Area added by Project No. 2, this would reduce the Tax Increment Revenues and thereby the Tax Revenues available to the Agency. [The Fiscal Consultant Report assumes no reductions on account of 2% allocations.] [Fiscal Consultant to review and comment.] See APPENDIX A—"FISCAL CONSULTANT'S REPORT."

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit certain successor agencies with limited remaining obligations to submit a Last and Final ROPS for approval by the oversight board and DOF. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency, including the total outstanding obligation amount and a schedule of remaining payments for each enforceable obligation. The Last and Final ROPS shall also establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid.

Any revenues, interest, and earnings of the successor agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS shall be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency shall not expend more than the amount approved for each enforceable obligation listed on the approved Last and Final ROPS and once the successor agency has received Redevelopment Property Tax Trust Fund moneys equal to the amount of the total outstanding obligations approved in the Last and Final ROPS, the county auditor-controller will not allocate further Redevelopment Property Tax Trust Fund moneys to the successor agency.

Successor agencies may only amend an approved Last and Final ROPS twice. If the Agency prepares and obtains DOF approval of a Last and Final ROPS and subsequently amends the Last and Final ROPS two times, the Agency may be unable to make unexpected or unscheduled reserve deposits or payments due to the 2016 Insurer or other Insurers of Bonds or other Parity Debt. However, the Agency covenants in the Indenture to provide the Trustee and each Insurer of Outstanding 2016 Bonds or Parity Debt with copies of (a) any Request for Last and Final ROPS Approval and (b) any and all correspondence received from the Department of Finance regarding a Request for Last and Final ROPS Approval, upon receipt thereof. In the event that the Agency and DOF schedule a meeting or telephone conference to discuss a written denial by DOF of a Request for Last and Final ROPS Approval, the Agency will timely notify the Trustee and each Insurer of Outstanding 2016 Bonds or Parity Debt of such meeting or telephone conference. The Trustee will, and, if the subject of the meet and confer could impact the payment of or security for Insured Bonds or Policy Costs, each potentially affected Insurer will, have the right to participate in the meeting or telephone conference either by appearance with the Agency or through written submission as determined by the Trustee and such Insurer. In the event the Agency receives a denial of a Request for Last and Final ROPS Approval, whether relating to Insured Bonds or not, and such denial could delay the receipt of tax revenues necessary to pay debt service, Policy Costs, or other amounts owing to an Insurer, the Agency agrees to cooperate in good faith with the Insurer and the Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Agency and DOF relating to such event and to discuss such matters with DOF directly.

See the caption "SECURITY FOR THE 2016 BONDS—Last and Final Recognized Obligation Payment Schedule" for a discussion of the requirements for a Last and Final Recognized Obligation Payment Schedule and the mechanics for allocation of Redevelopment Property Tax Trust Fund moneys pursuant to an approved Last and Final Recognized Obligation Payment Schedule.

Parity Debt Issued Without Reserve

The Indenture permits the issuance of Parity Debt, subject to compliance with certain requirements. See the caption "SECURITY FOR THE 2016 BONDS—Limitation on Additional Indebtedness." If such Parity Debt is issued in the form of Bonds pursuant to a Supplemental Indenture, the Indenture requires the amount on deposit in the Reserve Account to equal the Reserve Requirement; however, the Agency may issue Parity Debt in a form other than Bonds, pursuant to a Parity Debt Instrument that is not a Supplemental Indenture, without satisfying the Reserve Requirement. In the event Pledged Tax Revenues are insufficient to pay debt service on all Bonds and Parity Debt, the likelihood of a default by the Agency under such Parity Debt Instrument would be higher than the likelihood of default by the Agency under the Indenture or a Supplemental Indenture, because moneys held in the Reserve Account would only be available to make

payments on the 2016 Bonds and Parity Debt issued under a Supplemental Indenture, not to make payments on Parity Debt issued under another Parity Debt Instrument.

The Agency's ability to issue Parity Debt is limited to refundings of Outstanding 2016 Bonds and other Parity Debt. The Agency projects that sufficient Pledged Tax Revenues will be available to make debt service payments on the 2016 Bonds. See Tables 7 and 8 under the caption "PLEDGED TAX REVENUES—Projected Pledged Tax Revenues."

Bankruptcy and Foreclosure

The payment of the property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the 2016 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the 2016 Bonds. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Redevelopment Obligation Retirement Fund from being applied to pay interest on the 2016 Bonds and/or to redeem 2016 Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of property taxes or the timing of enforcement thereof. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection and Distribution Procedures—Delinquencies," while the County has implemented a Teeter Plan with respect to the collection and distribution of taxes, the Agency is not a participant. Therefore, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments.

Estimated Revenues

In estimating that Pledged Tax Revenues will be sufficient to pay debt service on the 2016 Bonds, the Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized. To the extent that the assessed valuation and the tax rates are less than expected, the Pledged Tax Revenues available to pay debt service on the 2016 Bonds will be less than those projected and such reduced Pledged Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the 2016 Bonds.

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a taxable parcel, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a taxable parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State and local laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxable parcels be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the taxable parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

Natural Disasters

The Project Area, like all California communities, may be subject to unpredictable seismic activity, fires, floods or other natural disasters. Southern California is a seismically active area. Seismic activity represents potential risk for damage to buildings, roads, bridges and property within the Project Area in the event of an earthquake. There is significant potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the Project Area. As a result, property owners may be unable or unwilling to pay their property taxes when due. In addition, the value of land in the Project Area could be reduced in the aftermath of such a natural disaster. Such a reduction of assessed valuations could result in a reduction of the Pledged Tax Revenues that secure the 2016 Bonds and in the proceeds of foreclosure sales in the event of delinquencies in the payment of Pledged Tax Revenues.

The nearest known fault to Loma Linda is the San Jacinto Fault, the most historically active fault zone in Southern California. The San Jacinto Fault crosses the southwest corner of the City and is outside the Project Area. Since 1986, there have been eight notable earthquakes in Southern California, each having a magnitude of five or greater on the Richter Scale. None of these resulted in injury or damage in the City. The City is within Seismic Zone 4 of the 1997 Uniform Building Code. According to the Division of Mines and Geology, the San Jacinto Fault is the only active fault in the City.

The southerly half of the City, which includes portions of the Project Area, is considered to be outside the 500-year floodplain, as shown on the Flood Insurance Rate Map (FIRM) dated March 18, 1996. The northerly portion of City is considered to be protected from the 100-year flood by a Federal flood protection system currently under construction. Upon certification of completion of this project by the U.S. Army Corps of Engineers, the Agency anticipates the revised FIRM will show the entire City to be free of flood risk.

Changes in the Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Pledged Tax Revenues, which could have an adverse effect on the Agency's ability to pay debt service on the 2016 Bonds.

The Dissolution Act is new and implementation of its provisions have been and will be subject to differing interpretations by different stakeholders, including the DOF, the State Controller, oversight boards, successor agencies, auditor-controllers, and others, and the Dissolution Act could be subject to further legislative action or judicial review. The Agency cannot predict outcomes, or impact, of any such interpretations or reviews, on availability of Pledged Tax Revenues to pay the 2016 Bonds.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See Appendix B for a summary of the definition of Permitted Investments. The funds and accounts of the Agency, into which a portion of the proceeds of the 2016 Bonds will be deposited and into which Pledged Tax Revenues are deposited, may be invested by the Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

Further, the Agency cannot predict the effects on the receipt of Pledged Tax Revenues if the County were to suffer significant losses in its portfolio of investments or if the County or the City were to become insolvent or declare bankruptcy. See Appendix E for information regarding the City's finances. See also the caption "—Bankruptcy and Foreclosure."

Secondary Market

There can be no guarantee that there will be a secondary market for the 2016 Bonds, or, if a secondary market exists, that the 2016 Bonds can be sold for any particular price. Although the Agency has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Bondowners on a timely basis. See the caption "CONTINUING DISCLOSURE" and Appendix F. Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2016A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the 2016A Bonds might be affected as a result of such an audit of the 2016A Bonds (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2016A Bonds, the City and the Agency have covenanted in the Indenture and the Tax Certificate relating to the 2016A Bonds not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the 2016A Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the 2016A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the City or the Agency subsequent to the issuance of the 2016A Bonds in violation of such covenants with respect to the 2016A Bonds. Should such an event of taxability occur, the 2016A Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to the redemption provisions of the Indenture.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the Agency (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the 2016 Bonds. The 2016 Bonds are special obligations of the Agency; and, except as provided in the Indenture, they are payable solely from Pledged Tax Revenues. Pledged Tax Revenues could be insufficient to pay debt service on the 2016 Bonds as a result of delinquencies in the payment of property taxes or the insufficiency of proceeds derived from the sale of land within the Project Area following a delinquency in the payment of the applicable property taxes. As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection and Distribution Procedures—Delinquencies," although the County has implemented a Teeter Plan with respect to the collection and distribution of taxes, the Agency is not a participant. Therefore, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments on the 2016 Bonds. The Agency has no obligation to pay debt service on the 2016 Bonds in the event of insufficient Pledged Tax Revenues, except to the extent that money is available for such purpose in the Redevelopment Obligation Retirement Fund, the Debt Service Fund and the Reserve Account.

Bond Insurance

[In the event of default of the payment of the scheduled principal of or interest on the 2016 Bonds when all or some becomes due, the Trustee on behalf of any owner of the 2016 Bonds shall have a claim under the Bond Insurance Policy for such payments. The Insurer may direct and must consent to any remedies with respect to the 2016 Bonds and the Insurer's consent may be required in connection with amendments to any applicable documents relating to the 2016 Bonds. See Appendix B — "SUMMARY OF THE INDENTURE — Security of Bonds; Flow of Funds — Provisions Relating to the 2016A Bond Insurance Policy" and "— Provisions relating to the 2016B Bond Insurance Policy."

The long-term ratings on the 2016 Bonds are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and the ratings on the 2016 Bonds will not be subject to downgrade and such event could adversely affect the market price of the 2016 Bonds or the marketability (liquidity) for the 2016 Bonds. See "RATINGS" herein.

The obligations of the Insurer are unsecured contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Agency nor the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Agency to make the payments on the 2016 Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information regarding the Insurer and the Bond Insurance Policy, which includes further instructions for obtaining current financial information concerning the Insurer.]

Limitations on Remedies

Remedies available to the Owners of the 2016 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2016 Bonds or to preserve the tax-exempt status of the 2016 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the 2016 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the 2016 Bonds, and the obligations incurred by the Agency, may become subject to the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption "—Bankruptcy and Foreclosure."

TAX MATTERS

2016A Bonds

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest with respect to the 2016A Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest with respect to the 2016A Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest with respect to the 2016A Bonds might be included as an adjustment in the calculation of alternative minimum taxable income.

The difference between the issue price of a 2016A Bond (the first price at which a substantial amount of the 2016A Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity (to the extent that such issue price is lower than the stated redemption price at maturity) with respect to such 2016A Bond constitutes original issue discount. Original issue discount accrues under a

constant yield method, and original issue discount will accrue to the owner of the 2016A Bond before receipt of cash attributable to such excludable income (with respect to the 2016A Bonds). The amount of original issue discount deemed received by the owner of a 2016A Bond will increase the owner's basis in the 2016A Bond. In the opinion of Bond Counsel original issue discount that accrues to the owner of a 2016A Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of amounts constituting interest (and original issue discount) with respect to the 2016A Bonds is based upon certain representations of fact and certifications made by the Agency and City and others and is subject to the condition that the Agency and City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2016A Bonds to assure that interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) with respect to the 2016A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2016A Bonds. The Agency and City have covenanted to comply with all such requirements.

The amount by which a 2016A Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable 2016A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2016A Bond premium, which must be amortized under Section 171 of the Code; such amortizable 2016A Bond premium reduces the 2016A Bond Owner's basis in the applicable 2016A Bond (and the amount of tax-exempt interest received with respect to the 2016A Bond), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2016A Bond premium may result in a 2016A Bond Owner realizing a taxable gain when a 2016A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2016A Bond to the Owner. Purchasers of 2016A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2016A Bond premium.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to any 2016A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2016A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2016A Bonds might be affected as a result of such an audit of the 2016A Bonds (or by an audit of similar securities).

SUBSEQUENT TO THE ISSUANCE OF THE 2016A BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE 2016A BONDS OR THE MARKET VALUE OF THE 2016A BONDS. LEGISLATIVE CHANGES HAVE BEEN INTRODUCED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2016A BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2016A BONDS. NO ASSURANCE CAN BE GIVEN

THAT SUBSEQUENT TO THE ISSUANCE OF THE 2016A BONDS SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE 2016A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2016A BONDS.

Although Bond Counsel has rendered an opinion that the interest (and original issue discount) due with respect to the 2016A Bonds is excluded from gross income for federal income tax purposes provided that the Agency and City continue to comply with certain requirements of the Code, the ownership of the 2016A Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2016A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2016A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences with respect to the 2016A Bonds.

2016B Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest with respect to the 2016B Bonds is exempt from State of California personal income tax.

The difference between the issue price of a 2016B Bond (the first price at which a substantial amount of the 2016B Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity (to the extent that such issue price is lower than the stated redemption price at maturity) with respect to such 2016B Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the 2016B Bond Owner will increase the 2016B Bond Owner's basis in the 2016B Bond.

The amount by which a 2016B Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable 2016B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2016B Bond premium, which a 2016B Bond holder may elect to amortize under Section 171 of the Code; such amortizable 2016B Bond premium reduces the 2016B Bond Owner's basis in the applicable 2016B Bond (and the amount of taxable interest received), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2016B Bond premium may result in a 2016B Bond Owner realizing a taxable gain when a 2016B Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2016B Bond to the Owner. Purchasers of 2016B Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2016B Bond premium.

The federal tax and State of California personal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. The ownership and disposal of the 2016B Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2016B Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2016B Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2016B Bonds.

Copies of the proposed forms of opinions of Bond Counsel are attached hereto as Appendix C.

CONTINUING DISCLOSURE

The Agency has covenanted in a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the benefit of the holders and Beneficial Owners of the 2016 Bonds to provide certain financial information and operating data relating to the Agency (the "Annual Report"), no later than April 10

of each year, commencing April 10, 2017 with the report for the 2015-16 fiscal year, and to provide notices of the occurrence of certain enumerated events.

The Annual Report and the notices of enumerated events will be filed by the Agency with the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ("EMMA") for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/.

The specific nature of the information to be contained in the Annual Report and the notices of enumerated events are set forth in Appendix F—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12").

The Continuing Disclosure Certificate will inure solely to the benefit of any Dissemination Agent, the Underwriter and Owners or Beneficial Owners from time to time of the 2016 Bonds. A default under the Continuing Disclosure Certificate is not a default under the Indenture and the sole remedy following a default is an action to compel specific performance by the Agency with the terms of the Continuing Disclosure Certificate.

[The City and Agency are each parties to a number of continuing disclosure undertakings. During the last five years, there was one instance where the City and Agency each failed (as described below) to comply in all material respects with certain of its previous undertakings relating to the Annual Reports.] [**Review and update**]

The City. [To come]

The Agency. [To come]

CONCLUDING INFORMATION

Underwriting

The 2016 Bonds are being purchased by [to come] (collectively, the "Underwriter") pursuant to a Bond Purchase Agreement, dated _____, 2016 (the "Purchase Agreement"), by and between the Underwriter and the Agency. The Underwriter have agreed to purchase the 2016 Bonds at a price of $_____ (being the aggregate principal amount thereof, plus an original issue premium of $_____ and less an Underwriter's discount of $_____). The Purchase Agreement provides that the Underwriter will purchase all of the 2016 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2016 Bonds to certain dealers (including dealers depositing 2016 Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

The Underwriter and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, Independent Municipal Advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and their affiliates have, from time to time, performed, and may in the future perform, various Independent Municipal Advisory and investment banking services for the Agency and the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency.

The Underwriter and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Fiscal Consultant

The Agency has retained the firm of DHA Consulting, LLC to act as the Fiscal Consultant for the Agency with respect to the Project Area. As part of the duties of Fiscal Consultant, the Fiscal Consultant has prepared a Fiscal Consultant Report concerning the Agency, the Project Area and current and expected development activity therein. The full text of the Fiscal Consultant Report is attached hereto as APPENDIX A—"FISCAL CONSULTANT'S REPORT."

Independent Municipal Advisor

The Agency has retained A.M. Miller & Co., San Diego, California (the "Independent Municipal Advisor") has assisted the Agency in matters relating to the planning, structuring, and sale of the 2016 Bonds and the preparation of this Official Statement, and has provided general Independent Municipal Advisory services to the Agency with respect to the sale of the 2016 Bonds. The Independent Municipal Advisor provides Independent Municipal Advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The payment of fees of the Independent Municipal Advisor is contingent upon the closing of the 2016 Bond transaction.

Legal Opinion

The opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), approving the validity of the 2016 Bonds and stating that interest on the 2016 Bonds is excluded from gross income for federal income tax purposes and that interest on the 2016 Bonds is exempt from California personal income taxes under present State income tax laws will be furnished to the purchaser at the time of delivery of the 2016 Bonds at the expense of the Agency.

Copies of the proposed forms of Bond Counsel's final approving opinions with respect to the 2016 Bonds is attached hereto as Appendix C. The legal opinions are only as to legality and is not intended to be nor is it to be interpreted or relied upon as a disclosure document or an express or implied recommendation as to the investment quality of the 2016 Bonds.

Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed on for the Agency by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by the City Attorney of the City of Loma Linda, as counsel to the Agency. Bond Counsel and Disclosure Counsel will receive compensation contingent upon the sale and delivery of the 2016 Bonds. From time to time, Bond Counsel represents the Underwriter in connection with matters unrelated to the 2016 Bonds.

In addition, certain legal matters will be passed on for the Underwriter by [Underwriter Counsel], _____, California, as Underwriter Counsel, and for the Trustee by its counsel.

Litigation

There is no action, suit or proceeding known to the Agency to be pending and notice of which has been served upon and received by the Agency, or threatened, restraining or enjoining the execution or delivery of the 2016 Bonds or the Indenture, the existence of the Agency, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Agency taken with respect to any of the foregoing.

Ratings

S&P has assigned a[n insured] rating of "____" to the 2016 Bonds and an underlying rating of "____.". There is no assurance that the credit rating given to the 2016 Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2016 Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P.

[DISCLOSURE RE INSURANCE TO COME]

Miscellaneous

All of the preceding summaries of the Indenture, the Bond Law, the Dissolution Act, the Redevelopment Law, other applicable legislation, the Redevelopment Plan for the Project Area, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 2016 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the Finance Director/Treasurer of the City of Loma Linda, acting as the Finance Director/Treasurer of the Agency, has been duly authorized by the Agency.

SUCCESSOR AGENCY TO THE LOMA LINDA
REDEVELOPMENT AGENCY

By: _____
Finance Director/Treasurer of
the City of Loma Linda

APPENDIX A

FISCAL CONSULTANT'S REPORT

APPENDIX B

SUMMARY OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust (the "Indenture") authorizing the 2016 Bonds that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

APPENDIX C

FORMS OF BOND COUNSEL OPINIONS

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Agency takes no responsibility for the completeness or accuracy thereof. The Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2016 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2016 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2016 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the 2016 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the 2016 Bonds are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the 2016 Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

APPENDIX E

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2015

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon the issuance of the 2016 Bonds, the Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

[To be Inserted]

SUCCESSOR AGENCY TO THE
LOMA LINDA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS

$_____	**$_____**
Series 2016A	**Taxable Series 2016B**

BOND PURCHASE AGREEMENT

November __, 2016

Successor Agency to the Loma Linda Redevelopment Agency
25541 Barton Road
Loma Linda, CA 92354

Ladies and Gentlemen:

The undersigned, Newcomb Williams Financial Group, Securities offered through Stinson Securities, LLC (the "Underwriter"), acting in its capacity as a principal and not as an agent or fiduciary, offers to enter into this bond purchase agreement (the "Purchase Agreement") with the Successor Agency to the Loma Linda Redevelopment Agency (the "Agency"), which will be binding upon the Agency and the Underwriter upon the acceptance hereof by the Agency. This offer is made subject to its acceptance by the Agency by execution of this Purchase Agreement and its delivery to the Underwriter on or before 5:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Indenture (as hereinafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Agency hereby agrees to sell to the Underwriter, and the Underwriter hereby agrees to purchase from the Agency, all (but not less than all) of the: (i) $_____ aggregate principal amount of the Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A (the "2016A Bonds"); and (ii) $_____ aggregate principal amount of the Successor Agency to the Loma Linda Redevelopment Agency 2016 Subordinate Tax Allocation Refunding Bonds, Taxable Series 2016B (federally taxable) (the "2016B Bonds," and together with the 2016A Bonds, the "Bonds," or individually, a "Series of Bonds"). The purchase price for each Series of Bonds shall be as shown on Appendix A hereto.

[Concurrently with the issuance of the Bonds, the Agency will purchase a debt service reserve fund surety (the "Surety Bond") to be issued by Build America Mutual Assurance Company (the "Insurer"). In connection with the Closing (as defined below), the Underwriter agrees to wire $_____ to the Insurer as an accommodation to the Agency as payment of the premium on the Surety Bond.]

The Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Agency and the

Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Agency with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Agency on other matters); and (iv) the Agency has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

2. Description of the Bonds. The 2016A Bonds and the 2016B Bonds shall be issued pursuant to an Indenture of Trust (the "2016 Indenture"), dated as of August 1, 2016, by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"). Both Series of Bonds shall be issued pursuant to Part 1, Division 24 of the California Health and Safety Code (the "Law") and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), and a resolution of the Agency adopted August 9, 2016 (the "Agency Resolution"). The issuance of the Bonds was approved by the Oversight Board for the Agency (the "Oversight Board") by resolution on August ___, 2016 (the "Oversight Board Resolution"). The 2016 Indenture is sometimes referred to herein as the "Indenture."

The Bonds shall be as described in the Indentures and the Official Statement, as defined herein, relating to the Bonds. The net proceeds of the Bonds will be used (i) to refund and defease the Agency's previously issued obligations listed in Exhibit B hereto. Such obligations are collectively referred to herein as the "Refunded Bonds." In connection with such refunding, the Agency, as successor to the Loma Linda Redevelopment Agency, will enter into the following agreements, dated as of the Closing Date (as defined herein), by and between the Agency and U.S. Bank National Association, as escrow bank (the "Escrow Bank"): (i) that certain agreement entered "Prior Bonds Escrow Agreement (2003 Bonds)" (the "2003 Escrow Agreement"); (ii) that certain agreement entitled "Prior Bonds Escrow Agreement (2005 Bonds)" (the "2008 Escrow Agreement" and, together with the 2003 Escrow Agreement and the 2005 Escrow Agreement, the "Escrow Agreements").

3. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Bonds initially at the public offering prices (or yields) set forth on Appendix A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as they deem necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Appendix A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

It is understood by the Agency that the Bonds have been sold by the Underwriter on a "best efforts" basis and that the Underwriter has no obligation to take any of the Bonds into its own account. In this regard, however, the Underwriter hereby represents to the Issuer that, as of the date of this Purchase Contract, the Underwriter has received orders for the purchase of all of the Bonds by third parties and accordingly, the Underwriter does not anticipate any need for any of the Bonds to be taken into its own account in order to consummate the sale contemplated under this Purchase Contract (including, without limitation, Section 1 of this Purchase Contract) by the Agency as issuer of all of the Bonds.

4. Delivery of Official Statement. The Agency has delivered or caused to be delivered to the Underwriter prior to the execution of this Purchase Agreement copies of the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"). Such Preliminary Official Statement, except for omissions permitted under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"), is the official statement deemed final by the Agency for purposes of the Rule and approved for distribution by resolution of the Agency.

The Agency hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the earlier of: (i) the business day preceding the Closing Date (as defined herein); or (ii) the seventh (7th) business day following the date of this Purchase Agreement: (A) the form of the Official Statement relating to the Bonds in "designated electronic format" (as defined in Municipal Securities Rule Making Board ("MSRB") Rule G-32; and (B) copies of the Official Statement relating to the Bonds, dated the date hereof, in the form of the Preliminary Official Statement, with such changes thereto, as may be approved by the Underwriter (including the appendices thereto and any amendments or supplements approved by the Agency and the Underwriter, the "Official Statement"), in such quantity as the Underwriter shall reasonably request. The Agency hereby approves of the distribution and use by the Underwriter of the Official Statement in connection with the offer and sale of the Bonds. The Preliminary Official Statement and the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Agency and the Underwriter. If the Official Statement is prepared for distribution in electronic form, the Agency hereby confirms that it does not object to distributions of the Official Statement in electronic form.

5. The Closing. At 8:00 a.m., California time, on [November ____, 2016] (the "Closing Date"), or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Agency and the Underwriter, the Agency will deliver: (i) the Bonds in book-entry form; and (ii) the closing documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), in Newport Beach, California, or another place to be mutually agreed upon by the Agency and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by federal wire transfer to the order of the Trustee on behalf of the Agency. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing."

6. Agency Representations, Warranties and Covenants. The Agency represents, warrants and covenants to the Underwriter that:

(a) Due Organization, Existence and Authority. The Agency is a public entity validly existing under the laws of the State of California (the "State") with full right, power and authority to adopt the Agency Resolution, to issue the Bonds and to execute, deliver and perform its obligations under the Bonds, this Purchase Agreement, the Indenture, the Escrow Agreements and the Continuing Disclosure Certificate, dated as of the Closing Date (collectively, the "Agency Documents"), and to carry out and consummate the transactions contemplated by the Agency Documents and the Official Statement.

(b) Due Authorization and Approval. By all necessary official action, the Agency has duly adopted the Agency Resolution at a meeting properly noticed at which a quorum was present and acting throughout and has duly authorized and approved the execution and delivery of the Official Statement, and the execution and delivery of the performance by the Agency of the

obligations contained in the Agency Documents, and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the Agency, and assuming due authorization and execution and delivery by the counterparties thereto, the Agency Documents will constitute the legally valid and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against governmental agencies in the State of California. The Agency has complied, and will at the Closing be in compliance in all respects, with the terms of the Agency Documents.

(c) Official Statement, Accurate and Complete. The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement do not contain and up to and including the Closing will not contain a misstatement of any material fact and do not, and up to and including the Closing will not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except that this representation does not include statements under the captions "THE 2016 BONDS—Annual Debt Service," statements under the caption "TAX MATTERS" that summarize the State and federal tax law, and information relating to the Insurer, the Surety Bond, The Depository Trust Company or the book-entry only system).

(d) Underwriter's Consent to Amendments and Supplements to Official Statement. The Agency will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Agency will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(e) No Breach or Default. As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Agency is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject which breach or default has or will have a material adverse effect on the Agency's ability to perform its obligations under the Agency Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Agency Documents, and compliance with the provisions of each of such agreements or instruments do not and will not in any material respect conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance agreement or other to which the Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in

the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Agency Documents.

(f) No Litigation. As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending and notice of which has been received by the Agency or to the best of the Agency's knowledge threatened: (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the other Agency Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the 2016A Bonds from taxation or contesting the powers of the Agency or its authority to issue the Bonds; (iii) which may result in any material adverse change relating to the Agency; (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (v) there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this paragraph.

(g) Preliminary Official Statement. For purposes of the Rule, the Agency has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(l) of the Rule.

(h) End of Underwriting Period. Until the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), if any event shall occur of which the Agency is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the Agency shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time, and the Agency shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term "end of the underwriting period" means the later of such time as: (i) the Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Agency at or prior to the Closing Date and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period."

(i) Tax Exemption. The Agency will refrain from taking any action with regard to which the Agency may exercise control that results in the inclusion in gross income for federal or

State of California income tax purposes of the interest on the 2016A Bonds or the inclusion in gross income for State of California income purposes of the interest on the 2016B Bonds.

(j) Prior Continuing Disclosure Undertaking. Except as disclosed in the Official Statement, neither the Agency nor the City of Loma Linda has failed to comply with any prior continuing disclosure undertaking in any material respects during the last five years.

(k) Oversight Board Approval. The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions relating to the issuance of the Bonds described in the Preliminary Official Statement.

(l) Department of Finance Approval. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. Except as disclosed in the Preliminary Official Statement, the Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Agency pursuant to Section 34183 of the Dissolution Act.

7. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants herein and the performance by the Agency of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Agreement to purchase and pay for the Bonds shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the Agency contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing: (i) the Agency Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter; and (ii) there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement and the Agency Documents.

(c) Termination Events. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the Agency of its election to do so if, after the execution hereof and prior to the Closing, any of the following events occurs:

(i) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State of California, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the

Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation by the staff of either such Committee, or by the staff of the Joint Committee on taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or state authority affecting the federal or state tax status of the Agency, or the interest on bonds or notes (including the Bonds); or

(ii) there shall exist any event which in the reasonable opinion of the Underwriter either: (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) is not reflected in the Official Statement but should be reflected therein to make the statements and information contained therein not misleading in any material respect; or

(iii) there shall have occurred any new outbreak of hostilities or other national or international calamity or crisis or the escalation of any such outbreak, calamity or crisis, the effect of such outbreak, calamity, crisis or escalation on the financial markets of the United States being such as would make it impracticable, in the reasonable opinion of the Underwriter, for the Underwriter to sell the Bonds; or

(iv) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by orders of the Securities and Exchange Commission or any other governmental authority; or

(v) a general banking moratorium shall have been declared by either Federal, California or New York authorities having jurisdiction and be in force; or

(vi) there shall be established any new restrictions on transactions in securities materially affecting the free market for securities (including the imposition of any limitations on interest rates) or the extension of credit by, or the charge to the net capital requirements of, underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vii) an adverse event has occurred affecting the financial condition or operation of the Agency which, in the opinion of the Underwriter, requires or has required a supplement or amendment to the Official Statement and (i) the Agency refuses to prepare and furnish such disclosure material, or supplement or amendment to the Official Statement, or (ii) in the reasonable judgment of the Underwriter, the occurrence of such event materially and adversely affects the marketability of the Bonds or renders the enforcement of contracts for sale of the Bonds impracticable; or

(viii) any rating of the securities of the Agency shall have been downgraded, suspended or withdrawn by a national rating service, or there shall have been any official statement by a national rating service as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification), in either case which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(ix) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(x) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the authentication, delivery, offering or sale of obligations of the general character of the Bonds, or the authentication, delivery, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that either Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(xi) the commencement of any action, suit or proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, is pending or, to the best knowledge of the Agency after due investigation, threatened: (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the authentication or delivery of any of the Bonds, or in any way contesting or affecting the validity of the Bonds, the Agency Documents or the consummation of the transactions contemplated thereby or contesting the powers of the Agency to enter into the Agency Documents; (iii) which, except as described in the Official Statement, may result in any material adverse change to the financial condition of the Agency or to its ability to pay debt service on the Bonds when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Bonds.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents; provided that the acceptance of the Bonds by the Underwriter on the Closing Date shall conclusively evidence the satisfaction of the requirements of this subsection (d) or the waiver by the Underwriter of any discrepancies in documents which are not in strict conformity with the requirements of this subsection (d):

(i) *Bond Opinion*. An approving opinion of Bond Counsel dated the date of the Closing and substantially in the form appended to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the approving opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to them;

(ii) *Supplemental Opinion*. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter and the Agency, in form and substance acceptable to the Underwriter and counsel to the Agency, and dated the date of the Closing substantially to the following effect:

(A) The Purchase Agreement has been duly authorized, executed and delivered by the Agency and is a valid and binding agreement of the Agency;

(B) The statements contained in the Official Statement pertaining to the Bonds under the captions "INTRODUCTORY STATEMENT," "REFUNDING PLAN," "THE 2016 BONDS," "SECURITY FOR THE 2016 BONDS" and "TAX MATTERS," and in Appendices B and C, excluding any material that may be treated as included under such captions and appendices by cross-reference, insofar as such statements expressly summarize certain provisions of the Bonds, the Indentures, the Escrow Agreements and such counsel's final opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects;

(C) The Bonds are not subject to registration requirements of the Securities Act of 1933, as amended, and each Indenture is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended; and

(D) The Refunded Bonds are no longer outstanding and have been legally defeased in accordance with their terms;

(iii) *Oversight Board Documents*.

(A) A certified copy of the Oversight Board Resolution; and

(B) A certificate of the Clerk of the Oversight Board to the effect that the Oversight Board Resolution is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;

(iv) *Agency Counsel Opinion*. An opinion of the legal counsel to the Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to Bond Counsel and the Underwriter, substantially to the following effect (and including such additional matters as may be reasonably required by Bond Counsel or the Underwriter):

(A) The Agency is a public entity validly existing under the laws of the State of California;

(B) The Agency Resolution approving and authorizing the execution and delivery of the Agency Documents and approving the Official Statement has been duly adopted, and the Agency Resolution is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;

(C) The Agency Documents have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid, legal and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights and by the application of equitable principles if equitable remedies are sought;

(D) The information in the Official Statement (excluding therefrom financial statements and other statistical data included in the Official Statement and the information relating to DTC and its book-entry only system, and the information relating to the Surety Bond and the Insurer contained therein, as to which no view need be expressed) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(E) Except as otherwise disclosed in the Official Statement and to the best knowledge of such counsel, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending and notice of which has been received by the Agency or threatened against the Agency, challenging the creation, organization or existence of the Agency, or the validity of the Agency Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Agency Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Documents, or which, in any manner, questions the right of the Agency to use the Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Tax Revenues from the Project Area (as defined in the Official Statement).

(v) *Underwriter's Counsel Opinion*. An opinion of Jones Hall, A Professional Law Corporation, as counsel to the Underwriter, dated the Closing Date and addressed to the Underwriter, to the effect that, based on the information made available to it in its role as counsel to the Underwriter, without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, but on the basis of their participation in conferences with the Underwriter, Bond Counsel, the Agency, legal counsel to the Agency and others, and their examination of certain documents, no information has come to the attention of the attorneys in the firm rendering legal services in connection with the issuance of the Bonds which would lead them to believe that the Official Statement as of its date and as of the Closing Date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to the Appendices to the Official Statement; financial, engineering, and demographic data or statistical forecasts, projections, estimates, assumptions and expressions of opinions; information about the book-entry only system and The Depository Trust Company; and statements relating to the treatment of the Bonds or the interest, discount or premium related thereto for tax purposes under the law of any jurisdiction contained in the Official Statement);

(vi) *Trustee Counsel Opinion*. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter, in form and substance satisfactory to the Underwriter and to Bond Counsel;

(vii) *Agency Certificate*. A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by the Executive Director or other duly authorized officer of the Agency to the following effect:

(A) The representations, warranties and covenants of the Agency contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the Agency has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the Agency at or prior to the date of the Closing; and

(B) No event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) *Trustee's Certificate*. A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to the Underwriter and to Bond Counsel;

(ix) *Fiscal Consultant's Certificate*. A certificate of DHA Consulting, LLC, dated the date of the Closing, in form and substance acceptable to the Underwriter: (i) consenting to the inclusion of such firm's Fiscal Consultant's Report in the Preliminary Official Statement and the Official Statement; (ii) certifying as to the accuracy of Appendix A to the Official Statement and the information in the Official Statement under the caption "THE PROJECT AREA" and "TAX REVENUES" attributed to the Fiscal Consultant; and (iii) stating that to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report and information attributed to the Fiscal Consultant contained in the Official Statement;

(x) *Documents*.

(A) An original executed copy of each of the Agency Documents, which shall be delivered and in full force and effect;

(B) The Official Statement, approved by the Agency;

(C) A certificate, dated the date of the Preliminary Official Statement, of the Agency, to the effect that, for purposes of compliance with the Rule, the Agency deems the Preliminary Official Statement to be final as of its date;

(D) A tax certificate or certificates with respect to the tax-exempt status of the 2016A Bonds, duly executed by the Agency, in form and substance acceptable to Bond Counsel;

(E) Copies of the preliminary and final notices to the California Debt and Investment Advisory Agency relating to the Bonds; and

(F) [The Surety Bond;]

(xi) Evidence that the ratings on the Bonds are as described in the Official Statement;

(xii) An opinion of counsel to the Insurer addressed to the Agency and the Underwriter as to the due authorization and enforceability of the Surety Bond;

(xiii) A certificate of the Insurer as to the accuracy of the information in Official Statement relating to the Insurer and the Surety Bond;

(xiv) A written report of The Arbitrage Group, Tuscaloosa, Alabama, in form and substance acceptable to Bond Counsel; and

(xv) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the Closing Date, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee and the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied in connection with the delivery and sale of the Bonds.

If the Agency shall be unable to satisfy the conditions contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by the Purchase Agreement, the Purchase Agreement shall terminate and neither the Underwriter nor the Agency shall be under any further obligation hereunder.

8. Expenses.

(a) The Agency will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including, but not limited to, (a) the cost of the preparation and printing or other reproduction of the Agency Documents (other than this Purchase Agreement); (b) the fees and disbursements of Bond Counsel, the Financial Advisor, Fiscal Consultant and any other experts or other consultants retained by the Agency; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the Underwriter's out-of-pocket expenses incurred with the financing; (h) the fees of Jones Hall for a continuing disclosure undertaking compliance review; and (i) expenses (included in the expense component of the spread) incurred on behalf of the County's or the Agency's employees which are incidental to implementing this Purchase Agreement. The Underwriter will pay the expenses of the preparation of this Purchase Agreement and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, and the fee and disbursements of Underwriter's Counsel. The Underwriter is required to pay the fees of the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. The Agency acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the Agency agrees to reimburse the Underwriter for such fees.

(b) The Underwriter shall pay, and the Agency shall be under no obligation to pay, all expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds.

9. Notice. Any notice or other communication to be given to the Agency under this Purchase Agreement may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Newcomb Williams Financial Group, 6842 Embarcadero Lane, Carlsbad, California 92011, Attention: Pamela Newcomb and Stinson Securities, LLC, 220 Sansome Street, Suite 1330, San Francisco, California 94014, Attention: Lonnie Odom.

10. Entire Agreement. This Purchase Agreement, when accepted by the Agency, shall constitute the entire agreement among the Agency and the Underwriter and is made solely for the benefit of the Agency and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All of the Agency's representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, until the earlier of: (i) delivery of and payment for the Bonds hereunder; and (ii) any termination of this Purchase Agreement.

11. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

12. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

13. State of California Law Governs. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of California.

14. No Assignment. The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriter or the Agency without the prior written consent of the other parties hereto.

[Signature block begins on page 14]

NEWCOMB WILLIAMS FINANCIAL GROUP,
Securities offered through Stinson Securities, LLC

By: NEWCOMB WILLIAMS FINANCIAL GROUP

_____
Pamela Newcomb, President

By: STINSON SECURITIES, LLC

_____
Lonnie Odom, President & CEO

Accepted as of the date first stated above at _____ p.m.:

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF LOMA LINDA

By: _____
Its: Finance Director/Treasurer

APPENDIX A

MATURITY SCHEDULE

2016A Bonds

Maturity Date July 1	***Amount***	***Coupon***	***Yield***	***Price***
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2027				
2028				
2029				
2030				

The Purchase Price for the 2016A Bonds shall be $_____ (being the aggregate principal amount of the 2016A Bonds plus an original issue premium [less original issue discount] of $_____ and less an Underwriter's discount of $_____. [In connection with the issuance of the 2016A Bonds, the Underwriter shall wire $_____ directly to the Insurer for the costs of the premium on the Surety Bond.]

2016B Bonds

Maturity Date September 1	***Amount***	***Coupon***	***Yield***	***Price***
2017		%	%	
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				

The Purchase Price for the 2016B Bonds shall be $_____ (being the aggregate principal amount of the 2016B Bonds less an Underwriter's discount of $_____. [In connection with the issuance of the 2016B Bonds, the Underwriter shall wire $_____ directly to the Insurer for the costs of the premium on the Surety Bond.]

APPENDIX B

REFUNDED BONDS

$12,610,000 Loma Linda Redevelopment Agency 2003 Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "2003 Bonds") pursuant to an Indenture dated as of May 2, 2003, between the Former Agency and U.S. Bank National Association, as trustee (the "2003 Indenture")

$15,000,000 Loma Linda Redevelopment Agency Subordinate 2005A Tax Allocation Bonds, Redevelopment Project) (the "2005A Bonds") pursuant to an Indenture dated as of November 1, 2005, between the Former Agency and U.S. Bank National Association, as successor trustee (the "2005 Indenture")

$10,435,000 Loma Linda Redevelopment Agency Subordinate 2005B Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "2005B Bonds") pursuant to the 2005 Indenture

$8,900,000 Loma Linda Redevelopment Agency 2008 Taxable Housing Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "2008 Bonds") issued pursuant to an Indenture dated as of March 1, 2009, between the Former Agency and U.S. Bank National Association.

INDENTURE OF TRUST

Dated as of _____ 1, 2016

by and between the

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Relating to

$_____
Successor Agency to the Loma Linda Redevelopment Agency
Tax Allocation Refunding Bonds, Series 2016A

and

$_____
Successor Agency to the Loma Linda Redevelopment Agency
Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is made and entered into and dated as of _____ 1, 2016, by and between the SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY, a public entity duly existing under the laws of the State of California (the "Successor Agency"), as successor agency to the Loma Linda Redevelopment Agency (the "Former Agency") and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, following its activation in 1979 and continuing until its elimination on February 1, 2012, the Former Agency administered the implementation of various redevelopment projects, programs, and activities within designated areas throughout the City of Loma Linda (the "City"); and

WHEREAS, the Former 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 (as amended, the "Law") and the powers of the Former Agency included the power to issue bonds and incur debt for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan, as more particularly described below, for the Loma Linda Redevelopment Project (the "Redevelopment Project") was adopted pertaining to a redevelopment project area (the "Project Area", as more particularly defined below) in compliance with all requirements of the Redevelopment Law; and

WHEREAS, in order to finance and refinance redevelopment activities within or of benefit to the Project Area the Former Agency issued from time to time its tax allocation bonds as enumerated below as the "Refunded Bonds";

WHEREAS, on June 28, 2011, the California Legislature enacted California Assembly Bill X1 26 ("AB X1 26"), which amended provisions of the Law and enacted Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code;

WHEREAS, the California Supreme Court's decision in *California Redevelopment Association v. Matosantos* (the "Matosantos Decision") upheld AB X1 26, resulting in the dissolution of the Former Agency on February 1, 2012;

WHEREAS, pursuant to AB X1 26 and the Matosantos Decision, the Successor Agency assumed certain powers, assets, duties and obligations of the Former Agency, including, without limitation, the obligations of the Former Agency under the Refunded Obligations and the related documents to which the Former Agency was a party;

WHEREAS, on or about June 27, 2012, Assembly Bill 1484 ("AB 1484") was adopted as a trailer bill in connection with the fiscal year 2012-13 California Budget;

WHEREAS, AB X1 26, as amended by AB 1484, and as subsequently amended, is referred to as the "Dissolution Act";

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

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

WHEREAS, in order to provide moneys to refund the Refunded Bonds for the purpose of providing debt service savings in accordance with Section 34177.5(a)(1), the Successor Agency has determined to issue its Tax Allocation Refunding Bonds, Series 2016A (the "Series 2016A Bonds") and its Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable) (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "2016 Bonds");

WHEREAS, the 2016 Bonds will be issued and secured pursuant to and in accordance with the provisions of Section 34177.5(a)(1) and Section 34177.5(g) of the California Health and Safety Code, the Law and the Refunding Law;

WHEREAS, the 2016 Bonds, and any additional Parity Debt, will be payable from Pledged Tax Revenues (as defined herein), and the pledge of Pledged Tax Revenues to the payment of the principal of and interest on the 2016 Bonds will, as applicable, be on a basis subordinate to payments required under the Tax Sharing Agreements the payment for which have not been subordinated to the Bonds and the senior Statutory Pass-Through Amounts;

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

WHEREAS, the Successor Agency has determined that all acts and proceedings required by law necessary to make the 2016 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 this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Bonds, including the 2016 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, including the 2016 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, including the 2016 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, including the 2016 Bonds, as follows:

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01 Findings and Determinations. The Successor Agency has reviewed all proceedings heretofore taken and, as a result of such review, 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 2016 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the 2016 Bonds in the manner and form provided in this Indenture.

Section 1.02 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 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.

"**Authorized Signatory**" and "**Authorized Signatories**" mean, individually and collectively, the following officers of the City, acting on behalf of the Successor Agency: the Mayor, the City Manager, the Assistant City Manager, and the Finance Director/Treasurer.

"**Bonds**" means the 2016 Bonds and any Parity Debt issued pursuant to a Supplemental Indenture or a Parity Debt Instrument.

"**Bond Counsel**" means (a) Stradling Yocca Carlson & Rauth, a Professional Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"**Bond Year**" means each twelve (12) month period extending from July 2 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive; provided that the first Bond Year with respect to the Bonds shall commence on the Closing Date and end on July 1, 2017.

"**Business Day**" means any day, other than a Saturday or Sunday or a day on which commercial banks in New York, New York, or any other city or cities where the Principal Corporate Trust Office of the Trustee is located are required or authorized by law to close or a day on which the Federal Reserve System is closed.

"**City**" means the City of Loma Linda.

"**Closing Date**" means the date on which a series of Bonds is delivered by the Successor Agency to the original purchaser thereof. The Closing Date with respect to the 2016 Bonds is _____ __, 2016.

"**Code**" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series 2016A Bonds or (except as otherwise referenced herein) as it may be amended to apply to

obligations issued on the date of issuance of the Series 2016A Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"**Component Area No. 1**" means that area included in the Project Area pursuant to Ordinance No. 226 of the City as adopted on July 15, 1980.

"**Component Area No. 2**" means that area included within the project area for Loma Linda Redevelopment Project No. 2 pursuant to Ordinance No. 374 of the City as adopted on May 12, 1987.

"**Component Area No. 3**" means that area included in the Project Area pursuant to Ordinance **No.** 508 of the City as adopted on December 13, 1994.

"**Continuing Disclosure Certificate**" means that certain Continuing Disclosure Certificate, with respect to the 2016 Bonds, executed by the Successor Agency, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"**Costs of Issuance**" means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, bond insurance and surety bond premiums, if any, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, administrative costs of the Successor Agency and the City incurred in connection with the issuance of the Bonds, expenses of the underwriters of the Bonds, the fees and expenses of counsel to the underwriters of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

"**Costs of Issuance Fund**" means the fund by that name established and held by the Trustee pursuant to Section 3.03.

"**County**" means the County of San Bernardino.

"**County Agreement**" meant an agreement dated as of June 13, 1983, by and among the City, the Former Agency, the County of San Bernardino, the County of San Bernardino acting on behalf of the County Free Library and the San Bernardino County Flood Control Districts.

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

"**Defeasance Obligations**" means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Successor Agency's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency's investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

(a) Cash;

(b) Federal Securities, including direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(c) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form;

(d) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P, provided that, if the issue is rated only by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals; and

(e) 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 agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (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.

"**Department of Finance**" means the Department of Finance of the State of California.

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

"**Depository System Participant**" means any participant in the Depository's book-entry system.

"**Dissolution Act**" means California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011, as it has heretofore been amended and as it may hereafter be amended.

"**DTC**" means The Depository Trust Company, New York, New York, and its successors and assigns.

"**Escrow Trustee**" shall mean the Escrow Trustee identified in each of the Refunding Instructions.

"**Event of Default**" means any of the events described in Section 8.01.

"**Fair Market Value**" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as

referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Successor Agency and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

"**Federal Certificates**" means evidences of indebtedness or ownership of proportionate interests in future principal and interest payments of Federal Securities, including depository receipts thereof, wherein (i) a bank or trust company acts as custodian and holds the underlying Federal Securities; (ii) the owner of the Federal Certificate is a real party in interest with the right to proceed directly and individually against the obligor of the underlying Federal Securities; and (iii) the underlying Federal Securities are held in trust in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian or any person claiming through the custodian, or any person to whom the custodian may be obligated.

"**Federal Securities**" means the following securities: 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, and United States Treasury Obligations, State and Local Government Series) or evidence of ownership in a portion thereof (which may consist of specified portions of interest thereon and obligations of the Resolution Funding Corporation which constitute interest strips) if held by a custodian on behalf of the Trustee; obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; prerefunded municipal obligations rated, at the time of purchase, by Moody's and S&P in their highest Rating Category; provided that "structured securities" (including flip notes, range notes, inverse floaters and step-ups) will not be considered Federal Securities; provided further that floaters (based on single, interest rate based indices) and callable securities of the above-enumerated agencies may be treated as Federal Securities.

"**Fiscal Year**" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

"**Fitch**" means Fitch Ratings, New York, New York, or its successors, and if such organization shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Successor Agency.

"**Former Agency**" means the now dissolved Loma Linda Redevelopment Agency.

"**Indenture**" means this Indenture of Trust by and between the Successor Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions hereof.

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

(a) is in fact independent and not under domination of the Successor Agency or the City;

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

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

"**Independent Redevelopment Consultant**" means any consultant or firm of such consultants appointed by the Successor Agency (who may be an underwriter of bonds of the Successor Agency or the City), and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of Pledged Tax Revenues or otherwise with respect to the financing of Redevelopment Project;

(b) is in fact independent and not under domination of the Successor Agency or the City;

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

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

"**Information Services**" means, in accordance with then current guidelines of the Securities and Exchange Commission, such services providing information with respect to the redemption of bonds as the Successor Agency may designate in a Written Request of the Successor Agency filed with the Trustee.

"**Insurer**" means the 2016 Insurer and, as applicable, the provider of a municipal bond or financial guaranty insurance policy with respect to Parity Debt.

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

"**Interest Payment Date**" means each January 1 and July 1, commencing July 1, 2017, for so long as any of the Bonds remain Outstanding hereunder.

"**Last and Final ROPS**" means a Last and Final Recognized Obligation Payment Schedule authorized by Section 34191.6 of the Dissolution Act

"**Law**" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto (including the Dissolution Act).

"**Maximum Annual Debt Service**" means, as of the date of calculation, the largest amount for the current or any future Bond Year payable on the 2016 Bonds or any Parity Debt in such Bond Year. For purposes of such calculation, the amount of interest on any Bonds or other Parity Debt that is payable from the proceeds of such Bonds or Parity Debt that is set aside solely for such purpose shall not be included in the calculation of Maximum Annual Debt Service, and there also shall be excluded payments with respect to the 2016 Bonds or any Parity Debt to the extent that amounts due with respect to the 2016 Bonds or such Parity Debt are prepaid or otherwise discharged in accordance with this Indenture or the relevant Parity Debt Instrument.

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

"**Nominee**" means (a) initially, Cede & Co., as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.11(a).

"**Outstanding**" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 9.05) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant hereto.

"**Oversight Board**" means the Oversight Board of the Successor Agency established pursuant to the Section 34179 of the Dissolution Act.

"**Owner**" or "**Bondowner**" means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"**Parity Debt**" means any additional bonds, loans, advances or indebtedness issued or incurred by the Successor Agency on a parity with the 2016 Bonds pursuant to Section 3.05.

"**Parity Debt Instrument**" means an ordinance, resolution, indenture of trust, supplemental indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt.

"**Participating Underwriter**" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"**Permitted Investments**" means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein and are in compliance with the Successor Agency's investment policies then in effect (provided that the Trustee shall be entitled to rely upon any investment direction from the Successor Agency as conclusive certification to the Trustee that investments described therein are legal and are in compliance with the Successor Agency's investment policies then in effect), but only to the extent the same are acquired at Fair Market Value:

(1) Federal Securities or Federal Certificates;

(2) The following listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(A) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(B) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;

(C) Federal Home Loan Banks (FHL Banks) consolidated debt obligations;

(D) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(E) The senior debt obligations of Resolution Funding Corporation (RFCO), Financing Corporation (FICO) and Tennessee Valley Authority (TVA);

(3) Obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing, that are rated, at the time of purchase, in the highest Rating Category by two Rating Agencies;

(4) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. Investments under this subdivision shall be rated "AA" or better by a Rating Agency;

(5) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are rated, at the time of purchase, "A1/P1/F1" by two Rating Agencies or, if the term of such indebtedness is longer than one year, rated in the highest Rating Category by two Rating Agencies;

(6) Taxable commercial paper or tax-exempt commercial paper with a maturity of not more than 270 days, which are rated, at the time of purchase, "A1/P1/F1" by two Rating Agencies;

(7) Deposit accounts or certificates of deposit, whether negotiable or non-negotiable, issued by a state or national bank (including the Trustee) or a state or federal savings and loan association or a state-licensed branch of a foreign bank; provided, however, that such certificates of deposit or deposit accounts shall be either (A) continuously insured by the Federal Deposit Insurance Corporation; or (B) have maturities of not more than 365 days (including certificates of deposit) and are issued by any state or national bank or a state or federal savings and loan association, the short-term obligations of which are rated, at the time of purchase, in the highest short term rating by two Rating Agencies;

(8) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which bank has short-term obligations outstanding which are rated, at the time of purchase, by two Rating Agencies in the highest short-term Rating Category, and which bankers acceptances mature not later than 365 days from the date of purchase;

(9) Any repurchase agreement: (A) with (i) any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee), or a state-licensed branch of a foreign bank, having a minimum permanent capital of one hundred million dollars ($100,000,000) and having short-term debt which is rated, at the time of the purchase, by two Rating Agencies in one of the three highest short-term Rating Categories; or (ii) any government bond dealer reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York; and (B) which agreement is secured by any one or more of the securities and obligations described in clause (1) or (2) of this definition and having maturities equal to or less than 5 years from the date of delivery, which shall have a market value (valued at least monthly) not less than 102% of the principal amount of such investment and shall be placed with the Trustee or other fiduciary, as custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement. The entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to the Trustee that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least monthly) will be an amount equal to 102% the principal amount of such repurchase agreement, and the Trustee shall be entitled to rely on each such undertaking;

(10) Any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (1), (2), (3) and (9) of this definition and any money market fund, the entire investments of which are limited to investments described in clauses (1), (2), (3) and (4) of this definition and which money market fund is rated, at the time or purchase, by at least one Rating Agency in the highest Rating Category;

(11) Any guaranteed investment contract, including forward delivery agreements ("FDAs") and forward purchase agreements ("FPAs"), with a financial institution or insurance company which has (or which is unconditionally guaranteed by a legal entity which has), at the date of execution thereof, an outstanding issue of unsecured, uninsured and

unguaranteed debt obligations or a claims-paying ability which is rated, at the time of purchase, by two Rating Agencies in one of two highest long-term Rating Categories. Only Permitted Investments described in clause (1) and (2) of this definition and having maturities equal to or less than 30 years from their date of delivery will be considered eligible for any collateralization/delivery purposes for guaranteed investment contracts, FDAs or FPAs;

(12) Certificates, notes, warrants, bonds or other evidence of indebtedness of the State or of any political subdivision or public agency thereof which are rated, at the time of purchase, by two Rating Agencies in the highest short-term Rating Category or within one of the three highest long-term Rating Categories, but excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date;

(13) For amounts less than $250,000, interest-bearing demand or time deposits (including certificates of deposit) in a nationally or state-chartered bank, or a state or federal savings and loan association in the State, fully insured by the Federal Deposit Insurance Corporation, including the Trustee or any affiliate thereof;

(14) Investments in Constant Net Asset Value taxable money market funds or portfolios restricted to obligations with an average maturity of one year or less and which funds or portfolios are: (A) rated, at the time of purchase, by two Rating Agencies in one of the two highest Rating Categories; or (B) have or are portfolios guaranteed as to payment of principal and interest by the full faith and credit of the United States of America;

(15) Investments in the City Treasurer's pooled investment fund;

(16) Shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (1) through (13) of this definition and which companies are: (A) rated, at the time of purchase, by two Rating Agencies in the highest Rating Category; or (B) have an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience investing in such securities and obligations and with assets under management in excess of five hundred million dollars ($500,000,000);

(17) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which consists exclusively of investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended; and

(18) Any other investment, with confirmation (or other action, satisfactory to the City) from each rating agency that has a current rating on the Bonds at the time of initial purchase thereof, that its rating on the Bonds will not be lowered or withdrawn as a result of such investment.

"**Pledged Tax Revenues**" means all taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are deposited in the RPTTF, excluding (i) payments required by Tax Sharing Agreements that have not been

subordinated to the Bonds for purposes of the Dissolution Act, and (ii) all Statutory Pass-Through Amounts unless such payments are subordinated to payments on the 2016 Bonds or any additional Bonds or to the payments owed under any Parity Debt Instrument pursuant to Sections 33607.5(e) of the Law and 34177.5(c) of the Dissolution Act.

"**Policy Costs**" means amounts required to repay draws on any policy of bond insurance and payment of expenses of any Insurer and accrued interest thereon.

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

"**Principal Corporate Trust Office**" means the corporate trust office of the Trustee in Los Angeles, California, or such other or additional offices as the Trustee may designate in writing to the Successor Agency from time to time as the corporate trust office for purposes of the Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted, initially in Saint Paul, Minnesota.

"**Project Area**" means the redevelopment project area described in the Redevelopment Plans.

"**Qualified Reserve Account Credit Instrument**" means (i) [each of] the 2016 Reserve Policy][Policies] and (ii) an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company and deposited with the Trustee, provided that all of the following requirements are met at the time of acceptance thereof by the Trustee: (a) S&P or Moody's have assigned a long-term credit rating to such bank or insurance company of "A" (without regard to modifier) or higher; (b) such letter of credit, insurance policy or surety bond has a term of at least 12 months; (c) such letter of credit, insurance policy 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; and (d) the Trustee is authorized pursuant to the terms of such letter of credit, insurance policy or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a), 4.03(b) or 4.03(c) of this Indenture.

"**Rating Agency**" means Fitch, Moody's, S&P or any other nationally recognized statistical rating organization.

"**Rebate Fund**" is defined in Section 4.04.

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

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

"**Redemption Account**" means the account by that name established and held by the Trustee pursuant to Section 4.03(d).

"**Redevelopment Obligation Retirement Fund**" means the fund by that name established pursuant to California Health and Safety Code Section 34170.5(a) and administered by the Successor Agency.

"**Redevelopment Plan**" means the Redevelopment Plan for the Loma Linda Redevelopment Project Area, together with all amendments thereof at any time duly authorized pursuant to the Redevelopment Law. The Redevelopment Plan includes its component merged project areas, consisting of the following: three component areas resulting from a series of actions by the City Council of the City, and includes those redevelopment projects and project areas formerly known as Loma Linda Redevelopment Project No. 1 ("Project No. 1") and Loma Linda Redevelopment Project No. 2 ("Project No. 2") as follows: (i) that area included as the project area of Project No. 1 as approved by Ordinance No. 226 adopted by the City Council of the City on July 15, 1980 (also referred to herein as Component Area No. 1); (ii) that area added to the project area of the Project No. 1 by that amendment to Project No. 1 as approved by Ordinance No. 508 adopted by the City Council of the City on December 13, 1994 (also referred to herein as Component Area No. 3)); and (iii) that area designated as the project area for Project No. 2 as approved by Ordinance No. 374 adopted by the City Council of the City on May 12, 1987 (also referred to herein as Component Area No. 2); each of those areas as so included or added within the Project Area as described by the foregoing items (i) through (iii) shall constitute a "Component Area." Project No. 1 and Project No. 2 were merged and amended under Ordinance No. 591 adopted by the City Council of the City on September 26, 2000.

"**Redevelopment Project**" means the undertaking of the Successor Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

"**Redevelopment Property Tax Trust Fund**" or "**RPTTF**" means the fund by that name established pursuant to California Health and Safety Code Sections 34170.5(b) and 34172(c) and administered by the Auditor-Controller of the County of San Bernardino.

"**Refunded Bonds**" means, collectively, the 2003 Bonds, the 2005 Bonds and the 2008 Bonds.

"**Refunding Instructions – 2003 Bonds**" means the Irrevocable Refunding Instructions [or Escrow Agreement] relating to the 2003 Bonds, comprising a portion of the Refunded Bonds, dated the Closing Date with respect to the 2016 Bonds and given by the Successor Agency to the Escrow Trustee for the 2003 Bonds.

"**Refunding Instructions – 2005A Bonds**" means the Irrevocable Refunding Instructions [or Escrow Agreement] relating to the 2005A Bonds, comprising a portion of the Refunded Bonds, dated the Closing Date with respect to the 2016 Bonds and given by the Successor Agency to the Escrow Trustee for the 2005A Bonds.

"**Refunding Instructions – 2005B Bonds**" means the Irrevocable Refunding Instructions [or Escrow Agreement] relating to the 2005B Bonds, comprising a portion of the Refunded Bonds, dated the Closing Date with respect to the 2016 Bonds and given by the Successor Agency to the Escrow Trustee for the 2005B Bonds.

"**Refunding Instructions – 2008 Bonds**" means the Irrevocable Refunding Instructions [or Escrow Agreement] relating to the 2008 Bonds, comprising a portion of the Refunded Bonds, dated

the Closing Date with respect to the 2016 Bonds and given by the Successor Agency to the Escrow Trustee for the 2008 Bonds.

"**Refunding Fund**" means the 2016 Refunding Fund established and held by the Trustee pursuant to Section 3.04.

"**Refunding Law**" 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 the acts amendatory thereof and supplemented thereto.

"**Registration Books**" means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the Bonds.

"**Report**" means a document in writing signed by an Independent Redevelopment Consultant and including:

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

(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 for Last and Final ROPS Approval**" means a request submitted by the Successor Agency pursuant to Section 34191.6 of the Dissolution Act for approval by the Department of Finance of a Last and Final ROPS or any amendment to an approved Last and Final ROPS.

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

"**Reserve Requirement**" means, subject to Section 4.03(c) of this Indenture, with respect to the 2016 Bonds, and each series or multiple of Parity Debt issued pursuant to a single Supplemental Indenture for which a reserve is to be funded, the lesser of

(i) 125% of the average Annual Debt Service with respect to such Bonds,

(ii) Maximum Annual Debt Service with respect to such Bonds, or

(iii) with respect to an individual series of Bonds, 10% of the original principal amount of a series of Bonds (or, if such series of Bonds has more than a de minimis amount of original issue discount or premium, 10% of the issue price of such series of Bonds);

provided, that in no event shall the Successor Agency, in connection with the issuance of Parity Debt pursuant to a Supplemental Indenture be obligated to deposit an amount in the Reserve Account which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, in the event the amount of any such

deposit into the Reserve Account is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt pursuant to a Supplemental Indenture, be increased only by the amount of such deposit as permitted by the Code; and, provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of Section 4.03(c) hereof.

"**ROPS Period**" means (a) each annual period beginning on July 1 of any calendar year and ending on June 30 of the next such calendar year, or such other period as provided in the Dissolution Act.

"**Securities Depositories**" means The Depository Trust Company, New York, New York 10041-0099, Fax-(212) 855-7232; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Written Request of the Successor Agency delivered to the Trustee.

"**Serial Bonds**" means all Bonds other than Term Bonds.

"**Series 2016A Bonds**" means the $_____ initial aggregate principal amount the Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A.

"**Series 2016A Bonds Account**" means the account by that name established within the Refunding Fund.

"**Series 2016B Bonds**" means the $_____ initial aggregate principal amount the Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable).

"**Series 2016B Bonds Account**" means the account by that name established within the Refunding Fund.

"**Special Fund**" means the fund held by the Successor Agency established pursuant to Section 4.02.

"**Standard & Poor's**" or "**S&P**" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business or its successors and if such organization shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Successor Agency.

"**State**" means the State of California.

"**Statutory Pass-Through Amounts**" means amounts required to be paid to taxing agencies pursuant to Sections 33676, 33607.5 and 33607.7 of the Law.

"**Subordinate Debt**" means any loans, advances or indebtedness issued or incurred by the Successor Agency pursuant to Section 3.06, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Pledged Tax Revenues; or (b) secured by a pledge of or lien upon the

Pledged Tax Revenues which is expressly subordinate to the pledge of and lien upon the Pledged Tax Revenues hereunder for the security of the 2016 Bonds and any Parity Debt.

"**Subordinate Debt Instrument**" means any instrument providing for the issuance of Subordinate Debt.

"**Supplemental Indenture**" means any ordinance, resolution, agreement or other instrument which has been duly adopted or entered into by the Successor Agency to amend or supplement this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"**Tax Certificate**" means that certain Tax Certificate executed by the Successor Agency with respect to the Series 2016A Bonds.

"**Tax Sharing Agreements**" means the following agreements: (a) the County Agreement, and (b) an agreement dated as of June 30, 1987 by and between the Former Agency and the Redlands Unified School District.

"**Term Bonds**" means (i) the Series 2016A Bonds maturing on July __, 20__, and July 1, 20__, (ii) the Series 2016B Bonds maturing on July __, 20__, and July 1, 20__, and (iii) that portion of any other Bonds payable from mandatory sinking account payments.

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

"**Written Request of the Successor Agency**" or "**Written Certificate of the Successor Agency**" means a request or certificate, in writing signed by an Authorized Signatory of the Successor Agency, or by any other officer of the Successor Agency or the City duly authorized by the Successor Agency for that purpose.

"**2003 Bonds"** means the $12,610,000 Loma Linda Redevelopment Agency 2003 Tax Allocation Bonds (Loma Linda Redevelopment Project) issued pursuant to that certain Indenture of Trust between the Former Agency and U.S. Bank National Association, dated as of May 1, 2003.

"**2005 Bonds**" means the 2005A Bonds and the 2005B Bonds.

"**2005A Bonds**" means the $15,000,000 Loma Linda Redevelopment Agency, Subordinate 2005A Tax Allocation Bonds (Loma Linda Redevelopment Project), issued pursuant to that certain Indenture of Trust between the Former Agency and U.S. Bank National Association dated as of November 1, 2005.

"**2005B Bonds**" means the $10,435,000 Loma Linda Redevelopment Agency Subordinate 2005B Taxable Tax Allocation Bonds (Loma Linda Redevelopment Project), issued pursuant to that certain Indenture of Trust between the Former Agency and U.S. Bank National Association, dated as of November 1, 2005.

"**2008 Bonds**" means the $8,900,000 Loma Linda Redevelopment Agency, 2008 Taxable Housing Tax Allocation Bonds (Loma Linda Redevelopment Project) issued pursuant to that certain

Indenture of Trust between the Former Agency and U.S. Bank National Association, dated as of March 1, 2009.

"**2016 Bonds**" means, collectively, the Series 2016A Bonds and the Series 2016B Bonds.

"**2016 Insurance Policy**" means [to come].

"**2016 Insurer**" means [to come].

"**2016 Reserve Account Agreement**" means [to come].

"**2016 Reserve Policy**" means [to come].

Section 1.03 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

Section 2.01 Authorization of 2016 Bonds. Two initial issues of Bonds are hereby authorized to be issued by the Successor Agency under and subject to the terms of this Indenture, the Refunding Law, the Dissolution Act and the Law. This Indenture constitutes a continuing agreement with 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 and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. Such initial issues of Bonds shall be designated the (i) "Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A" (the "Series 2016A Bonds") and (ii) "Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable)" (the "Series 2016B Bonds"). The Series 2016A Bonds shall be issued in the initial aggregate principal amount of $_____, and the Series 2016B Bonds shall be issued in the initial aggregate principal amount of $_____.

Section 2.02 Terms of 2016 Bonds. The 2016 Bonds shall be issued in fully registered form without coupons. The 2016 Bonds shall be issued in denominations of $5,000 or any integral multiple thereof, so long as no 2016 Bond shall have more than one maturity date. The 2016 Bonds shall be dated as of their Closing Date. The 2016 Bonds shall be lettered and numbered as the Trustee shall prescribe.

The 2016 Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate per annum as follows:

Series 2016A Bonds

Maturity Date (July 1)	*Principal Amount*	*Interest Rate*

Series 2016B Bonds

Maturity Date (July 1)	*Principal Amount*	*Interest Rate*

Each 2016 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before [August 15, 2016], in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any 2016 Bond,

interest thereon is in default, such 2016 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2016 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least $1,000,000 aggregate principal amount of either the Series 2016A Bonds or the Series 2016B Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2016A Bonds or such Series 2016B Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal of the 2016 Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee.

Section 2.03 Redemption of 2016 Bonds.

(a) Optional Redemption. (i) The Series 2016A Bonds maturing on or prior to July 1, 20[__] are not subject to optional redemption. The Series 2016A Bonds maturing on or after July 1, 20[__], are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after July 1, 20[__], by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.

(ii) The Series 2016B Bonds maturing on or prior to July 1, 20[__] are not subject to optional redemption. The Series 2016B Bonds maturing on or after July 1, 20[__], are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, on any date on or after July 1, 20[__], by such maturity or maturities as shall be directed by the Successor Agency (or in absence of such direction, pro rata by maturity and by lot within a maturity), from any source of available funds. Such optional redemption shall be at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest to the date fixed for redemption, without premium.]

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem 2016 Bonds under this subsection (a) with a designation of the principal amount and maturities to be redeemed at least forty five (45) days prior to the date fixed for such redemption (or such later date as shall be acceptable to the Trustee in the sole determination of the Trustee), and shall transfer to the Trustee for deposit in the Debt Service Fund all amounts required for such redemption not later than the date fixed for such redemption.

(b) Mandatory Sinking Fund Redemption. The Series 2016A Bonds that are Term Bonds maturing July 1, 20__ and July 1, 20__ shall also be subject to mandatory redemption in whole, or in part by lot, on July 1 in each year, commencing July 1, 20__ and July 1, 20__, respectively, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on July 1 in the respective years as set forth in the following table[s]; provided however, that (y) in lieu of

redemption thereof such Series 2016A Term Bonds may be purchased by the Successor Agency pursuant to Section 2.03(g) hereof, and (z) if some but not all of such Series 2016A Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Series 2016A Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of $5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

Series 2016A Term Bonds of 20__

July 1	***Principal Amount***

Series 2016A Term Bonds of 20__

July 1	***Principal Amount***

The Series 2016B Bonds that are Term Bonds maturing July 1, 20__ and July 1, 20__ shall also be subject to mandatory redemption in whole, or in part by lot, on July 1 in each year, commencing July 1, 20__ and July 1, 20__, respectively, as set forth below, from sinking fund payments made by the Successor Agency to the Principal Account pursuant to Section 4.03(b), at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on July 1 in the respective years as set forth in the following table[s]; provided however, that (y) in lieu of redemption thereof such Series 2016B Term Bonds may be purchased by the Successor Agency pursuant to Section 2.03(g) hereof, and (z) if some but not all of such Series 2016B Term Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Series 2016B Term Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of $5,000 as determined by the Successor Agency (notice of which determination shall be given by the Successor Agency to the Trustee).

Series 2016B Term Bonds of 20__

July 1	***Principal Amount***

Series 2016B Term Bonds of 20__

July 1	***Principal Amount***

(c) Notice of Redemption; Rescission. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, (i) to any Insurer and to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) to the Securities Depositories and one or more Information Services designated in a Written Request of the Successor Agency filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state, in the case of a redemption pursuant to (a) above, that such redemption is conditioned upon the timely delivery of the redemption price by the Successor Agency to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

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

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

(f) Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each $5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be cancelled and destroyed.

(g) Purchase in Lieu of Redemption. In lieu of redemption of the Term Bonds pursuant to the subsection (b) above or pursuant to a Supplemental Indenture, amounts on deposit in the Special Fund or in the Principal Account may also be used and withdrawn by the Successor Agency and the Trustee, respectively, at any time, upon the Written Request of the Successor Agency, for the purchase of the Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds required to be redeemed pursuant to subsection (d) on July 1 in each year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

Section 2.04 Form of 2016 Bonds. The Series 2016A Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit A, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture. The Series 2016B Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the form set forth in Exhibit B, which is attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05 Execution of Bonds. The Bonds shall be executed on behalf of the Successor Agency by the signature of its Authorized Signatory, or any other officer of the Successor Agency or the City duly authorized by the Successor Agency for that purpose, and the signature of the City Clerk of the City, 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 hereinbefore set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate 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 2.09 hereof, the temporary Bonds may bear thereon a Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.06 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 Principal Corporate 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 shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

The Trustee may refuse to transfer, under the provisions of this Section 2.06, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

Section 2.07 Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for Bonds of the same tenor and maturity and of other authorized denominations. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds pursuant to this Section 2.07. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

The Trustee may refuse to exchange, under the provisions of this Section 2.07, either (a) any Bonds during the fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption or (b) any Bonds selected by the Trustee for redemption.

Section 2.08 Registration of Bonds. The Trustee will keep or cause to be kept, at its Principal Corporate 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 and copying by the Successor Agency, upon reasonable prior notice to the Trustee; 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 2.09 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 Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, interest rates and like maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.10 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 authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it 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 tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the Successor Agency). The Successor Agency may require payment by the Owner 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 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 System.

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond without coupons for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, neither the Successor Agency nor the Trustee shall have any responsibility or obligation to any Depository System Participant or to any person on behalf of which the Depository System Participant holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, neither the Successor Agency nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bondowner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the Successor Agency elects to redeem the Bonds in part, (iv) the payment to any Depository

System Participant or any other person, other than a Bondowner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bondowner shall receive a Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Successor Agency and the Trustee shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondowners. The Trustee agrees to comply with all provisions in such letter with respect to the giving of notices thereunder by the Trustee. In addition to the execution and delivery of such letter, upon written request of the Depository or the Trustee, the Successor Agency may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

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

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with

respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

Section 2.12 Applicability of Provisions to Additional Bonds. Unless otherwise provided in a Supplemental Indenture, the provisions of Sections 2.03(c) through (g) and 2.05 through 2.11 shall apply to additional Parity Debt.

ARTICLE III

DEPOSIT AND APPLICATION; ADDITIONAL DEBT

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

Section 3.02 Application of Proceeds of Sale and Certain Other Amounts.

(a) On the Closing Date with respect to the Series 2016A Bonds, the net proceeds of sale of the Series 2016A Bonds, being $_____ (calculated as the par amount thereof, plus original issue premium, less the discount of the original purchaser thereof in the amount of $_____, less the portion of the premium for the 2016 Insurance Policy allocable to the Series 2016A Bonds in the amount of $_____ paid directly to the 2016 Insurer, and less the portion of the premium for the 2016 Reserve Policy allocable to the Series 2016A Bonds in the amount of $_____ paid directly to the 2016 Insurer), shall be paid to the Trustee and applied as follows:

(i) The Trustee shall deposit the amount of $_____ in the Costs of Issuance Fund.

(ii) [The Trustee shall deposit the amount of $_____ in the Reserve Account.]

(iii) The Trustee shall deposit $_____, being the remaining amount of proceeds of the Series 2016A Bonds, in the Series 2016A Bonds Account of the Refunding Fund.

(b) On the Closing Date with respect to the Series 2016B Bonds, the proceeds of sale of the Series 2016B Bonds, being $_____ (calculated as the par amount thereof, plus original issue premium, less the discount of the original purchaser thereof in the amount of $_____, less the portion of the premium for the 2016 Insurance Policy allocable to the Series 2016B Bonds in the amount of $_____ paid directly to the 2016 Insurer, and less the portion of the premium for the 2016 Reserve Policy allocable to the Series 2016B Bonds in the amount of $_____ paid directly to the 2016 Insurer), shall be paid to the Trustee and applied as follows:

(i) The Trustee shall deposit the amount of $_____ in the Costs of Issuance Fund.

(ii) [The Trustee shall deposit the amount of $_____ in the Reserve Account.]

(iii) The Trustee shall deposit $_____, being the remaining amount of proceeds of the Series 2016B Bonds, in the Series 2016B Bonds Account of the Refunding Fund.

(c) [In addition to making the deposits set forth above, the Successor Agency will transfer to the Trustee for deposit in the Interest Account $_____ to be used to pay interest on the 2016 Bonds on July 1, 2017.]

Section 3.03 Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the 2016 Bonds upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date with respect to the 2016 Bonds, or upon the earlier Written 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 Interest Account within the Debt Service Fund, with _____% of such amount used to pay debt service on the Series 2016A Bonds, and _____% of such amount used to pay debt service on the Series 2016B Bonds, and the Costs of Issuance Fund shall be closed.

Section 3.04 Refunding Fund.

(a) There shall be established a separate and segregated fund to be known as the "2016 Refunding Fund" (the "Refunding Fund"), together with a "Series 2016A Bonds Account" and a "Series 2016B Bonds Account" therein.

(b) On the Closing Date with respect to the 2016 Bonds, the Trustee shall disburse the $_____ on deposit in the Series 2016A Bonds Account as follows:

(i) $_____ shall be transferred to the Escrow Trustee for the Refunding Instructions – 2003 Bonds; [and]

(ii) [$_____ shall be transferred to the Escrow Trustee for the Refunding Instructions – _____ Bonds.]

Upon making such transfers, the Trustee shall close the Series 2016A Bonds Account.

(c) On the Closing Date with respect to the 2016 Bonds, the Trustee shall disburse the $_____ on deposit in the Series 2016B Bonds Account as follows:

(i) $_____ shall be transferred to the Escrow Trustee for the Refunding Instructions – 2005A Bonds;

(ii) $_____ shall be transferred to the Escrow Trustee for the Refunding Instructions – 2005B Bonds; and

(iii) $_____ shall be transferred to the Escrow Trustee for the Refunding Instructions – 2008 Bonds.

Upon making all such transfers, the Trustee shall close the Series 2016A Bonds Account, the Series 2016B Bonds Account, and the Refunding Fund.

Section 3.05 Issuance of Parity Debt. In addition to the 2016 Bonds, the Successor Agency may issue additional bonds or incur other loans, advances or indebtedness payable from Pledged Tax Revenues on a parity with the 2016 Bonds to refund any outstanding Bonds or Parity Debt in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue and deliver any such Parity Debt subject to the following specific conditions all of which are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

(a) No event of default hereunder or under any Parity Debt Instrument shall have occurred and be continuing unless such event of default will be cured by the issuance of such Parity Debt;

(b) The Parity Debt shall have been issued in accordance with the requirements of Section 34177.5 of the Dissolution Act, (or any comparable provision of any successor statute);

(c) A Supplemental Indenture shall have been adopted which shall (i) if the obligation being refunded had a reserve fund, determine the applicable reserve requirement and the amount, if any, to be deposited from the proceeds of sale of such Parity Debt in a separate account of the Reserve Account to be held as separate security for such Series or Series of Parity Debt; (ii) designate accounts in the Debt Service Fund and accounts therein including the Reserve Account to be applicable to such Parity Bonds; and (iii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof; and

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

Section 3.06 Issuance of Subordinate Debt. The Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency. Such Subordinate Debt may be payable from any assets or property of the Successor Agency, including Pledged Tax Revenues, on a subordinate basis to the payment of debt service on the Bonds.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01 Security of Bonds; Equal Security. Except as may otherwise be provided in Section 4.02, Section 5.13 and Section 6.06, the 2016 Bonds and any Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues and the moneys in the Special Fund, and the 2016 Bonds and any Parity Debt shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Redemption Account and the Reserve Account (including any subaccounts therein); provided, amounts held in the Reserve Account (or subaccounts therein) shall secure only the issue to which such account or subaccount relates to the extent

specifically provided for in this Indenture and any Supplemental Indenture, as applicable, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues, which constitute the amounts deposited in the Redevelopment Property Tax Trust Fund that are not pledged to other obligations of the Former Agency or the Successor Agency, 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 or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the 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 4.02 Special Fund; Deposit of Pledged Tax Revenues. There is hereby established a special fund to be known as the "Special Fund" which is to be held by the Successor Agency within the Redevelopment Obligation Retirement Fund. The Special Fund shall be held by the Successor Agency separate and apart from other funds of the Successor Agency.

The Successor Agency shall deposit all of the Pledged Tax Revenues received with respect to any ROPS Period in accordance with Section 5.13 hereof into the Special Fund promptly upon receipt thereof by the Successor Agency. All Pledged Tax Revenues received by the Successor Agency in excess of the amount required to make the deposits required herein in order to pay debt service on the Bonds and any Parity Debt and to make any other payments due hereunder, and except as may be provided to the contrary in this Indenture or in any Supplemental Indenture or Parity Debt Instrument, shall be released from the pledge and lien hereunder and shall be applied in accordance with the Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures or other Parity Debt Instrument, 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 and in any Supplemental Indenture or other Parity Debt Instrument.

Section 4.03 Deposit of Amounts by Trustee. There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder in trust. If Parity Debt is issued, the Trustee shall establish subaccounts within each fund for each issue of Parity Debt, including a separate subaccount of the Reserve Account as security for Parity Debt pursuant to a Supplemental Indenture to the extent provided under Section 3.05 hereof, if applicable. Moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority (provided further that, if on the fifth (5th) Business Day prior to the date the Successor Agency is required to transfer amounts on deposit in the Special Fund to the Trustee there are not amounts on deposit therein sufficient to make the following deposits, taking into account amounts required to be transferred with respect to Parity Debt other than Bonds, the Successor Agency shall immediately notify the Trustee of the amount of any such insufficiency):

(a) Interest Account. On or before the fifth (5th) Business Day preceding each Interest Payment Date and each interest payment date for any Parity Debt, commencing with the Interest Payment Date of January 1, 2017, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Account (and applicable subaccounts therein) an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment 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. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the fifth (5th) Business Day preceding July 1 in each year (or other principal payment date for any Parity Debt) beginning July 1, 2017, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account (and applicable subaccounts therein) an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and Outstanding Term Bonds, including pursuant to mandatory sinking account redemption, on the next July 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next July 1 on all of the Outstanding Serial Bonds and Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and the Term Bonds, including by mandatory sinking account redemption, as the same shall become due and payable.

(c) Reserve Account. There is hereby established in the Debt Service Fund a separate account known as the "Reserve Account" solely as security for payments of 2016 Bonds payable by the Successor Agency pursuant to this Section 4.03 which shall in each case be held by the Trustee in trust for the benefit of the Owners of the 2016 Bonds, provided separate subaccounts may be established in the Reserve Account as separate security for any future issue of Parity Debt. The Reserve Requirement for the 2016 Bonds will be satisfied by the delivery of the 2016 Reserve Policy by the 2016 Insurer on the Closing Date with respect to the 2016 Bonds. The Successor Agency will have no obligation to replace the 2016 Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2016 Bonds are Outstanding, amounts are not available under the 2016 Reserve Policy other than in connection with a draw on the 2016 Reserve Policy.

Except as provided in the preceding paragraph and as may be provided in a Supplemental Indenture or Parity Debt Instrument, in the event that the amount on deposit in the Reserve Account (or the applicable subaccount) at any time becomes less than the Reserve Requirement applicable thereto, the Trustee shall promptly notify the Successor Agency of such fact. Upon receipt of any such notice and as promptly as is permitted by the Law, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the applicable Reserve Account.

The amounts available under the 2016 Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts with respect to the payment of debt service on the 2016 Bonds.

Moneys, if any, on deposit in the Reserve Account (or the applicable account therein) shall be withdrawn and applied by the Trustee for the final payment or payments of principal of and interest on the 2016 Bonds (or the applicable account therein, respectively).

So long as no event of default hereunder shall have occurred and be continuing, any amount in the Reserve Account (or the applicable account therein) in excess of the applicable Reserve Requirement (or applicable reserve requirement) on _____ 20 and _____ 20 of each year shall be withdrawn from the Reserve Account (or the applicable subaccount therein) by the Trustee and such amount shall be deposited in the Interest Account (or applicable subaccounts).

In no event shall amounts in the Reserve Account (exclusive of subaccounts therein, which shall be applied in accordance with the terms of the Supplemental Indenture providing for Parity Debt) be applied to payment of any Bonds or Parity Debt other than 2016 Bonds.

Except as provided above, the amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement at all times prior to the payment of the Bonds and any Parity Debt in full. If there shall then not be sufficient Pledged Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers pursuant to any Parity Debt Instrument and hereunder to the Interest Account, the Principal Account and the Sinking Account, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder or under any Parity Debt Instrument, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before two (2) Business Days preceding each January 1 and July 1 by the Trustee and deposited in the Interest Account or be applied pro rata in accordance with any applicable provision of a Parity Debt Instrument. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or shall be applied pro rata as required by any Parity Debt Instrument, as applicable.

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 or any Parity Debt the interest on which is excluded from gross income of the owners thereof for federal income tax purposes 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 Law. 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 paragraph (d). 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 legally available Pledged Tax Revenues. If the Reserve Requirement is being maintained partially in cash and partially with a Qualified Reserve Account Credit Instrument, the cash shall be first used to meet any deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a) or 4.03(b) of this Indenture. If the Reserve Requirement is being maintained with two or more Qualified Reserve Account Credit Instruments, any draw to meet a deficiency which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to Sections 4.03(a), 4.03(b) or 4.03(c) of this Indenture shall be pro-rata with respect to each such instrument.

The Reserve Account shall be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of the 2016 Bonds and any Parity Debt in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee.

(d) Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to Section 2.03(a), the Trustee shall withdraw from the Debt Service Fund any amount transferred by the Successor Agency pursuant to Section 2.03(a) for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Series 2016A Bonds, the Series 2016B Bonds and on other Bonds to be redeemed on such date pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Series 2016A Bonds, the Series 2016B Bonds and on such other Bonds to be redeemed pursuant to Section 2.03(a) or a similar provision of a Supplemental Indenture on the date set for such redemption. Interest due on the Series 2016A Bonds, the Series 2016B Bonds or such other Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such Series 2016A Bonds, the Series 2016B Bonds or such other Bonds, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of the Series 2016A Bonds, the Series 2016B Bonds or such other Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on such Series 2016A Bonds, the Series 2016B Bonds or such other Bonds, which is payable from the Interest Account) as shall be directed by the Successor Agency.

(e) In the event of a shortfall in Pledged Tax Revenues available to fund deposits required under (a), (b) or (c) above to pay debt service or Reserve Account replenishment on the 2016 Bonds and any Parity Debt in any calendar year period, deposits shall be made to subaccounts within each account pro rata to preserve parity treatment of the Parity Debt and 2016 Bonds.

Section 4.04 Rebate Fund. The Trustee shall establish a separate fund for the Series 2016A Bonds designated the "Rebate Fund." Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2016A Bonds will not be adversely affected, the Agency shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. 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 for the Series 2016A Bonds shall be governed by this Section and the Tax Certificate, unless the Successor Agency obtains and delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on the Series 2016A Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if the Trustee follows the directions of the Agency, and the Trustee shall have no independent responsibility to or liability resulting from failure of the Trustee to enforce compliance by the Agency with the Tax Certificate or the provisions of this Section.

(a) Excess Investment Earnings.

(i) Computation. Within 55 days of the end of each fifth Computation Year with respect to the Series 2016A Bonds, the Successor Agency shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g. the temporary investments exception of Section 148(f)(4)(B) and the construction expenditure exception of Section 148(f)(4)(C) of the Code), for this purpose treating the last day of the applicable Computation Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the "Rebatable Arbitrage"). The Successor Agency shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Transfer. Within 55 days of the end of each fifth Computation Year with respect to the Series 2016A Bonds, upon the Finance Director's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established herein, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this Section 4.04(a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Finance Director, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Debt Service Fund.

(iii) Payment to the Treasury. The Successor Agency shall direct the Trustee in writing to pay to the United States Treasury, out of amounts in the Rebate Fund.

(X) Not later than 60 days after the end of (A) the fifth Computation Year with respect to the Series 2016A Bonds, and (B) each applicable fifth Computation Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Computation Year; and

(Y) Not later than 60 days after the payment of all the Series 2016A Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such

payment is due, the Successor Agency shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established herein, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this Section 4.04(a)(iii) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T prepared by the Successor Agency, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Series 2016A Bonds and the payments described in Section 4.04(a)(iii), shall be transferred by the Trustee to the Successor Agency at the written direction of the Successor Agency and utilized in any manner by the Successor Agency.

(c) Survival of Defeasance. Notwithstanding anything in this Section 4.04 or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Series 2016A Bonds and any Parity Bonds.

(d) Trustee Responsible. The Trustee shall have no obligations or responsibilities under this Section other than to follow the written directions of the Successor Agency. The Trustee shall have no responsibility to make any calculations of rebate or to independently review or verify such calculations.

Section 4.05 Provisions Relating to 2016 Insurance Policy. [to come]

Section 4.06 Provisions Relating to 2016 Reserve Policy. [to come]

ARTICLE V

OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01 Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds together with the premium thereon, if any, in strict conformity with the terms of the Bonds and of this Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, all Supplemental Indentures and the Bonds. Nothing herein contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02 Limitation on Additional Indebtedness; Against Encumbrances. The Successor Agency hereby covenants that, so long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Pledged Tax Revenues except for obligations issued to refund the 2016 Bonds or any Parity Debt, but only if the requirements of Section 3.05 and 3.06 are met, as applicable, and Subordinate Debt. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Pledged Tax Revenues or other amounts pledged to the Bonds superior or equal to the pledge and lien herein created for the benefit of the Bonds.

Section 5.03 Extension of Payment. The Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04 Payment of Claims. The Successor Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Pledged Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Section 5.05 Books and Accounts; Financial Statements. The Successor Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Successor Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Pledged Tax Revenues and the Special Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the 2016 Insurer, any other Insurer and the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Successor Agency will cause to be prepared, within two hundred and seventy (270) days after the close of each Fiscal Year so long as the Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Pledged Tax Revenues, all disbursements of Pledged Tax Revenues and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. The Successor Agency shall promptly furnish a copy of such financial statements to the Trustee, the 2016 Insurer and any other Insurer at no expense and to any Owner upon reasonable request and at the expense of such Owner. In addition, the Successor Agency shall deliver to the Trustee, the 2016 Insurer and any other Insurer, on or about February 1 of each year, a Written Certificate of the Successor Agency stating that the Successor Agency is in compliance with its obligations hereunder. The Trustee shall have no obligation to review any financial statements provided to it by the Successor Agency.

The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by the 2016 Insurer and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Successor Agency or any other matter as the 2016 Insurer may reasonably request.

Section 5.06 Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date with respect to the 2016 Bonds, the 2016 Bonds shall be incontestable by the Successor Agency.

Section 5.07 Payments of Taxes and Other Charges. Except as otherwise provided herein, the Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Redevelopment Project, or upon the revenues therefrom when the same shall become due. Nothing herein contained shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

Section 5.08 [Reserved].

Section 5.09 [Reserved].

Section 5.10 Maintenance of Pledged Tax Revenues. The Successor Agency shall comply with all requirements of the Law and the Dissolution Act to ensure the allocation and payment to it of the Pledged Tax Revenues. The Successor Agency shall not undertake proceedings for amendment of any of the Redevelopment Plans if such amendment shall result in payments to one or more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Law unless the Successor Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Successor Agency's ability to pay debt service on the Bonds.

Section 5.11 Tax Covenants. In connection with the Series 2016A Bonds, the Successor Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any departments or agency thereof that the interest received by the Bondowners is includable in gross income of the recipient under federal income tax laws on the date of issuance of the Series 2016A Bonds. Notwithstanding any other provision of this Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Series 2016A Bonds and Parity Bonds will not be adversely affected for federal income tax purposes, the Successor Agency covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Successor Agency will take no action or refrain from taking any action or make any use of the proceeds of the Series 2016A Bonds or Parity Bonds that are issued on the bases that interest thereon shall not be included in gross income of the recipient under federal tax laws or of any other monies or property which would cause the Series 2016A Bonds or such Parity Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(b) Arbitrage. The Successor Agency will make no use of the proceeds of the Series 2016A Bonds or Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or Parity Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(c) Federal Guaranty. The Successor Agency will make no use of the proceeds of the Series 2016A Bonds or Parity Bonds or take or omit to take any action that would cause the Series 2016A Bonds or the Parity Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Successor Agency will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(e) Hedge Bonds. The Successor Agency will make no use of the proceeds of the Series 2016A Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either any Series 2016A Bonds or the Parity Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the Successor Agency takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Series 2016A Bonds and any Parity Bonds for federal income tax purposes; and

(f) Miscellaneous. The Successor Agency will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Successor Agency in connection with each issuance of Series 2016A Bonds and Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 5.12 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, the Trustee at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent the Trustee has been indemnified from and against any loss, liability, cost or expense, including, without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.13 Compliance with the Dissolution Act. The Successor Agency shall comply with all of the requirements of the Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder.

Further, the Successor Agency shall take all actions required under the Dissolution Act to include

(i) scheduled payments due under the Tax Sharing Agreements, if any, which have not been subordinated to the Bonds, if any;

(ii) scheduled debt service on the 2016 Bonds and any Parity Debt and any amount required under this Indenture or any Parity Debt Instrument to replenish the Reserve Account established hereunder or the reserve account established under any Parity Debt Instrument, and

(iii) amounts due to the 2016 Insurer hereunder or under the 2016 Reserve Account Agreement, or to any insurer under an insurance or surety bond agreement relating to any Parity Debt,

in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the Auditor-Controller of the County of San Bernardino 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 coming due in the respective ROPS Period and to pay amounts owed to any Insurer, as well as the other amounts set forth above.

In order to ensure that amounts are available for the Trustee to pay debt service on all Outstanding Bonds and all amounts due and owing to the 2016 Insurer hereunder or under the 2016 Reserve Account Agreement or to any other insurer of any Parity Debt on a timely basis, on or before each February 1 following the Closing Date (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds are outstanding, the Successor Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the State Department of Finance and to the San Bernardino County Auditor-Controller that shall include, from the first available Pledged Tax Revenues, (i) all debt service coming due on all Outstanding Bonds during the applicable ROPS Period and during the Bond Year commencing in such ROPS Period, (which amounts shall be treated as a reserve for debt service to the extent such amount is funded on June 1 (for the first semiannual period) or January 2 (for the second semiannual period) and relates to debt service coming due on the Bonds after such respective semiannual period), as well as all amounts due and owing to the 2016 Insurer hereunder or under the 2016 Reserve Account Agreement or to any other Insurer, and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to this Indenture (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument as well as all amounts due and owing to the 2016 Insurer hereunder or under the 2016 Reserve Account Agreement).

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the 2016 Bonds that relate to the filing of Recognized Obligation Payment Schedules are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the Agency shall deposit the first Pledged Tax Revenues distributed to the Agency in each Bond Year, up to the full amount of annual debt service coming due in such Bond Year and the next Bond Year, in the Special Fund.

Section 5.14 Last and Final Recognized Obligation Payment Schedule. The Successor Agency shall provide the Trustee and each Insurer of Outstanding 2016 Bonds or Parity Debt with copies of (a) any Request for Last and Final ROPS Approval submitted by the Successor Agency and (b) any and all correspondence received from the Department of Finance regarding a Request for Last and Final ROPS Approval, upon receipt thereof. In the event that the Successor Agency and the Department of Finance schedule a meeting or telephone conference to discuss a written denial by the Department of Finance of a Request for Last and Final ROPS Approval, the Successor Agency shall timely notify the Trustee and each Insurer of Outstanding 2016 Bonds or Parity Debt of such meeting or telephone conference. The Trustee shall, and, if the subject of the meet and confer could impact the payment of or security for Insured Bonds or Policy Costs, each potentially affected Insurer shall, have the right to participate in the meeting or telephone conference either by appearance with the Successor Agency or through written submission as determined by the Trustee and such Insurer. In the event the Successor Agency receives a denial of a Request for Last and Final ROPS Approval, whether relating to Insured Bonds or not, and such denial could delay the receipt of tax revenues necessary to pay debt service, Policy Costs, or other amounts owing to an Insurer, the Successor

Agency agrees to cooperate in good faith with the Insurer and the Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the Department of Finance relating to such event and to discuss such matters with the Department of Finance directly.

Section 5.15 Further Assurances. The Successor Agency will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

Section 6.01 Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing 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, duties or obligations 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 man would exercise or use under the circumstances in the conduct of his 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 shall cease to be eligible in accordance with subsection (f) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, with a copy to any Insurer, whereupon the Successor Agency shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by giving the Owners and any Insurer 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, with notice of such appointment to be furnished to any Insurer.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any

Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the Successor Agency 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, acknowledging 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 Written 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 cause either the predecessor Trustee or the successor Trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books.

(e) If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.03(d) hereof, then the Trustee shall immediately give written notice thereof, by first-class mail to the any Insurer and the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Successor Agency to make any payment when due, the Trustee shall, within thirty (30) days of the Trustee's knowledge thereof, give such notice to any Insurer, and the Trustee, with the consent of any Insurer may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bondowners not to give such notice.

(f) The Successor Agency agrees that, so long as any Bonds or any Parity Debt are Outstanding, the Trustee shall be a financial institution having a trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least $75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution 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 financial institution 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 (f), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 6.02 Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate

trust business, provided such bank or trust company shall be eligible under subsection (f) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03 Liability of Trustee.

(a) The recitals of facts herein and in the 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 security for the Bonds or the tax status of interest thereon 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 misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees 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 with respect to any action taken or omitted to be taken by it 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.

(c) The Trustee shall not be liable for any action taken by it 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 misconduct of the Trustee. Where the Trustee is given the permissive right to do things enumerated in this Indenture, such right shall not be construed as a mandatory duty.

(d) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer shall have actual knowledge thereof, or shall have received written notice thereof from the Successor Agency at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no Event of Default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party 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 may rely conclusively on the Successor Agency's certificates 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 Special Fund and the investment and application of moneys on deposit in the Special Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) The Trustee shall have no liability or obligation to the Bondowners with respect to the payment of debt service on the Bonds by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Successor Agency pursuant to this Indenture or otherwise.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and the Trustee shall not be responsible for any intentional misconduct or negligence on the part of any agent, attorney or receiver appointed with due care by it hereunder.

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

(i) Before taking any action under Article VIII or this Article at the request of the Owners or any Insurer, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners or any Insurer 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 willful misconduct in connection with any action so taken.

Section 6.04 Right to Rely on Documents and Opinions. The Trustee shall have no liability in acting upon any notice, ordinance, resolution, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail, or other paper or document reasonably believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. 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 intentional 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 Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable. The Trustee may conclusively rely on any certificate or report

of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

Section 6.05 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of and copying by the Successor Agency and any Insurer and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Section 6.06 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 and disbursements (including fees and expenses of counsel), incurred in and about the performance of its powers and duties under this Indenture, in accordance with the fee schedule attached hereto as Exhibit C, as Exhibit C may be amended from time to time by written agreement of the Successor Agency and the Trustee. The Trustee shall have a 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 (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

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

Section 6.07 Deposit and Investment of Moneys in Funds. Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account, the Redemption Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee. In the absence of any such Written Request of the Successor Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (10) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the Successor Agency's expense. Moneys in the Special Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account; *provided, however,* that all interest or gain from the investment of amounts in the

Reserve Account shall be deposited by the Trustee in the Interest Account only to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Successor Agency or otherwise made in accordance with this Section. For investment purposes only, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

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

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Successor Agency for earnings derived from funds that have been invested.

The Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued by the Successor Agency at their present value (within the meaning of Section 148 of the Code). Investments on deposit in the Reserve Account shall be valued on June 30 of each year at their market value.

Section 6.08 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, on at least a monthly basis, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

Section 6.09 Other Transactions with Agency. The Trustee, either as principal or agent, may engage in or be interested in any financial or other transaction with the Successor Agency.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01 Amendment With And 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 the consent of any Owners, to the extent permitted by law, but only 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, including any covenant or agreement that provides for additional security for the Bonds, or to limit or surrender any rights or powers 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, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt in accordance with Section 3.05; 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 exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or

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

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of any Insurer (but only with respect to any Bonds insured by such Insurer) and 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, interest, or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of any Insurer or the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In no event shall any Supplemental Indenture modify any of the rights or obligations of any Insurer without its prior written consent.

Section 7.02 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be

determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Successor Agency may, with the prior written consent of any Insurer, 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 Principal Corporate 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 at the expense of the Successor Agency 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 Principal Corporate Trust Office of the Trustee, without cost to such Owners.

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

Section 7.05 Opinion of Counsel. Prior to executing any Supplemental Indenture, the Trustee shall be furnished an opinion of counsel, upon which it may conclusively rely to the effect that all conditions precedent to the execution of such Supplemental Indenture under this Indenture have been satisfied and such Supplemental Indenture is authorized and permitted under this Indenture and does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest on the Bonds from personal income taxation by the State.

Section 7.06 Copy of Supplemental Indenture to S&P. The Successor Agency shall provide to S&P, for so long as S&P maintains a rating on any of the Bonds (without regard to any municipal bond or financial guaranty insurance), a copy of any Supplemental Indenture at least fifteen (15) days prior to its proposed effective date.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01 Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

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

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a

period of thirty (30) days following receipt by the Successor Agency of written notice from the Trustee or any Insurer or written notice from any Owner (with a copy of said notice delivered to the Trustee and any Insurer) of the occurrence of such default, provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency (with the prior written consent of any Insurer) within such thirty (30) day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time as approved by any Insurer; or

(c) If the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition by the Successor Agency seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition by the Successor Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

In determining whether an Event of Default has occurred under (a) above, no effect shall be given to payments made under any municipal bond insurance policy, financial guaranty insurance policy or Qualified Reserve Account Credit Instrument.

If an Event of Default has occurred under this Section and is continuing, the Trustee, may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (y) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (z) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bondowners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to any Insurer and to the Successor Agency by telephone promptly 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 subsections (a) or (c) above the Trustee shall, and with respect to any Event of Default described in subsection (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, 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, with the written consent of a majority in aggregate principal amount of the Owners of the Bonds then Outstanding, 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), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) 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 Trustee shall promptly give written notice of the foregoing to any Insurer and the Owners of all Bonds then Outstanding, and with the prior written approval of 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 then Outstanding, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02 Application of Funds Upon Acceleration. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture (including the Trustee's share of any Pledged Tax Revenues) and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee in the following order upon presentation of the Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in this Article VIII, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees and expenses of the Trustee; and

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

Section 8.03 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 8.04 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 Successor Agency, the Trustee and any Insurer written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

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

Section 8.05 Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners 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 or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee 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 and the Trustee by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

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

Section 8.06 Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the

Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Debt 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, however, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

Section 8.07 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 or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.08 Determination of Percentage of Bondowners. Whenever in this Indenture the consent, direction or other action is required or permitted to be given or taken by a percentage of the Owners of an aggregate principal amount of Outstanding Bonds (including by the Owners of a majority in aggregate principal amount of the Outstanding Bonds), such percentage shall be calculated on the basis of the principal amount of the Outstanding Bonds determined as of the next succeeding Interest Payment Date.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, any Insurer, the provider of any Qualified Reserve Account Credit Instrument, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee, any Insurer and the Owners. To the extent that this Indenture confers upon or gives any Insurer any right, remedy or claim under or by reason of this Indenture, such Insurer is hereby explicitly recognized as being third-party beneficiaries hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

Section 9.02 Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03 Discharge of Indenture.

(a) 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 and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or an escrow agent, 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 or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion thereof (including all principal, interest and redemption premiums) at or before maturity;

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(c) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Successor Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (A) the covenants of the Successor Agency hereunder with respect to the Code, (B) the obligation of the Trustee to transfer and exchange Bonds hereunder, (C) the obligations of the Successor Agency under Section 6.06 hereof, and (D) the obligation of the Successor Agency to pay or cause to be paid to the Owners (or any Insurer), from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee and any Insurer all fees, expenses and costs of the Trustee and any Insurer. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the Successor Agency.

(b) Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due of the Bonds is paid by any Insurer pursuant to its municipal bond or financial guaranty insurance policy, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, and the

assignment and pledge of the Pledged Tax Revenues and other assets hereunder and all covenants, agreements and other obligations of the Successor Agency to the Bondowners so paid shall continue to exist and shall run to the benefit of such Insurer, and such Insurer shall be subrogated to the rights of such Bondowners, as applicable.

Section 9.04 Execution of Documents and Proof of Ownership by Owners. Any request, consent, 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 such Owner's attorneys appointed in writing.

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

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

Any demand, request, direction, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 9.05 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the City (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.

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

Section 9.07 Destruction of Cancelled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon 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 9.08 Notices. Any notice, request, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or upon receipt when mailed by first class, registered or certified mail, postage prepaid, or sent by facsimile, addressed as follows:

If to the Successor Agency:	Successor Agency to the Loma Linda Redevelopment Agency 25541 Barton Road Loma Linda, CA 92354 Attention: Finance Director/Treasurer
If to the Trustee:	U.S. Bank National Association 633 W. Fifth Street, 24th floor Los Angeles, CA 90071
If to the 2016 Insurer:	[to come]
If to the provider of any Qualified Reserve Account Credit Instrument:	[to come]

The Successor Agency and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 9.09 Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Successor Agency 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 6.01 hereof, be assumed by and vest in the Finance Director/Treasurer of the City of Loma Linda, acting on behalf of the Successor Agency, in trust for the benefit of the Owners. The Successor Agency covenants for the direct benefit of the Owners that the Finance Director/Treasurer of the City of Loma Linda, acting on behalf of the Successor Agency, in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 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 interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Successor Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with

respect thereto and the Bondowners shall look only to the Successor Agency for the payment of the principal of and interest and redemption premium (if any) on of 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 laws of the State.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY has caused this Indenture to be signed in its name by the Finance Director/Treasurer of the City of Loma Linda, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY

By:_____
Finance Director/Treasurer of the City of Loma Linda

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:_____
Authorized Officer

EXHIBIT A

(FORM OF SERIES 2016A BOND)

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2016A

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
	July 1, _____		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY, a public entity duly 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 (the "Registered Owner"), 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 (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before [December 15, 2016], in which event it shall bear interest from the Dated Date 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 Interest Rate per annum stated above, payable semiannually on January 1 and July 1 in each year, commencing [January 1, 2017] (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the corporate trust office of U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee"), in Saint Paul, Minnesota or at such other place designated by the Trustee (the "Principal Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for such Interest Payment Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of $1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose prior to the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A" (the "Bonds"), of an aggregate principal amount of $_____, 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 Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Refunding Law"), the Dissolution Act (as such term is defined in the Indenture), and the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law"), and pursuant to an Indenture of Trust, dated as of _____ 1, 2016, entered into by and between the Successor Agency and the Trustee (the "Indenture"), providing for the issuance of the Bonds. The Bonds are being issued in the form of registered Bonds without coupons. Simultaneously with the issuance of the Bonds, the Successor Agency is also issuing bonds designated as "Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable)" (the "Series 2016B Bonds") that are payable from Pledged Tax Revenues on a parity with the Bonds. Additional bonds or other obligations may be issued on a parity with the Bonds and the Series 2016B 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, to the Dissolution Act, to the Refunding Law and to the Law for a description of the terms on which the Bonds and the Series 2016B Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the 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. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds have been issued by the Successor Agency for the purpose of providing funds to refinance certain bonds with respect to the Project Area (as such term is defined in the Indenture) and to pay certain expenses of the Successor Agency in issuing the Bonds.

The Bonds are special obligations of the Successor Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are payable from, and are secured by a pledge of, security interest in and lien on the Pledged Tax Revenues derived by the Successor Agency from the Project Area.

There has been created the Special Fund (as defined in the Indenture), which will be maintained by the Successor Agency, into which Pledged Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the Bonds and any additional Parity Debt as defined in the Indenture. As and to the extent set forth in the Indenture, all such Pledged Tax Revenues and the moneys in the Special Fund (as such terms are defined in the Indenture) are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture, the Dissolution Act, the Refunding Law and the Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds, the Series 2016B Bonds and any additional Parity Debt (as defined in the Indenture). In addition and to the extent set forth in the Indenture, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account and the Redemption Account (as such terms are defined in the Indenture).

Except for the Pledged 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 or redemption premium, if any, on the Bonds and the Series 2016B Bonds.

The Bonds are subject to optional redemption and mandatory redemption from mandatory sinking fund payments as provided in the Indenture.

As provided in the Indenture, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

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

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

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 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 Principal 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 any 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 Trustee may refuse to transfer or exchange (a) any Bond during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bond selected for redemption.

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 (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums (if any) 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, (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.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Successor Agency or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Bond is not a debt, liability or obligation of the City of Loma Linda, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those pledged by the Successor Agency. 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 Successor Agency to the Loma Linda Redevelopment Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signature of the Finance Director/Treasurer of the City of Loma Linda and attested by the facsimile signature of the City Clerk of the City of Loma Linda, all as of the Dated Date set forth above.

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY

By:_____
Finance Director/Treasurer of the City of Loma Linda

ATTEST:

_____
City Clerk of the City of Loma Linda

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Authentication Date: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:_____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT _____ Custodian _____
TEN ENT --	as tenants by the entireties	(Cust.) (Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)
COMM PROP --	as community property	

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

(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 appoints(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.	Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

(FORM OF SERIES 2016B BOND)

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY
TAX ALLOCATION REFUNDING BONDS, SERIES 2016B (FEDERALLY TAXABLE)

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
	July 1, _____		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY, a public entity duly 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 (the "Registered Owner"), 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 (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before [December 15, 2016], in which event it shall bear interest from the Dated Date 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 Interest Rate per annum stated above, payable semiannually on January 1 and July 1 in each year, commencing [January 1, 2017] (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the corporate trust office of U.S. Bank National Association as trustee (the "Trustee"), in Saint Paul, Minnesota, or at such other place designated by the Trustee (the "Principal Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for such Interest Payment Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of $1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose prior to the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Successor Agency designated as "Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016B (Federally Taxable)" (the "Bonds"), of an aggregate principal amount of $_____, 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 Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Refunding Law"), the Dissolution Act (as such term is defined in the Indenture), and the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Law"), and pursuant to an Indenture of Trust, dated as of _____ 1, 2016, entered into by and between the Successor Agency and the Trustee (the "Indenture"), providing for the issuance of the Bonds. The Bonds are being issued in the form of registered Bonds without coupons. Simultaneously with the issuance of the Bonds, the Successor Agency is also issuing bonds designated as "Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016A" (the "Series 2016A Bonds") that are payable from Pledged Tax Revenues on a parity with the Bonds. Additional bonds or other obligations may be issued on a parity with the Bonds and the Series 2016A 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, to the Dissolution Act, to the Refunding Law and to the Law for a description of the terms on which the Bonds and the Series 2016A Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the 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. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds have been issued by the Successor Agency for the purpose of providing funds to refinance certain bonds with respect to the Project Area (as such term is defined in the Indenture) and to pay certain expenses of the Successor Agency in issuing the Bonds.

The Bonds are special obligations of the Successor Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are payable from, and are secured by a pledge of, security interest in and lien on the Pledged Tax Revenues derived by the Successor Agency from the Project Area.

There has been created the Special Fund (as defined in the Indenture), which will be maintained by the Successor Agency, into which Pledged Tax Revenues shall be deposited and from which the Successor Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the Bonds and any additional Parity Debt as defined in the Indenture. As and to the extent set forth in the Indenture, all such Pledged Tax Revenues and the moneys in the Special Fund (as such terms are defined in the Indenture) are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture, the Dissolution Act, the Refunding Law and the Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds, the Series 2016A Bonds and any additional Parity Debt (as defined in the Indenture). In addition and to the extent set forth in the Indenture, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the applicable subaccount within the Reserve Account and the Redemption Account (as such terms

are defined in the Indenture). Except for the Pledged 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 or redemption premium, if any, on the Bonds and the Series 2016A Bonds.

The Bonds are subject to optional redemption and mandatory redemption from mandatory sinking fund payments as provided in the Indenture.

As provided in the Indenture, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books maintained by the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

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

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

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 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 Principal 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 any 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 Trustee may refuse to transfer or exchange (a) any Bond during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bond selected for redemption.

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 (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, interest or redemption premiums (if any) 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, (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.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Successor Agency or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Bond is not a debt, liability or obligation of the City of Loma Linda, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those pledged by the Successor Agency. 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 Successor Agency to the Loma Linda Redevelopment Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signature of the Finance Director/Treasurer of the City of Loma Linda and attested by the facsimile signature of the City Clerk of the City of Loma Linda, all as of the Dated Date set forth above.

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY

By:_____
Finance Director/Treasurer of the City of Loma Linda

ATTEST:

_____
City Clerk of the City of Loma Linda

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Authentication Date: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:_____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT _____ Custodian _____
TEN ENT --	as tenants by the entireties	(Cust.) (Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)
COMM PROP --	as community property	

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

(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 appoints(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.	Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT C

TRUSTEE COMPENSATION TERMS (TAXABLE)

[to come]

2003 BONDS ESCROW AGREEMENT

THIS 2003 BONDS ESCROW AGREEMENT dated as of August 1, 2016 (the "Agreement"), by and between the Successor Agency to the Loma Linda Redevelopment Agency (the "Agency") and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), is entered into in accordance with a Resolution of the Agency, adopted on August 9, 2016 and that certain Indenture of Trust dated as of May 1, 2006 (the "Indenture"), by and between the dissolved Loma Linda Redevelopment Agency (the "Former Agency") and U.S. Bank National Association (the "Prior Trustee"), to refund all of the outstanding Loma Linda Redevelopment Agency 2003 Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "Refunded Bonds").

W I T N E S S E T H :

WHEREAS, the Former Agency previously issued the Refunded Bonds pursuant to the Indenture;

WHEREAS, the Agency has determined that a portion of the proceeds of the $_____ aggregate principal amount of the Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016 (the "2016 Bonds") issued pursuant to the Indenture of Trust, dated as of August 1, 2016, by and between the Agency and U.S. Bank National Association, as trustee, (the "Trustee"), will be used to provide the funds to redeem on _____ 1, 2016 the principal of the Refunded Bonds maturing after July 1, 2016 without premium, along with interest accrued to such date (the "Redemption Price"); and

WHEREAS, the moneys deposited with the Escrow Bank will be sufficient, along with certain other moneys deposited with the Escrow Bank at the same time pursuant to this Agreement, to redeem and discharge the Refunded Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Agency and the Escrow Bank agree as follows:

SECTION 1. Deposit of Moneys. The Agency hereby instructs the Escrow Bank to deposit $_____ received from the Trustee from the net proceeds of the sale of the 2016 Bonds and $_____ held by the Prior Trustee in funds and accounts held for the Refunded Bonds in the Escrow Fund established hereunder. The Escrow Bank shall hold all such amounts in cash in an irrevocable escrow separate and apart from other funds of the Agency and the Escrow Bank in a fund hereby created and established to be known as the Loma Linda Redevelopment Agency 2003 Tax Allocation Bonds (Loma Linda Redevelopment Project) Escrow Fund (the "Escrow Fund") and to be applied solely as provided in this Agreement. The Agency hereby instructs the Escrow Bank to apply $_____ of the moneys set forth above to purchase the Federal Securities listed in Schedule A hereto and to hold $_____ uninvested as cash.

SECTION 2. Sufficiency of Moneys. The Escrow Bank acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such money identified on Schedule A to be invested in the Federal Securities listed on Schedule A hereto and to hold such other money uninvested and to deposit such Federal Securities and cash in the Escrow Fund as provided in Section 1 above. The Escrow Bank shall be entitled to rely upon the conclusion of The Arbitrage Group (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto

mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay the Redemption Price with respect to the Refunded Bonds when due on _____ 1, 2016, as shown on Schedule B attached hereto; and concurrently therewith.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the Agency, the Escrow Bank shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the Agency, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due, the Redemption Price with respect to the Refunded Bonds.

SECTION 4. Substitution of Securities. Upon the written request of the Agency, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Bank shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the Agency has obtained and delivered to the Escrow Bank a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due, the Redemption Price with respect to the Refunded Bonds. The Escrow Bank shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Bank, on _____ 1, 2016, shall apply the amounts on deposit in the Escrow Fund to pay when due, the Redemption Price with respect to the Refunded Bonds. Upon the complete redemption of the Refunded Bonds, the Escrow Bank shall close the Escrow Fund and transfer any remaining proceeds therein to the Agency.

(b) Irrevocable Instructions to Provide Notice. The forms of the notice required to be mailed pursuant to Sections 2.3 (redemption) and 9.3 (defeasance) of the Indenture are attached hereto as Exhibits A and B respectively. The Agency has previously instructed the Prior Trustee to mail a conditional notice of redemption and hereby instructs the Escrow Bank to mail a notice of defeasance of the Refunded Bonds in accordance with Sections 2.3 and 9.3, respectively, of the Indenture, as required to provide for the redemption of the Refunded Bonds in accordance with this Section 5. The Trustee shall give to the Bond Insurer (as defined in the Indenture) all notices given to Owners of Refunded Bonds hereunder. The Agency hereby irrevocably instructs the Escrow Bank to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") the notices attached hereto as Exhibits A and B no later than 10 days after the deposit of the moneys as set forth in Section 1 hereof.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for sixty (60) days after _____ 1, 2016 shall be repaid by the Escrow Bank to the Agency.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a first and exclusive lien on all moneys in the Escrow Fund until such moneys are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the Indenture, upon deposit of moneys with the Escrow Bank in the Escrow Fund as set forth in Section 1 hereof all obligations of the Agency under the Indenture with respect to the Refunded Bonds shall cease, terminate and become void except as set forth in the Indenture.

SECTION 6. Application of Certain Terms of the Indenture. All of the terms of the Indenture relating to the making of payments of principal of and interest on the Refunded Bonds and relating to the exchange or transfer of the Refunded Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VI of the Indenture relating to the resignation and removal and merger of the Trustee under the Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

SECTION 7. Performance of Duties. The Escrow Bank agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Bank's Authority to Make Investments. Except as provided in Sections 2, 3, 4, and 5 hereof, the Escrow Bank shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, the retention of the funds and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Bank's respective employees or the willful breach by the Escrow Bank of the terms of this Agreement. In no event shall the Agency or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Bank.

SECTION 10. Responsibilities of Escrow Bank. The Escrow Bank and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this Agreement or by reason of any non-negligent act, non negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Agency, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded Bonds or to the validity of this Agreement as to the Agency and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Agency.

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

The Escrow Bank shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the Agency shall provide to the Escrow Bank 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 Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank's understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and that the 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 Agency. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation the risk of the Escrow Bank 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 Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the 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 Escrow Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 11. Amendments. This Agreement is made for the benefit of the Agency and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Bank and the Agency; provided, however, that the Agency and the Escrow Bank may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Bank; and (iii) to include under this Agreement additional funds. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Bank pursuant to Section 5(c) of this Agreement.

SECTION 13. Compensation. The Escrow Bank shall receive its reasonable fees and expenses as previously agreed to by the Escrow Bank and the Agency and any other reasonable fees and expenses of the Escrow Bank approved by the Agency; provided, however, that under no circumstances shall the Escrow Bank be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Bank under this Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Agency or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 17. Holidays. 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 Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Bank are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 18. Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the Agency.

SECTION 19. Reorganization of Escrow Bank. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Bank is a party, or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Bank.

SECTION 20. Insufficient Funds. If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Bank shall notify the Agency in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Bank shall have no responsibility regarding any such deficiency..

SECTION 21. Notice to Agency and Escrow Bank. Any notice to or demand upon the Escrow Bank may be served or presented, and such demand may be made, at the office of the Escrow Bank at U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services. Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Agency at 25541 Barton Road, Loma Linda, CA 92354, Attention: Executive Director (or such other address as may have been filed in writing by the Agency with the Escrow Bank).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank and Prior Trustee

By: _____
Authorized Officer

SCHEDULE A

Federal Securities

Security	***Maturity***	***Principal Amount***	***Interest Rate***	***Price***
U.S. Treasury Time Deposit Securities – State and Local Government Securities	__/__/2016	$_____	_____%	_____%

SCHEDULE B

Escrow Fund Cash Flow

Date	***Total Cash Receipt from Federal Securities***	***Cash Disbursement from Escrow***	***Cash Balance***
Beginning Balance:			$___
__/__/16	$_____	$_____	___

EXHIBIT A

CONDITIONAL NOTICE OF REDEMPTION

LOMA LINDA REDEVELOPMENT AGENCY
2003 TAX ALLOCATION BONDS
(LOMA LINDA REDEVELOPMENT PROJECT)

NOTICE IS HEREBY GIVEN to the owners of the above-captioned $_____ outstanding aggregate principal amount of the Loma Linda Redevelopment Agency 2003 Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "Refunded Bonds") pursuant to the Indenture of Trust, dated as of May 1, 2003 (the "Indenture"), by and between the dissolved Loma Linda Redevelopment Agency (the "Former Agency") and U.S. Bank National Association (the "Trustee"), that all of the Refunded Bonds have been called for redemption on _____ 1, 2016 (the "Redemption Date").

Refunded Bonds

CUSIP†	***Maturity Date (July 1)***	***Rate***	***Amount***	***Price***
541904CJ5	2017	5.000%	$ 365,000	100.00%
541904CK2	2018	5.000	380,000	100.00
541904CL0	2019	5.000	395,000	100.00
541904CM8	2020	5.000	415,000	100.00
541904CQ9	2023	5.000	1,385,000	100.00
541904CR7	2030	5.125	3,180,000	100.00

The Refunded Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date (the "Redemption Price"). Subject to prior rescission as referenced below, the Redemption Price of the Refunded Bonds will become due and payable on the Redemption Date. Interest with respect to the Refunded Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Refunded Bonds will be surrendered to the Prior Trustee.

Redemption of the Refunded Bonds is conditional upon the receipt by the Trustee on or prior to the Redemption Date of moneys sufficient to pay the principal of and interest on the Refunded Bonds and, if such moneys have not been so received, this notice shall be of no force and effect and the Trustee shall not be required to redeem such Refunded Bonds. In such event, the Trustee has the right to rescind this notice.

All Refunded Bonds are required to be surrendered to the corporate office of the Trustee, on the Redemption Date at the following location. If the Refunded Bonds are mailed, the use of registered, insured mail is recommended:

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† *Copyright 2016, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Agency, the City of Loma Linda nor the Trustee guarantees the accuracy of the CUSIP data.*

<u>Delivery Instructions</u>:
U.S. Bank
Global Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

If the Owner of any Refunded Bond subject to optional redemption fails to deliver such Refunded Bond to the Trustee on the Redemption Date, such Refunded Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Refunded Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Prior Trustee for such payment.

A form W-9 must be submitted with the Refunded Bonds. Failure to provide a completed form W-9, or certify the proper tax identification number will result in backup withholding under Section 3406 of the Internal Revenue Code of 1986, as amended.

U.S. Bank National Association, as Trustee

DATED this _____ day of _____, 2016.

EXHIBIT B

NOTICE OF DEFEASANCE

LOMA LINDA REDEVELOPMENT AGENCY
2003 TAX ALLOCATION BONDS
(LOMA LINDA REDEVELOPMENT PROJECT)

BASE CUSIP† NO. 541904

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (as further defined below, the "Refunded Bonds"), of the Loma Linda Redevelopment Agency that the Successor Agency to the Loma Linda Redevelopment Agency (the "Agency") has deposited with U.S. Bank National Association, as trustee (the "Trustee") under that certain Indenture of Trust dated as of May 1, 2003 (the "Indenture"), cash which will provide moneys sufficient to redeem on _____ 1, 2016, the principal of the Refunded Bonds maturing on and after September 1, 2015, along with interest accrued to such date.

The Refunded Bonds to be defeased are as follows:

CUSIP†	***Maturity Date (July 1)***	***Rate***	***Amount***	***Price***
541904CJ5	2017	5.000%	$ 365,000	100.00%
541904CK2	2018	5.000	380,000	100.00
541904CL0	2019	5.000	395,000	100.00
541904CM8	2020	5.000	415,000	100.00
541904CQ9	2023	5.000	1,385,000	100.00
541904CR7	2030	5.125	3,180,000	100.00

In accordance with the Indenture, the Refunded Bonds are deemed to have been paid in accordance with Section 9.3 thereof and the obligations of the Agency under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated this ____ day of _____, 2016.

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† Copyright 2016, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Agency, the City of Loma Linda nor the Trustee guarantees the accuracy of the CUSIP data.

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2005 BONDS ESCROW AGREEMENT

THIS 2005 BONDS ESCROW AGREEMENT dated as of August 1, 2016 (the "Agreement"), by and between the Successor Agency to the Loma Linda Redevelopment Agency (the "Agency") and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), is entered into in accordance with a Resolution of the Agency, adopted on August 9, 2016 and that certain Indenture of Trust dated as of November 1, 2005 (the "Indenture"), by and between the dissolved Loma Linda Redevelopment Agency (the "Former Agency") and U.S. Bank National Association (the "Prior Trustee"), to refund all of the outstanding Loma Linda Redevelopment Agency, Subordinate 2005A Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "2005A Bonds"), and all of the outstanding Loma Linda Redevelopment Agency, Subordinate 2005B Taxable Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "2005B Bonds," and together with the 2005A Bonds, the "Refunded Bonds").

W I T N E S S E T H :

WHEREAS, the Former Agency previously issued the Refunded Bonds pursuant to the Indenture;

WHEREAS, the Agency has determined that a portion of the proceeds of the $_____ aggregate principal amount of the Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016 (the "2016 Bonds") issued pursuant to the Indenture of Trust, dated as of August 1, 2016, by and between the Agency and U.S. Bank National Association, as trustee, (the "Trustee"), will be used to provide the funds to redeem on _____ 1, 2016 the principal of the Refunded Bonds maturing after July 1, 2016 without premium, along with interest accrued to such date (the "Redemption Price"); and

WHEREAS, the moneys deposited with the Escrow Bank will be sufficient, along with certain other moneys deposited with the Escrow Bank at the same time pursuant to this Agreement, to redeem and discharge the Refunded Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Agency and the Escrow Bank agree as follows:

SECTION 1. Deposit of Moneys. The Agency hereby instructs the Escrow Bank to deposit $_____ received from the Trustee from the net proceeds of the sale of the 2016 Bonds and $_____ held by the Prior Trustee in funds and accounts held for the Refunded Bonds in the Escrow Fund established hereunder. The Escrow Bank shall hold all such amounts in cash in an irrevocable escrow separate and apart from other funds of the Agency and the Escrow Bank in a fund hereby created and established to be known as the Loma Linda Redevelopment Agency 2005 Tax Allocation Bonds Escrow Fund (the "Escrow Fund") and to be applied solely as provided in this Agreement. The Agency hereby instructs the Escrow Bank to apply $_____ of the moneys set forth above to purchase the Federal Securities listed in Schedule A hereto and to hold $_____ uninvested as cash.

SECTION 2. Sufficiency of Moneys. The Escrow Bank acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such money identified on Schedule A to be invested in the Federal Securities listed on Schedule A hereto and to hold such

other money uninvested and to deposit such Federal Securities and cash in the Escrow Fund as provided in Section 1 above. The Escrow Bank shall be entitled to rely upon the conclusion of The Arbitrage Group (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay the Redemption Price with respect to the Refunded Bonds when due on _____ 1, 2016, as shown on Schedule B attached hereto; and concurrently therewith.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the Agency, the Escrow Bank shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the Agency, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due, the Redemption Price with respect to the Refunded Bonds.

SECTION 4. Substitution of Securities. Upon the written request of the Agency, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Bank shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the Agency has obtained and delivered to the Escrow Bank a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due, the Redemption Price with respect to the Refunded Bonds. The Escrow Bank shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Bank, on _____ 1, 2016, shall apply the amounts on deposit in the Escrow Fund to pay when due, the Redemption Price with respect to the Refunded Bonds. Upon the complete redemption of the Refunded Bonds, the Escrow Bank shall close the Escrow Fund and transfer any remaining proceeds therein to the Agency.

(b) Irrevocable Instructions to Provide Notice. The forms of the notice required to be mailed pursuant to Sections 2.3 (redemption) and 9.3 (defeasance) of the Indenture are attached hereto as Exhibits A and B respectively. The Agency has previously instructed the Prior Trustee to mail a conditional notice of redemption and hereby instructs the Escrow Bank to mail a notice of defeasance of the Refunded Bonds in accordance with Sections 2.3 and 9.3, respectively, of the Indenture, as required to provide for the redemption of the Refunded Bonds in accordance with this Section 5. The Trustee shall give to the Bond Insurer (as defined in the Indenture) all notices given to Owners of Refunded Bonds hereunder. The Agency hereby irrevocably instructs the Escrow Bank to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system

("EMMA") the notices attached hereto as Exhibits A and B no later than 10 days after the deposit of the moneys as set forth in Section 1 hereof.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for sixty (60) days after _____ 1, 2016 shall be repaid by the Escrow Bank to the Agency.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a first and exclusive lien on all moneys in the Escrow Fund until such moneys are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the Indenture, upon deposit of moneys with the Escrow Bank in the Escrow Fund as set forth in Section 1 hereof all obligations of the Agency under the Indenture with respect to the Refunded Bonds shall cease, terminate and become void except as set forth in the Indenture.

SECTION 6. Application of Certain Terms of the Indenture. All of the terms of the Indenture relating to the making of payments of principal of and interest on the Refunded Bonds and relating to the exchange or transfer of the Refunded Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VI of the Indenture relating to the resignation and removal and merger of the Trustee under the Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

SECTION 7. Performance of Duties. The Escrow Bank agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Bank's Authority to Make Investments. Except as provided in Sections 2, 3, 4, and 5 hereof, the Escrow Bank shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, the retention of the funds and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Bank's respective employees or the willful breach by the Escrow Bank of the terms of this Agreement. In no event shall the Agency or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other

than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Bank.

SECTION 10. Responsibilities of Escrow Bank. The Escrow Bank and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this Agreement or by reason of any non-negligent act, non negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Agency, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded Bonds or to the validity of this Agreement as to the Agency and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Agency.

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

The Escrow Bank shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the Agency shall provide to the Escrow Bank 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 Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank's understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and that the 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 Agency. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such Instructions

notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation the risk of the Escrow Bank 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 Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the 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 Escrow Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 11. Amendments. This Agreement is made for the benefit of the Agency and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Bank and the Agency; provided, however, that the Agency and the Escrow Bank may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Bank; and (iii) to include under this Agreement additional funds. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Bank pursuant to Section 5(c) of this Agreement.

SECTION 13. Compensation. The Escrow Bank shall receive its reasonable fees and expenses as previously agreed to by the Escrow Bank and the Agency and any other reasonable fees and expenses of the Escrow Bank approved by the Agency; provided, however, that under no circumstances shall the Escrow Bank be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Bank under this Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Agency or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null

and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 17. Holidays. 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 Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Bank are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 18. Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the Agency.

SECTION 19. Reorganization of Escrow Bank. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Bank is a party, or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Bank.

SECTION 20. Insufficient Funds. If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Bank shall notify the Agency in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Bank shall have no responsibility regarding any such deficiency..

SECTION 21. Notice to Agency and Escrow Bank. Any notice to or demand upon the Escrow Bank may be served or presented, and such demand may be made, at the office of the Escrow Bank at U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services. Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Agency at 25541 Barton Road, Loma Linda, CA 92354, Attention: Executive Director (or such other address as may have been filed in writing by the Agency with the Escrow Bank).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank and Prior Trustee

By: _____
Authorized Officer

SCHEDULE A

Federal Securities

Security	***Maturity***	***Principal Amount***	***Interest Rate***	***Price***
U.S. Treasury Time Deposit Securities – State and Local Government Securities	__/__/2016	$_____	_____%	_____%

SCHEDULE B

Escrow Fund Cash Flow

Date	***Total Cash Receipt from Federal Securities***	***Cash Disbursement from Escrow***	***Cash Balance***
Beginning Balance:			$____
__/__/16	$_____	$_____	____

EXHIBIT A

CONDITIONAL NOTICE OF REDEMPTION

LOMA LINDA REDEVELOPMENT AGENCY
SUBORDINATE 2005A TAX ALLOCATION BONDS
(LOMA LINDA REDEVELOPMENT PROJECT)

AND

LOMA LINDA REDEVELOPMENT AGENCY
SUBORDINATE 2005B TAXABLE TAX ALLOCATION BONDS
(LOMA LINDA REDEVELOPMENT PROJECT)

NOTICE IS HEREBY GIVEN to the owners of the above-captioned $_____ outstanding aggregate principal amount of the Loma Linda Redevelopment Agency, Subordinate 2005A Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "Refunded 2005A Bonds") and the owners of the above-captioned $_____ outstanding aggregate principal amount of the Loma Linda Redevelopment Agency, Subordinate 2005B Taxable Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "Refunded 2005B Bonds" and together with the Refunded 2005A Bonds, the "Refunded Bonds") pursuant to the Indenture of Trust, dated as of November 1, 2005 (the "Indenture"), by and between the dissolved Loma Linda Redevelopment Agency (the "Former Agency") and U.S. Bank National Association (the "Trustee"), that all of the Refunded Bonds have been called for redemption on _____ 1, 2016 (the "Redemption Date").

Refunded 2005A Bonds

CUSIP†	***Maturity Date (July 1)***	***Rate***	***Amount***	***Price***
541904DD7	2017	4.200%	$ 410,000	100.00%
541904DE5	2018	4.300	430,000	100.00
541904DF2	2019	4.400	455,000	100.00
541904DG0	2020	4.450	470,000	100.00
541904DH8	2021	4.500	490,000	100.00
541904DJ4	2022	4.500	515,000	100.00
541904DK1	2025	4.500	1,830,000	100.00
541904DL9	2030	5.250	8,960,000	100.00

† Copyright 2016, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Agency, the City of Loma Linda nor the Trustee guarantees the accuracy of the CUSIP data.

Refunded 2005B Bonds

CUSIP†	*Maturity Date (July 1)*	*Rate*	*Amount*	*Price*
541904DP0	2020	5.55%	$2,765,000	100%
541904DQ8	2025	5.65	3,635,000	100

The Refunded Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date (the "Redemption Price"). Subject to prior rescission as referenced below, the Redemption Price of the Refunded Bonds will become due and payable on the Redemption Date. Interest with respect to the Refunded Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Refunded Bonds will be surrendered to the Prior Trustee.

Redemption of the Refunded Bonds is conditional upon the receipt by the Trustee on or prior to the Redemption Date of moneys sufficient to pay the principal of and interest on the Refunded Bonds and, if such moneys have not been so received, this notice shall be of no force and effect and the Trustee shall not be required to redeem such Refunded Bonds. In such event, the Trustee has the right to rescind this notice.

All Refunded Bonds are required to be surrendered to the corporate office of the Trustee, on the Redemption Date at the following location. If the Refunded Bonds are mailed, the use of registered, insured mail is recommended:

Delivery Instructions:
U.S. Bank
Global Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

If the Owner of any Refunded Bond subject to optional redemption fails to deliver such Refunded Bond to the Trustee on the Redemption Date, such Refunded Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Refunded Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Prior Trustee for such payment.

A form W-9 must be submitted with the Refunded Bonds. Failure to provide a completed form W-9, or certify the proper tax identification number will result in backup withholding under Section 3406 of the Internal Revenue Code of 1986, as amended.

U.S. Bank National Association, as Trustee

DATED this _____ day of _____, 2016.

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† *Copyright 2016, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Agency, the City of Loma Linda nor the Trustee guarantees the accuracy of the CUSIP data.*

EXHIBIT B

NOTICE OF DEFEASANCE

LOMA LINDA REDEVELOPMENT AGENCY
SUBORDINATE 2005A TAX ALLOCATION BONDS
(LOMA LINDA REDEVELOPMENT PROJECT)

AND

LOMA LINDA REDEVELOPMENT AGENCY
SUBORDINATE 2005B TAXABLE TAX ALLOCATION BONDS
(LOMA LINDA REDEVELOPMENT PROJECT)

BASE CUSIP† NO. 541904

NOTICE IS HEREBY GIVEN to the owners of the above-captioned $_____ outstanding aggregate principal amount of the Loma Linda Redevelopment Agency, Subordinate 2005A Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "Refunded 2005A Bonds") and the owners of the above-captioned $_____ outstanding aggregate principal amount of the Loma Linda Redevelopment Agency, Subordinate 2005B Taxable Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "Refunded 2005B Bonds" and together with the Refunded 2005A Bonds, the "Refunded Bonds"), of the Loma Linda Redevelopment Agency that the Successor Agency to the Loma Linda Redevelopment Agency (the "Agency") has deposited with U.S. Bank National Association, as trustee (the "Trustee") under that certain Indenture of Trust dated as of November 1, 2005 (the "Indenture"), cash which will provide moneys sufficient to redeem on _____ 1, 2016, the principal of the Refunded Bonds maturing on and after _____ 1, 2016, along with interest accrued to such date.

The Refunded Bonds to be defeased are as follows:

Refunded 2005A Bonds

CUSIP†	***Maturity Date (July 1)***	***Rate***	***Amount***	***Price***
541904DD7	2017	4.200%	$ 410,000	100.00%
541904DE5	2018	4.300	430,000	100.00
541904DF2	2019	4.400	455,000	100.00
541904DG0	2020	4.450	470,000	100.00
541904DH8	2021	4.500	490,000	100.00
541904DJ4	2022	4.500	515,000	100.00
541904DK1	2025	4.500	1,830,000	100.00
541904DL9	2030	5.250	8,960,000	100.00

† *Copyright 2016, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Agency, the City of Loma Linda nor the Trustee guarantees the accuracy of the CUSIP data.*

Refunded 2005B Bonds

CUSIP†	*Maturity Date (July 1)*	*Rate*	*Amount*	*Price*
541904DP0	2020	5.55%	$2,765,000	100%
541904DQ8	2025	5.65	3,635,000	100

In accordance with the Indenture, the Refunded Bonds are deemed to have been paid in accordance with Section 10.03 thereof and the obligations of the Agency under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated this ____ day of _____, 2016.

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2008 BONDS ESCROW AGREEMENT

THIS 2008 BONDS ESCROW AGREEMENT dated as of August 1, 2016 (the "Agreement"), by and between the Successor Agency to the Loma Linda Redevelopment Agency (the "Agency") and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), is entered into in accordance with a Resolution of the Agency, adopted on August 5, 2016 and that certain Indenture of Trust dated as of May 1, 2006 (the "Indenture"), by and between the dissolved Loma Linda Redevelopment Agency (the "Former Agency") and U.S. Bank National Association (the "Prior Trustee"), to refund all of the outstanding Loma Linda Redevelopment Agency, 2008 Taxable Housing Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "Refunded Bonds").

W I T N E S S E T H :

WHEREAS, the Former Agency previously issued the Refunded Bonds pursuant to the Indenture;

WHEREAS, the Agency has determined that a portion of the proceeds of the $_____ aggregate principal amount of the Successor Agency to the Loma Linda Redevelopment Agency Tax Allocation Refunding Bonds, Series 2016 (the "2016 Bonds") issued pursuant to the Indenture of Trust, dated as of August 1, 2016, by and between the Agency and U.S. Bank National Association, as trustee, (the "Trustee"), will be used to provide the funds to redeem on _____ 1, 2016 the principal of the Refunded Bonds maturing after July 1, 2016 without premium, along with interest accrued to such date (the "Redemption Price"); and

WHEREAS, the moneys deposited with the Escrow Bank will be sufficient, along with certain other moneys deposited with the Escrow Bank at the same time pursuant to this Agreement, to redeem and discharge the Refunded Bonds;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Agency and the Escrow Bank agree as follows:

SECTION 1. Deposit of Moneys. The Agency hereby instructs the Escrow Bank to deposit $_____ received from the Trustee from the net proceeds of the sale of the 2016 Bonds and $_____ held by the Prior Trustee in funds and accounts held for the Refunded Bonds in the Escrow Fund established hereunder. The Escrow Bank shall hold all such amounts in cash in an irrevocable escrow separate and apart from other funds of the Agency and the Escrow Bank in a fund hereby created and established to be known as the Loma Linda Redevelopment Agency, 2008 Taxable Housing Tax Allocation Refunding Bonds Escrow Fund (the "Escrow Fund") and to be applied solely as provided in this Agreement. The Agency hereby instructs the Escrow Bank to apply $_____ of the moneys set forth above to purchase the Federal Securities listed in Schedule A hereto and to hold $_____ uninvested as cash.

SECTION 2. Sufficiency of Moneys. The Escrow Bank acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such money identified on Schedule A to be invested in the Federal Securities listed on Schedule A hereto and to hold such other money uninvested and to deposit such Federal Securities and cash in the Escrow Fund as provided in Section 1 above. The Escrow Bank shall be entitled to rely upon the conclusion of The Arbitrage Group (the "Verification Agent"), that the Federal Securities listed on Schedule A hereto

mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay the Redemption Price with respect to the Refunded Bonds when due on _____ __, 2016, as shown on Schedule B attached hereto; and concurrently therewith.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the Agency, the Escrow Bank shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the Agency, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due, the Redemption Price with respect to the Refunded Bonds.

SECTION 4. Substitution of Securities. Upon the written request of the Agency, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Bank shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the Agency has obtained and delivered to the Escrow Bank a report by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due, the Redemption Price with respect to the Refunded Bonds. The Escrow Bank shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Bank, on _____ __, 2016, shall apply the amounts on deposit in the Escrow Fund to pay when due, the Redemption Price with respect to the Refunded Bonds. Upon the complete redemption of the Refunded Bonds, the Escrow Bank shall close the Escrow Fund and transfer any remaining proceeds therein to the Agency.

(b) Irrevocable Instructions to Provide Notice. The forms of the notice required to be mailed pursuant to Sections 2.3 (redemption) and 9.3 (defeasance) of the Indenture are attached hereto as Exhibits A and B respectively. The Agency has previously instructed the Prior Trustee to mail a conditional notice of redemption and hereby instructs the Escrow Bank to mail a notice of defeasance of the Refunded Bonds in accordance with Sections 2.3 and 9.3, respectively, of the Indenture, as required to provide for the redemption of the Refunded Bonds in accordance with this Section 5. The Trustee shall give to the Bond Insurer (as defined in the Indenture) all notices given to Owners of Refunded Bonds hereunder. The Agency hereby irrevocably instructs the Escrow Bank to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") the notices attached hereto as Exhibits A and B no later than 10 days after the deposit of the moneys as set forth in Section 1 hereof.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for sixty (60) days after _____ __, 2016 shall be repaid by the Escrow Bank to the Agency.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a first and exclusive lien on all moneys in the Escrow Fund until such moneys are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the Indenture, upon deposit of moneys with the Escrow Bank in the Escrow Fund as set forth in Section 1 hereof all obligations of the Agency under the Indenture with respect to the Refunded Bonds shall cease, terminate and become void except as set forth in the Indenture.

SECTION 6. Application of Certain Terms of the Indenture. All of the terms of the Indenture relating to the making of payments of principal of and interest on the Refunded Bonds and relating to the exchange or transfer of the Refunded Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VI of the Indenture relating to the resignation and removal and merger of the Trustee under the Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

SECTION 7. Performance of Duties. The Escrow Bank agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Bank's Authority to Make Investments. Except as provided in Sections 2, 3, 4, and 5 hereof, the Escrow Bank shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 9. Indemnity. The Agency hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the Agency or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein, the retention of the funds and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the Agency shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Bank's respective employees or the willful breach by the Escrow Bank of the terms of this Agreement. In no event shall the Agency or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Bank.

SECTION 10. Responsibilities of Escrow Bank. The Escrow Bank and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this Agreement or by reason of any non-negligent act, non negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Agency, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the proceeds to accomplish the refunding of the Refunded Bonds or to the validity of this Agreement as to the Agency and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the Agency, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Agency.

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

The Escrow Bank shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the Agency shall provide to the Escrow Bank 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 Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank's understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and that the 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 Agency. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation the risk of the Escrow Bank 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 Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the 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 Escrow Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 11. Amendments. This Agreement is made for the benefit of the Agency and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Bank and the Agency; provided, however, that the Agency and the Escrow Bank may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Bank; and (iii) to include under this Agreement additional funds. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Bank pursuant to Section 5(c) of this Agreement.

SECTION 13. Compensation. The Escrow Bank shall receive its reasonable fees and expenses as previously agreed to by the Escrow Bank and the Agency and any other reasonable fees and expenses of the Escrow Bank approved by the Agency; provided, however, that under no circumstances shall the Escrow Bank be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Bank under this Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Agency or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 17. Holidays. 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 Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Bank are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 18. Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the Agency.

SECTION 19. Reorganization of Escrow Bank. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Bank is a party, or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Bank.

SECTION 20. Insufficient Funds. If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Bank shall notify the Agency in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Bank shall have no responsibility regarding any such deficiency..

SECTION 21. Notice to Agency and Escrow Bank. Any notice to or demand upon the Escrow Bank may be served or presented, and such demand may be made, at the office of the Escrow Bank at U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services. Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Agency at 25541 Barton Road, Loma Linda, CA 92354, Attention: Executive Director (or such other address as may have been filed in writing by the Agency with the Escrow Bank).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

SUCCESSOR AGENCY TO THE LOMA LINDA REDEVELOPMENT AGENCY

By: _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Bank and Prior Trustee

By: _____
Authorized Officer

SCHEDULE A

Federal Securities

Security	***Maturity***	***Principal Amount***	***Interest Rate***	***Price***
U.S. Treasury Time Deposit Securities – State and Local Government Securities	__/__/2016	$_____	_____%	_____%

SCHEDULE B

Escrow Fund Cash Flow

Date	***Total Cash Receipt from Federal Securities***	***Cash Disbursement from Escrow***	***Cash Balance***
Beginning Balance:			$____
__/__/16	$_____	$_____	____0

EXHIBIT A

CONDITIONAL NOTICE OF REDEMPTION

LOMA LINDA REDEVELOPMENT AGENCY
2008 TAXABLE HOUSING TAX ALLOCATION BONDS
LOMA LINDA REDEVELOPMENT PROJECT

NOTICE IS HEREBY GIVEN to the owners of the above-captioned $_____ outstanding aggregate principal amount of the Loma Linda Redevelopment Agency, 2008 Taxable Housing Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "Refunded Bonds") pursuant to the Indenture of Trust, dated as of March 1, 2009 (the "Indenture"), by and between the dissolved Loma Linda Redevelopment Agency (the "Former Agency") and U.S. Bank National Association (the "Trustee"), that all of the Refunded Bonds have been called for redemption on _____ __, 2016 (the "Redemption Date").

Refunded Bonds

CUSIP†	***Maturity Date (September 1)***	***Rate***	***Amount***	***Price***
541904DV7	2017	7.20%	$1,640,000	100.00%
541904DX3	2018	9.25	5,810,000	100.00
541904DY1	2019	9.65	400,000	100.00

The Refunded Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount plus accrued interest to such date (the "Redemption Price"). Subject to prior rescission as referenced below, the Redemption Price of the Refunded Bonds will become due and payable on the Redemption Date. Interest with respect to the Refunded Bonds to be redeemed will cease to accrue on and after the Redemption Date, and such Refunded Bonds will be surrendered to the Prior Trustee.

Redemption of the Refunded Bonds is conditional upon the receipt by the Trustee on or prior to the Redemption Date of moneys sufficient to pay the principal of and interest on the Refunded Bonds and, if such moneys have not been so received, this notice shall be of no force and effect and the Trustee shall not be required to redeem such Refunded Bonds. In such event, the Trustee has the right to rescind this notice.

All Refunded Bonds are required to be surrendered to the corporate office of the Trustee, on the Redemption Date at the following location. If the Refunded Bonds are mailed, the use of registered, insured mail is recommended:

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† *Copyright 2016, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Agency, the City of Loma Linda nor the Trustee guarantees the accuracy of the CUSIP data.*

<u>Delivery Instructions:</u>
U.S. Bank
Global Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

If the Owner of any Refunded Bond subject to optional redemption fails to deliver such Refunded Bond to the Trustee on the Redemption Date, such Refunded Bond shall nevertheless be deemed redeemed on the Redemption Date and the Owner of such Refunded Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the Prior Trustee for such payment.

A form W-9 must be submitted with the Refunded Bonds. Failure to provide a completed form W-9, or certify the proper tax identification number will result in backup withholding under Section 3406 of the Internal Revenue Code of 1986, as amended.

U.S. Bank National Association, as Trustee

DATED this _____ day of _____, 2016.

EXHIBIT B

NOTICE OF DEFEASANCE

LOMA LINDA REDEVELOPMENT AGENCY
2008 TAXABLE HOUSING TAX ALLOCATION BONDS
LOMA LINDA REDEVELOPMENT PROJECT

BASE CUSIP† NO. 541904

NOTICE IS HEREBY GIVEN to the owners of the above-captioned $_____ outstanding aggregate principal amount of the Loma Linda Redevelopment Agency, 2008 Taxable Housing Tax Allocation Bonds (Loma Linda Redevelopment Project) (the "Refunded Bonds"), of the Loma Linda Redevelopment Agency that the Successor Agency to the Loma Linda Redevelopment Agency (the "Agency") has deposited with U.S. Bank National Association, as trustee (the "Trustee") under that certain Indenture of Trust dated as of March 1, 2009 (the "Indenture"), cash which will provide moneys sufficient to redeem on _____ __, 2016, the principal of the Refunded Bonds maturing on and after _____ __, 2016, along with interest accrued to such date.

The Refunded Bonds to be defeased are as follows:

CUSIP†	***Maturity Date (September 1)***	***Rate***	***Amount***	***Price***
541904DV7	2017	7.20%	$1,640,000	100.00%
541904DX3	2018	9.25	5,810,000	100.00
541904DY1	2019	9.64	400,000	100.00

In accordance with the Indenture, the Refunded Bonds are deemed to have been paid in accordance with Section 9.3 thereof and the obligations of the Agency under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated this ____ day of _____, 2016.

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