

TO: James L. App, City Manager

FROM: Jim Throop, Administrative Services Director

SUBJECT: **Redevelopment Agency ~ Issuance of Tax Allocation Bonds**

DATE: July 7, 2009

NEEDS: Redevelopment Agency consider (i) engaging various professionals to assist with the preparation of documents and other services in connection with the proposed bond issue; and (ii) authorizing the sale of up to \$16,000,000 of 2009 tax allocation refunding and taxable tax allocation bonds, approving, authorizing and directing execution of a second supplemental indenture of trust, approving the form of a bond purchase agreement, a continuing disclosure certificate, an escrow agreement and an official statement, and directing certain actions with respect thereto

FACTS:

1. In 1996 and 2000, the Agency issued tax allocation bonds to fund specific projects within or benefiting the redevelopment project area.
2. The Agency collects tax increment based on increases in the assessed value for properties located within the project area. A portion of this tax increment is allocated to the taxing jurisdictions (county, schools, city, etc) or for affordable housing, with the remaining amount available to the Agency for designated projects.
3. Debt service payments on the new bonds will be funded with unallocated property tax increment revenue.
4. Proceeds from the issue will be used for repayment of obligations to the Paso Robles School District, City of Paso Robles and the Low- and Moderate-Income Housing Fund set-aside, as well as new projects within the Redevelopment area.

ANALYSIS &

CONCLUSION: The proposed financing plan includes three specific components:

1. The refunding of the Agency 1996 tax allocation bonds to take advantage of current lower interest rates, thereby generating cash flow savings;
2. The issuance of tax-exempt bonds to fund capital projects; and
3. The issuance of taxable bonds to repay the outstanding obligation to the City and a portion of the amount due to the Paso Robles School District under the existing pass-through agreement.

The bonds will be secured by tax increment received by the Agency from property tax payments collected by the county. The Agency anticipates receiving sufficient tax increment to cover all existing obligations, which include the following components:

- 20% housing set-aside
- Pass-through agreements (County, Air Pollution Control, Flood Control, Cemetery, Cuesta College, County School, and Paso Robles Joint USD)
- Debt service on the 2000 tax allocation bonds
- Debt service on the proposed 2009 bonds
- Statutory pass-through payment to City
- Portion of 2004 Certificates of Participation issued by the City to construct Library

The Agency anticipates generating approximately \$3.7 million in net tax-exempt bond proceeds to fund multiple projects which could include:

1. Flamson Middle School frontage & landscape improvements \$2M
2. PREC frontage improvements \$1.5M
3. City Park new/expanded public Restrooms \$1.5M
4. Downtown property acquisition(s) for future public facilities (ex. – parking) \$1-3M each
5. Pave unimproved section of Vine Street between 32nd & 36th Streets adjacent to Georgia Brown Elementary School \$1M
6. C.O.E./First Five Commission Early Childhood Education Center construction \$4M
7. Downtown public parking structure in Library parking lot \$12M Flamson Middle School frontage and landscaping improvements
8. Downtown property acquisition for future facilities

California Redevelopment Law requires certain actions in order to issue tax allocation bonds. The specific steps are outlined below:

1. Approval by City Council allowing the Agency to issue bonds
2. Approval by the Agency Board of necessary bond resolutions and related bond documents
3. Approval by the Public Financing Authority to sell bonds on behalf of the Agency

The Public Financing Authority will be used to facilitate the sale of bonds. The proposed bonds have been structured so that they can be sold on a negotiated basis. The bonds will be sold to Stone & Youngberg LLC, which was selected through a proposal process in March 2009, through the Authority (i.e., the PFA will purchase the bonds from the Agency and, in turn, sell the bonds to an underwriter on a negotiated basis).

City staff recently met with rating analysts from Standard & Poor's and anticipates receiving a rating on the proposed bonds by July 1st.

FISCAL
IMPACT:

The Redevelopment Agency is solely responsible for the repayment of the bond debt service. In the event future tax increment revenues do not increase as projected, the Agency may be delayed in starting future projects.

OPTIONS:

- a. Adopt the following:
 - (i) Resolution No. 09-xxx, a Resolution of the Redevelopment Agency of the City of El Paso de Robles Employing bond counsel, disclosure counsel, financial advisor, bond underwriter, fiscal consultant and trustee, and approving the form of fee agreements in connection with the issuance of 2009 tax allocation refunding bonds (Series A) and 2009 tax allocation bonds (series B); and
 - (ii) Resolution No. 09-xxx, a resolution of the Redevelopment Agency of the City of El Paso de Robles authorizing the sale of not to exceed \$16,000,000 combined aggregate principal amount of the Redevelopment Agency of the City of El Paso de Robles (Paso Robles Redevelopment Project) 2009 tax allocation refunding bonds and 2009 taxable tax allocation bonds, approving, authorizing and directing execution of a second supplemental indenture of trust, approving the form of a bond purchase agreement, a continuing disclosure certificate, an escrow agreement and an official statement, and directing certain actions with respect thereto; or
- b. Amend, modify, or reject the option above.

Enclosures:

Attachment A –Agency Resolution related to the engagement of bond counsel, disclosure counsel, financial advisor, underwriter, fiscal consultant and trustee
Attachment B – Agency Resolution related to the issuance of tax allocation bonds
Attachment C – Form of second supplemental indenture of trust (available at City Clerk's office)
Attachment D – Form of bond purchase agreement (available at City Clerk's office)
Attachment E – Form of continuing disclosure certificate (available at City Clerk's office)
Attachment F – Form of escrow agreement (available at City Clerk's office)
Attachment G – Form of preliminary official statement (available at City Clerk's office)

RESOLUTION NO. RA-_____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES EMPLOYING
BOND COUNSEL, DISCLOSURE COUNSEL, FINANCIAL ADVISOR, BOND UNDERWRITER, FISCAL
CONSULTANT AND TRUSTEE AND APPROVING THE FORM OF FEE AGREEMENTS
IN CONNECTION WITH THE ISSUANCE OF 2009 TAX ALLOCATION REFUNDING BONDS (SERIES A)
AND 2009 TAX ALLOCATION BONDS (SERIES B)

WHEREAS, the public interest and general welfare will be served by appointing and employing Bond Counsel, Disclosure Counsel, Financial Advisor, Bond Underwriter, Fiscal Consultant and Trustee for the preparation and conduct of proceedings and work in connection with the proposed issuance by the Redevelopment Agency of the City of El Paso de Robles (the "Agency") of tax allocation bonds entitled "Redevelopment Agency of the City of El Paso de Robles (Paso Robles Redevelopment Project) 2009 Tax Allocation Refunding Bonds (Series A) and 2009 Tax Allocation Bonds (Series B)" (together, the "Bonds").

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. That the law firm of Robert M. Haight, Scotts Valley, California, is hereby appointed and employed to do and perform Bond Counsel services required in the conduct of said proceedings, including the preparation of all required legal papers, examining and approving the legal documents in connection therewith, advising all Agency officials on all matters relating thereto when called upon, and furnishing a legal opinion on the validity of said proceedings and Bonds, all as set forth in its Fee Agreement attached hereto as Exhibit "A" and is hereby approved.

SECTION 2. That the law firm of Richards, Watson & Gershon, Los Angeles, California, is hereby appointed and employed as Disclosure Counsel to prepare the Preliminary Official Statement, Official Statement, Continuing Disclosure Certificate, and Bond Purchase Agreement and provide other services including furnishing a legal opinion with respect to the Official Statement, all as set forth in its Fee Agreement that is attached hereto as Exhibit "B" and is hereby approved.

SECTION 3. That Northcross, Hill & Ach, LLC, San Francisco, California, be is hereby appointed as Financial Advisor pursuant to its Agreement that is attached hereto as Exhibit "C" and is hereby approved.

SECTION 4. That Stone & Youngberg LLC, San Francisco, California, is hereby appointed as Bond Underwriter pursuant to a Bond Purchase Agreement to be submitted to and approved by the Agency.

SECTION 5. That HdL Coren & Cone, Diamond Bar, California, be is hereby appointed and employed as Fiscal Consultant to prepare a Fiscal Consultant's Report pursuant to its Agreement that is attached hereto as Exhibit "D" and is hereby approved.

SECTION 6. That Union Bank, N.A., San Francisco, California, be is hereby appointed and employed as Trustee to administer the 2009 Tax Allocation Refunding Bonds (Series A) pursuant to the Second Supplemental Indenture of Trust dated as of August 1, 2009 and as Escrow Agent for the refunding and defeasance of the 1996 Tax Allocation Refunding Bonds pursuant to an Escrow Agreement between the Agency and Union Bank, N.A., to be approved by the Agency.

PASSED AND ADOPTED by the Redevelopment Agency of the City of El Paso de Robles this 7th day of July 2009, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHAIR OF THE REDEVELOPMENT AGENCY

ATTEST: _____
SECRETARY

RESOLUTION NO. RA_____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES AUTHORIZING THE SALE OF NOT TO EXCEED \$16,000,000 COMBINED AGGREGATE PRINCIPAL AMOUNT OF THE REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES (PASO ROBLES REDEVELOPMENT PROJECT) 2009 TAX ALLOCATION REFUNDING BONDS AND 2009 TAXABLE TAX ALLOCATION BONDS, APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF A SECOND SUPPLEMENTAL INDENTURE OF TRUST, APPROVING THE FORM OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, AN ESCROW AGREEMENT AND AN OFFICIAL STATEMENT, AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

WHEREAS, the Redevelopment Agency of the City of El Paso de Robles (the "Agency") proposes to issue tax allocation bonds, to be known as the "Redevelopment Agency of the City of El Paso de Robles (Paso Robles Redevelopment Project) 2009 Tax Allocation Refunding Bonds and 2009 Taxable Tax Allocation Bonds" (together, the "Bonds"), in order to carry out the purposes of the Paso Robles Redevelopment Project and it is in the public interest and for the public benefit that the Board of Directors (the "Board") of the Agency approve the sale of the Bonds and to approve or ratify the execution of the documents herein described; and

WHEREAS, the Bonds are to be sold to the El Paso de Robles Public Financing Authority (the "Authority") and immediately resold pursuant to a negotiated sale to Stone & Youngberg LLC, as is permitted under the laws of the State of California; and

WHEREAS, the documents herein described have been filed with the Agency, and the members of the Board, with the help of its staff, have reviewed said documents; and

WHEREAS, the Board has made certain findings required by Section 33445 of the Community Redevelopment Law of the California Health and Safety Code (the "Law"); and

WHEREAS, the City Council of the City has (i) approved the issuance of the Bonds by the Agency pursuant to the Law and (ii) made the findings required of Section 33445 of the Law; and

WHEREAS, it is appropriate at this time for the Agency to approve all necessary proceedings for the sale of the Bonds;

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. The Agency hereby authorizes the issuance of the Bonds pursuant to and in accordance with the Second Supplemental Indenture of Trust (the "Indenture") (as hereinafter defined), directs the sale of the Bonds to the Authority and immediately resold to Stone & Youngberg LLC, pursuant to a negotiated sale thereof and does hereby approve the Bond Purchase Agreement dated the day of pricing. The Chair, Vice-Chair, Executive Director, Deputy Executive Director, Treasurer of the Agency is hereby authorized and directed to execute and deliver the Bond Purchase Agreement with such changes, insertions, or deletions as may be approved by such official of the Agency, with the execution of the Bond Purchase Agreement being conclusive evidence of such approval of the Agency, and the Secretary of the Board (or a duly authorized deputy) is hereby authorized and directed to attest to such official's signature.

The Chair, Vice-Chair, Deputy Executive Director, Executive Director, or Treasurer is hereby authorized and directed to approve corrections and additions to the Bond Purchase Agreement, provided that any such corrections or additions shall be necessary to cause the information contained therein to conform with facts material to the Bonds, or to the proceedings of the Agency, or provided that any such corrections or additions are in form rather than in substance.

SECTION 2. The Indenture, dated as of August 1, 2009, by and between the Agency and Union Bank, N.A., relating to the Bonds, is hereby approved, and the Chair, Vice-Chair, Executive Director, Deputy Executive Director, Treasurer of the Agency is hereby authorized and directed to execute and deliver the Indenture with such changes, insertions, or deletions as may be approved by such official of the Agency, the execution of the Indenture being conclusive evidence of such approval of the Agency, and the Secretary of the Board (or a duly authorized deputy) is hereby authorized and directed to attest to such official's signature.

SECTION 3. The form of the Official Statement is hereby approved. To the best knowledge of the Board of the Agency, the Official Statement does not contain any untrue statement of a material fact or omits to state a material fact required to be stated where necessary to make any statement made therein not misleading in light of the circumstances under which it was made.

Further, the Agency authorizes and directs the Chair, Vice-Chair, Executive Director, Deputy Executive Director, and Treasurer of the Agency, or his designee, on behalf of the Agency, to "deem final" the Official Statement as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

SECTION 4. The Chair, Vice-Chair, Deputy Executive Director, Executive Director, or Treasurer is hereby authorized and directed to approve corrections and additions to the Official Statement, provided that any such corrections or additions shall be necessary to cause the information contained therein to conform with facts material to the Bonds, or to the proceedings of the Agency, or provided that any such corrections or additions are in form rather than in substance.

SECTION 5. The Chair, Vice-Chair, Executive Director, Deputy Executive Director, or Treasurer is authorized and directed to execute the final Official Statement. Further, any of the above officers are hereby authorized and directed to execute a statement or certificate that the facts contained in the Official Statement (and any supplement or amendment thereto which are deemed an original part thereof) were at the time of sale of the Bonds, true and correct in all material respects and that the final Official Statement did not, on the date of the sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain an untrue statement of a material fact or omits to state a material fact required to be stated where necessary to make any statement made therein not misleading in light of the circumstances under which it was made.

SECTION 6. The form of the Continuing Disclosure Certificate is hereby approved, and the Chair, Vice-Chair, Executive Director, Deputy Executive Director or Treasurer of the Agency is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions, or deletions as may be approved by such official of the Agency, the execution of the Continuing Disclosure Certificate being conclusive evidence of such approval of

the Agency, and the Secretary (or duly authorized deputy) of the Board is hereby authorized and directed to attest to such official's signature.

SECTION 7. The Chair, Vice-Chair, Executive Director, Deputy Executive Director, Treasurer, Secretary, or any duly appointed deputy of the foregoing, is hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution, the Indenture, the Escrow Agreement and the sale of the Bonds.

SECTION 8. The form of Escrow Agreement between the Agency and Union Bank, N.A., relating to the refunding and defeasance of the Agency's Paso Robles Redevelopment Project 1996 Tax Allocation Refunding Bonds is hereby approved. The Chair, Vice-Chair, Deputy Executive Director, Executive Director, or Treasurer is hereby authorized and directed to approve corrections and additions to the Escrow Agreement, provided that any such corrections or additions shall be necessary to cause the information contained therein to conform with facts material to the Bonds, or to the proceedings of the Agency, or provided that any such corrections or additions are in form rather than in substance.

SECTION 10. This Resolution shall take effect immediately.

PASSED AND ADOPTED this 7th day of July 2009, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHAIR OF THE REDEVELOPMENT AGENCY

ATTEST:

SECRETARY

**SECOND SUPPLEMENTAL
INDENTURE OF TRUST**

Dated as of August 1, 2009

by and between the

**REDEVELOPMENT AGENCY OF
THE CITY OF EL PASO DE ROBLES**

and

UNION BANK, N.A.
as Trustee

Relating to

\$_____

Redevelopment Agency of the City of El Paso de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Refunding Bonds (Series A)
and
2009 Tax Allocation Bonds (Series B)

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SECOND SUPPLEMENTAL INDENTURE OF TRUST

This SECOND SUPPLEMENTAL INDENTURE OF TRUST (this "Indenture") is made and entered into as of August 1, 2009, by and between the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Agency"), and UNION BANK, N. A., formally known as UNION BANK OF CALIFORNIA, N. A., a national banking association organized and existing under and by virtue of the laws of the United States of America and having a corporate trust office in San Francisco, California, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Agency is a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"), including the power to issue bonds for any of its corporate purposes; and

WHEREAS, a redevelopment plan for the Paso Robles Redevelopment Project (the "Redevelopment Project") has been adopted by the Agency pursuant to all applicable requirements of the Redevelopment Law; and

WHEREAS, the Agency has previously issued its Redevelopment Agency of the City of El Paso de Robles (Paso Robles Redevelopment Project) 1996 Tax Allocation Refunding Bonds in the aggregate principal amount of \$3,630,000 (the "1996 Bonds") pursuant to an Indenture of Trust dated as of September 1, 1996 (the "1996 Indenture") for the purpose of providing funds to refinance the Redevelopment Project; and

WHEREAS, the Agency has previously issued its Redevelopment Agency of the City of El Paso de Robles (Paso Robles Redevelopment Project) 2000 Tax Allocation Refunding Bonds in the aggregate principal amount of \$4,090,000 (the "2000 Bonds") pursuant to a Supplemental Indenture of Trust dated as of October 1, 2000 (the "2000 Indenture") for the purpose of providing funds to repay outstanding Agency loan obligations and to finance the construction of certain road and bridge improvements; and

WHEREAS, the Agency has determined to authorize the issuance of its Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 2009 Tax Allocation Refunding Bonds (Series A) in the aggregate principal amount of \$_____ (the "Series A Bonds"), and the Redevelopment Agency of the City of El Paso De Robles Redevelopment Project 2009 Tax Allocation Bonds in the aggregate principal amount of \$_____ (the "Series B Bonds") (together, the "2009 Bonds"), on parity with the 2000 Bonds (the "Prior Bonds"); and

WHEREAS, the principal of and interest and redemption premium (if any) on the 2009 Bonds, the Prior Bonds and any bonds or other obligations issued on a parity therewith as provided herein, will be payable from and secured by a pledge of and lien on the tax increment revenues derived from the Redevelopment Project; and

WHEREAS, in order to provide for the authentication and delivery of the 2009 Bonds, to establish and declare the terms and conditions upon which the 2009 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 Agency and the Trustee have duly authorized the execution and delivery of this Indenture which is supplemental to the 1996 Indenture by and between the Agency and First Trust National Association (the "Original Trustee") and the 2000 Indenture by and between the Agency and the Trustee; and

WHEREAS, the Agency has determined that all acts and proceedings required by law necessary to make the 2009 Bonds, when executed by the Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Agency, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding 2009 Bonds 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 2009 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 2009 Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the 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 2009 Bonds, as follows:

ARTICLE I. DEFINITIONS; RULES OF CONSTRUCTION'

SECTION 1.01. DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of the 2000 Indenture, and this Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"1996 Bonds" means the Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 1996 Tax Allocation Refunding Bonds issued by the Agency in the initial aggregate principal amount of \$3,630,000 pursuant to Indenture of Trust dated as of September 1, 1996.

"1996 Indenture" means the Indenture of Trust dated as of September 1, 1996, by and between the Redevelopment Agency of the City of El Paso de Robles and First Trust National Association, as trustee.

"2000 Bonds" means the Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 2000 Tax Allocation Bonds issued by the Agency in the initial aggregate principal amount of \$4,090,000 pursuant to an Indenture of Trust dated as of October 1, 2000.

"2000 Indenture" means the Supplemental Indenture of Trust dated as of October 1, 2000, by and between the Redevelopment Agency of the City of El Paso de Robles and Union Bank of California, N.A., now known as Union Bank, N.A., as trustee.

"2009 Bonds" means collectively the Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 2009 Tax Allocation Refunding Bonds (Series A) issued by the Agency in the aggregate principal amount of \$_____, and the Redevelopment Agency of the City of El Paso De Robles Redevelopment Project 2009 Tax Allocation Bonds (Series B) issued by the Agency in the aggregate principal amount of \$_____, all pursuant to Section 2.01 of this Indenture.

"Agency" means the Redevelopment Agency of the City of El Paso de Robles, a public body corporate and politic duly organized and existing under the Redevelopment Law, and sometimes known or designated as "Redevelopment Agency of the City of El Paso de Robles."

"Annual Debt Service" means, for any Bond Year, the sum of (a) the interest payable on the Outstanding 2009 Bonds in such Bond Year, and (b) the principal amount of the Outstanding 2009 Bonds scheduled to be paid in such Bond Year upon the maturity or mandatory Sinking Account redemption thereof.

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

"Bond Year" means any twelve-month period beginning on July 2 in any year and extending to the next succeeding July 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on July 1, 2010.

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

"Certificate of the Agency" means a certificate in writing signed by the Chairman, Executive Director, Treasurer or Secretary of the Agency, or any other officer of the Agency duly authorized by the Agency for that purpose.

"City" means the City of El Paso de Robles, a municipal corporation organized and existing under the laws of the State.

"Closing Date" means the date on which the 2009 Bonds are delivered by the Agency to the Original Purchaser.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the authorization, issuance, sale and delivery of the 2009 Bonds, including but not limited to: printing expenses; rating agency fees; bond insurance, if any; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the 2009 Bonds; and any other cost, charge or fee in connection with the original issuance of the 2009 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 Luis Obispo, a county duly organized and existing under the Constitution and laws of the State.

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

"Defeasance Securities" means the deposit of:

- (1) Cash
- (2) US Treasury Certificates, Notes and Bonds (including state and Local Government Series-"SLGs")
- (3) Direct obligations of the Treasury, which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
- (4) Resolution Funding Corp. (REFCORP). On the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.
- (5) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded municipals to satisfy this condition.
- (6) Obligations issued by the following agencies which are backed by the full faith and credit of the US:
 - (a) US Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership.
 - (b) Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 - (c) Federal Financing Bank
 - (d) General Services Administration
Participation certificates
 - (e) US Maritime Administration
Guaranteed Title XI financing
 - (f) US Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - US government guaranteed debentures
US Public Housing Notes and Bonds - US government guaranteed public housing notes and bonds.

"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.

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

"Escrow Agent" means Union Bank, N.A. as successor Trustee for the 1996 Bonds and employed pursuant to the Escrow Agreement.

"Escrow Agreement" means that certain agreement between the Escrow Agent and the Agency and relating to the refunding and defeasance of the 1996 Bonds.

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

"Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in Book-Entry form on the books of the Department of the Treasury of the United States of America and CATS and TIGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

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

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

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by or acceptable to the Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Independent Fiscal Consultant" means any consultant or firm of such consultants appointed by or acceptable to the Agency and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Agency; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, NJ 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, NY 10006; Moody's "Municipal and Government," 5250 77 Center Drive, Suite 150, Charlotte, NC 28217, Attention: Municipal News Reports; and S&P's "Called Bond Record," 25 Broadway, 3rd Floor, New York, NY 10004; or to such other addresses and/or such other national information services providing information or disseminating notices of redemption, prepayment or similar notices with respect to obligations similar to the 2009 Bonds.

"Insurance Policy" means the _____ [TO BE DETERMINED] _____, issued by the Insurer insuring the payment when due of the principal of an interest on the 2009 Bonds as provided herein.

"Insurer" means _____ [TO BE DETERMINED] _____, as issuer of the Insurance Policy and the Reserve Account Surety Bond.

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

"Interest Payment Date" means January 1, 2010, and each July 1 and January 1 thereafter so long as any of the 2009 Bonds remain unpaid.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount of Annual Debt Service on all Outstanding 2009 Bonds for the current or any future Bond Year. For purposes of such calculation, there shall be excluded a pro rata portion of each installment of principal of any Parity Debt, together with the interest to accrue thereon, in the event and to the extent that the proceeds of such Parity Debt are deposited in an escrow fund from which amounts may not be released to the Agency unless the Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County) is at least equal to one hundred seventy-five percent (175%) of Maximum Annual Debt Service on all 2009 Bonds which will be Outstanding immediately following the issuance of such Parity Debt, excluding from Tax Revenues the maximum amounts payable in the applicable future Bond Year to other taxing entities from taxes allocated to the Agency under the Redevelopment Plan (and which payments are not then subordinated to the payment of debt service on the 2009 Bonds and any Parity Debt), as demonstrated by a report of an Independent Fiscal Consultant delivered to the Trustee and the Insurer.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

"Office" means, with respect to the Trustee, the corporate trust office of the Trustee at San Francisco, California, or at such other or additional offices as may be specified by the Trustee in writing to the Agency, provided that for the purposes of maintenance of the Registration Books and presentation of 2009 Bonds for transfer, exchange or payment, such term shall mean the office of the Trustee at which it conducts its corporate agency business.

"Original Purchaser" means Stone & Youngberg LLC, as original purchaser of the 2009 Bonds at a negotiated sale thereof.

"Outstanding", when used as of any particular time with reference to 2009 Bonds, means (subject to the provisions of Section 9.05) all 2009 Bonds except: (a) 2009 Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) 2009 Bonds paid or deemed to have been paid within the meaning of Section 9.03; (c) 2009 Bonds in lieu of or in substitution for which other 2009 Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant hereto; and (d) when used as of any particular time with reference to Parity Debt, means all 2000 Bonds and 2009 Bonds and any Parity Debt except such maturities thereof that have been canceled by the Trustee or surrendered for cancellation, paid or deemed paid and Bonds in lieu of or substitution for such Bonds.

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

"Parity Debt" means the 2000 Bonds and any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency on a parity with the 2009 Bonds pursuant to Section 3.04.

"Permitted Investments" means any of the following for the moneys proposed to be invested therein:

- A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 1. U.S. Export-Import Bank (Eximbank)
 - Direct obligations or fully guaranteed certificates of beneficial ownership
 2. Farmers Home Administration (FmHA)
 - Certificates of beneficial ownership
 3. Federal Financing Bank
 4. Federal Housing Administration Debentures (FHA)
 5. General Services Administration
 - Participation certificates
 6. Government National Mortgage Association (GNMA or "Ginnie Mae")
 - GNMA - guaranteed mortgage-backed bonds
 - GNMA - guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues.)
 7. U.S. Maritime Administration
 - Guaranteed Title XI financing
 8. U.S. Department of Housing and Urban Development (HUD)
 - Project Notes
 - Local Authority Bonds
 - New Communities Debentures - U.S. government guaranteed debentures
- C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
 1. Federal Home Loan Bank System
 - Senior debt obligations
 2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
 - Participation Certificates
 - Senior debt obligations
 3. Federal National Mortgage Association (FNMA or "Fannie Mae")
 - Mortgage-backed securities and senior debt obligations
 4. Student Loan Marketing Association (SLMA or "Sallie Mae")
 - Senior debt obligations
 5. Resolution Funding Corp. (REFCORP) obligations
 6. Farm Credit System
 - Consolidated system wide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2, including such funds for which the Trustee or an affiliate provides investment advise or other services.

- E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
- F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.
- G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to _____ (Investment Agreement criteria is available upon request).
- H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.
- I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.
- J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

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

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

"Project Area" means the project area described in the Redevelopment Plan.

"Project Fund" means the account by that name established and held by the Agency pursuant to Section 3.02(d) and applied for redevelopment purposes.

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.03(d), provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is Aa or better from Moody's and AA or better from S&P; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.03(d); and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account, the Sinking Account, or for the purpose of making payments required pursuant to Section 4.03.

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

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

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

"Redevelopment Plan" means the Redevelopment Plan for the Paso Robles Redevelopment Project, approved by Ordinance No. 540 N.S., enacted by the City Council of the City on November 30, 1987, together with any amendments thereof heretofore or hereafter duly enacted pursuant to the Redevelopment Law.

"Redevelopment Project" means the undertaking of the Agency to redevelop the Project Area in accordance with the Redevelopment Plan.

"Refunded Bonds" means the 1996 Bonds.

"Registration Books" means the records maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the 2009 Bonds.

"Request of the Agency" means a request in writing signed by the Chairman, Executive Director, Treasurer or Secretary of the Agency, or any other officer of the Agency duly authorized by the Agency for that purpose.

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

"Reserve Requirement" means, as of the date of any calculation, the lesser of (a) Maximum Annual Debt Service on all Outstanding 2009 Bonds and any Parity Debt; or (b) 125% of average debt service on all Outstanding 2009 Bonds and any Parity Debt; and, (c) 10% of the proceeds of the 2009 Bonds and 10% of the unpaid principal balance on the Outstanding Parity Debt, as certified to the Trustee by the Agency.

"S&P" means Standard & Poor's Rating Services, A Division of the McGraw-Hill Companies, Inc., its successors and assigns.

"School District" shall mean the Paso Robles Joint Unified School District.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; and, in accordance with the then current guidelines of the Securities and Exchange Commission, any such other addresses and/or such other securities depositories as the Agency may designate in writing to the Trustee.

"Series A Bonds" means the Federally and State tax-exempt Redevelopment Agency of the City of Paso de Robles Redevelopment Project 2009 Tax Allocation Refunding Bonds (Series A) issued by the Agency in the aggregate principal amount of \$_____ pursuant to Section 2.01 of this Indenture.

"Series B Bonds" means the Federally taxable, but State tax-exempt, Redevelopment Agency of the City of Paso de Robles Redevelopment Project 2009 Tax Allocation Refunding Bonds (Series A) issued by the Agency in the aggregate principal amount of \$_____ pursuant to Section 2.01 of this Indenture.

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

"Special Fund" means the account by that name established and held by the Agency pursuant to Section 4.02.

"State" means the State of California.

"Subordinate Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency in accordance with the requirements of Section 3.05, which are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the 2009 Bonds.

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

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

"Tax Revenues" means all taxes annually allocated to the Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including all other payments, subventions and reimbursements (if any) to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations; provided, however, that Tax Revenues shall not include (a) all amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Section 33334.3 of the Redevelopment Law, except to the extent permitted under the Redevelopment Law to be applied to the payment of the principal of and interest and premium (if any) on the 2009 Bonds, the Prior Bonds and any other Parity Debt; and (b) amounts payable by the Agency under the Tax Sharing Agreements, to the extent not subordinated to the payment of principal of and interest on the 2009 Bonds, the Prior Bonds and any other Parity Debt.

"Tax Sharing Agreements" means, collectively, the following:

(i) "Agreement Between the Redevelopment Agency of the City of El Paso de Robles and the County of San Luis Obispo, the San Luis Obispo County Air Pollution Control District and the San Luis Obispo County Flood Control and Water Conservation District Regarding Alleviation of Financial Burden or Detriment", dated as of November 30, 1987, by and between the Agency, County of San Luis Obispo, San Luis Obispo County Air Pollution Control District and San Luis Obispo County Flood Control and Water Conservation District.

(ii) "Agreement Between the Redevelopment Agency of the City of El Paso de Robles and the Paso Robles Elementary (Union) School District and the Paso Robles Joint Union High School District Regarding Fiscal Detriment Alleviation", dated as of September 11, 1988, by and

between the Agency, Paso Robles Elementary School District, and Paso de Robles Joint Union High School District, as amended on June 2, 1998.

(iii) "Agreement Between the Redevelopment Agency of the City of El Paso de Robles and the San Luis Obispo County Community College District Regarding Alleviation of Financial Burden or Detriment", dated as of March 2, 1988, by and between the Agency and San Luis Obispo Community College District.

(iv) "Agreement Between the Redevelopment Agency of the City of El Paso de Robles and the San Luis Obispo County Superintendent of Schools Regarding Alleviation of Financial Burden or Detriment" by and between the Agency and San Luis Obispo County Superintendent of Schools.

(v) "Agreement Between the Redevelopment Agency of the City of El Paso de Robles and the Paso Robles Cemetery District Regarding Alleviation of Financial Burden or Detriment", dated as of February 2, 1988, by and between the Agency and Paso Robles Cemetery District.

"Term Bonds" means, (a) the Series A Bonds maturing on July 1, 20__, July 1, 20__, and July 1, 20__, (b) the Series B Bonds Maturing on July 1, 20__, (c) any maturity of Prior Bonds that is subject to mandatory Sinking Account redemption, and (d) any maturity of Parity Debt which is subject to mandatory Sinking Account redemption pursuant to the Second Supplemental Indenture authorizing the issuance thereof.

"Trustee" means Union Bank, N.A., formerly known as Union Bank of California, N.A. as Trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

SECTION 1.02. RULES OF CONSTRUCTION

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

ARTICLE II. AUTHORIZATION AND TERMS OF THE 2009 BONDS

SECTION 2.01. AUTHORIZATION AND PURPOSE OF THE 2009 BONDS

The Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the 2009 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is now duly empowered, pursuant to each and every requirement of law, to issue the 2009 Bonds in the manner and form provided in this Indenture.

The Series A Bonds in the aggregate principal amount of _____ (\$_____) Dollars (\$_____) and the Series B Bonds in the aggregate principal amount of \$_____, are hereby authorized to be issued by the Agency under the Redevelopment Law for the purpose of providing funds, as applicable, to refund and

debase the 1996 Bonds, to finance the Redevelopment Project, to reimburse the City for certain loans to the Redevelopment Project, to fund a Reserve Fund, to repay the Low and Moderate Income Housing Fund, to repay the School District for certain tax increment revenues expended by the Agency, and pay certain Costs of Issuance. The 2009 Bonds shall be authorized and issued under, and shall be subject to the terms of, this Indenture and the Redevelopment Law. The Series A Bonds shall be designated the "Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 2009 Tax Allocation Refunding Bonds (Series A)". The Series B Bonds shall be designated the "Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 2009 Tax Allocation Bonds (Series B)".

SECTION 2.02. TERMS OF THE 2009 BONDS

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

SERIES A BOND DEBT SERVICE

Period Ending	Principal	Rate	Interest	Debt Service	Annual Debt Service
01/01/2010					
07/01/2010					
01/01/2011					
07/01/2011					
01/01/2012					
07/01/2012					
01/01/2013					
07/01/2013					
01/01/2014					
07/01/2014					
01/01/2015					
07/01/2015					
01/01/2016					
07/01/2016					
01/01/2017					
07/01/2017					
01/01/2018					
07/01/2018					
01/01/2019					
07/01/2019					
01/01/2020					
07/01/2020					
01/01/2021					
07/01/2021					
01/01/2022					
07/01/2022					
01/01/2023					
07/01/2023					
01/01/2024					

Period Ending	Principal	Rate	Interest	Debt Service	Annual Debt Service
07/01/2024					
01/01/2025					
07/01/2025					
01/01/2026					
07/01/2026					
01/01/2027					
07/01/2027					
01/01/2028					
07/01/2028					
01/01/2029					
07/01/2029					
01/01/2030					
07/01/2030					
01/01/2031					
07/01/2031					
01/01/2032					
07/01/2032					
01/01/2033					
07/01/2033					
01/01/2034					
07/01/2034					
01/01/2035					
07/01/2035					
01/01/2036					
07/01/2036					
01/01/2037					
07/01/2037					
01/01/2038					
07/01/2038					

SERIES B BOND DEBT SERVICE

Period Ending	Principal	Rate	Interest	Debt Service	Annual Debt Service
01/01/2010					
07/01/2010					
01/01/2011					
07/01/2011					
01/01/2012					
07/01/2012					
01/01/2013					
07/01/2013					
01/01/2014					
07/01/2014					
01/01/2015					
07/01/2015					
01/01/2016					
07/01/2016					

Period Ending	Principal	Rate	Interest	Debt Service	Annual Debt Service
01/01/2017					
07/01/2017					
01/01/2018					
07/01/2018					
01/01/2019					
07/01/2019					
01/01/2020					
07/01/2020					

Interest on the 2009 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest shall be paid on each Interest Payment Date to the persons in whose names the ownership of the 2009 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below.

Interest on the 2009 Bonds shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the 2009 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date; provided, however, that at the written request of the Owner of 2009 Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee prior to any Record Date, interest on such 2009 Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as shall be specified in such written request. The principal of and premium (if any) on the 2009 Bonds shall be payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

SECTION 2.03. REDEMPTION OF SERIES A BONDS

(a) Optional Redemption. The Series A Bonds maturing on or before July 1, 20__ shall not be subject to redemption prior to the respective stated maturities. The Series A Bonds maturing on or after July 1, 20__ shall be subject to redemption in whole, or in part among maturities on such basis as shall be designated in a Request of the Agency filed with the Trustee, and in any case by lot within a maturity, on any date on or after July 1, 20__, at the option of the Agency from any available source of funds, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, plus a premium (expressed as a percentage of the principal amount to be redeemed) as set forth in the following table:

Redemption Periods	Redemption Premium
July 1, 20__ through June 30, 20__	
July 1, 20__ through June 30, 20__	
July 1, 20__ and thereafter	

The Agency shall be required to give the Trustee written notice of its intention to redeem Series A Bonds under this subsection (a), and the manner of selecting such Series A Bonds for redemption from among the maturities thereof, at least sixty (60) days prior to the date fixed for such redemption.

(b) The Series B Bonds shall not be subject to optional redemption.

(c) Mandatory Sinking Account Redemption of 2009 Bonds. The Series A Bonds maturing on July 1, 20__, July 1, 20__, and July 1, 20__, shall also be subject to redemption in whole, or in part by lot, on July 1 in each of the years as set forth in the following respective tables, from Sinking Account payments made by the Agency pursuant to Section 4.03(c), at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the succeeding paragraph of this subsection (b), in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided, however, that if some but not all of such Series A Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future Sinking Account payments pursuant to this subsection (c) with respect to such Series A Bonds shall be reduced by the aggregate principal amount of such Series A Bonds so redeemed, to be allocated among such Sinking Account payments on a pro rata basis in integral multiples of \$5,000 as determined by the Agency (written notice of which determination shall be given by the Agency to the Trustee).

20__ TERM BOND (SERIES A)	
Sinking Account Redemption Date (July 1)	Principal Amount To Be Redeemed

20__ TERM BOND (SERIES A)	
Sinking Account Redemption Date (July 1)	Principal Amount To Be Redeemed

20__ TERM BOND (SERIES A)

Sinking Account Redemption Date (July 1)	Principal Amount To Be Redeemed
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In lieu of redemption of the Series A Bonds pursuant to the preceding paragraph, amounts on deposit in the Special Fund (to the extent not required to be transferred to the Trustee pursuant to Section 4.03 during the current Bond Year) may also be used and withdrawn by the Agency at any time for the purchase of such Series A Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of such Series A Bonds so purchased by the Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of such Series A Bonds required to be redeemed pursuant to this subsection (b) on the next succeeding July 1.

(d) Mandatory Sinking Account Redemption of Series B Bonds. The Series B Bonds maturing on July 1, 20__, shall also be subject to redemption in whole, or in part by lot, on July 1 in each of the years as set forth in the following respective tables, from Sinking Account payments made by the Agency pursuant to Section 4.03(d), at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the succeeding paragraph of this subsection (d), in the aggregate respective principal amounts and on the respective dates as set forth in the following table:

20__ TERM BOND (SERIES B)

Sinking Account Redemption Date (July 1)	Principal Amount To Be Redeemed
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(e) Notice of Redemption of Series A Bonds. The Trustee on behalf and at the expense of the Agency shall mail (by first class mail, postage prepaid) notice of any redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Series A Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Agency delivered to the Trustee; provided, however, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption

of such Series A Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall designate the CUSIP number of the Series A Bonds to be redeemed, shall state the individual number of each 2009 Bond to be redeemed or state that all Series A Bonds between two stated numbers (both inclusive) or shall state that all of the Series A Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Series A Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, shall state 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, giving notice also that further interest on the Series A Bonds to be redeemed will not accrue from and after the date fixed for redemption.

The 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 cancelled and annulled if for any reason funds will not or are not available on the date fixed for redemption for the payment in full of the Series A Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The 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 or redemption in the same manner as the original notice of redemption was sent.

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

(g) 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 Series A Bonds so called for redemption shall have been duly deposited with the Trustee, such Series A 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.

SECTION 2.04. FORM OF 2009 BONDS

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

The Series B Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A-2 attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

SECTION 2.05. AUTHENTICATION AND DELIVERY OF 2009 BONDS

The 2009 Bonds shall be executed on behalf of the Agency by the signature of its Chairman and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be

made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any 2009 Bond ceases to be such officer before the Closing Date, such signature shall nevertheless be as effective as if the officer had remained in office until the Closing Date. Any 2009 Bond may be signed and attested on behalf of the Agency by such persons as at the actual date of the execution of such 2009 Bond shall be the proper officers of the Agency, duly authorized to execute debt instruments on behalf of the Agency, although on the date of such 2009 Bond any such person shall not have been such officer of the Agency.

Only such of the 2009 Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A-1 or A-2, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that such 2009 Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.06. TRANSFER OF 2009 BONDS

Any 2009 Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2009 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Transfer of any 2009 Bond shall not be permitted by the Trustee during the fifteen (15) day period preceding the selection of 2009 Bonds for redemption or if such 2009 Bond has been selected for redemption pursuant to Article IV. Whenever any 2009 Bond or 2009 Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and shall deliver a new 2009 Bond or 2009 Bonds for a like aggregate principal amount, a like interest rate, and of like maturity. The Trustee may require the 2009 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

SECTION 2.07. EXCHANGE OF 2009 BONDS

Any 2009 Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of 2009 Bonds of other authorized denominations and of like interest rate and maturity. Exchange of any 2009 Bond shall not be permitted during the fifteen (15) day period preceding the selection of 2009 Bonds for redemption or if such 2009 Bond has been selected for redemption pursuant to Article IV. The Trustee may require the 2009 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

SECTION 2.08. REGISTRATION BOOKS

The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the 2009 Bonds, which shall at all times during normal business hours, and upon reasonable notice, be open to inspection by the Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, 2009 Bonds as hereinbefore provided.

SECTION 2.09. TEMPORARY 2009 BONDS

The 2009 Bonds may be initially issued in temporary form exchangeable for definitive 2009 Bonds when ready for delivery. The temporary 2009 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary 2009 Bond shall be executed by the Agency upon the same conditions and in substantially the same manner as the definitive 2009 Bonds. If the Agency issues temporary 2009 Bonds it will execute and furnish definitive 2009 Bonds without delay, and thereupon the temporary 2009 Bonds shall be surrendered, for cancellation, in exchange therefor at the Office of the Trustee, and the Trustee shall deliver in exchange for such temporary 2009 Bonds an equal aggregate principal amount of definitive 2009 Bonds of authorized denominations. Until so exchanged, the temporary 2009 Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive 2009 Bonds authenticated and delivered hereunder.

SECTION 2.10. 2009 BONDS MUTILATED, LOST, DESTROYED OR STOLEN

If any 2009 Bond shall become mutilated, the Agency, at the expense of the Owner of such 2009 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2009 Bond of like tenor in exchange and substitution for the 2009 Bond so mutilated, but only upon surrender to the Trustee of the 2009 Bond so mutilated. Every mutilated 2009 Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Agency. If any 2009 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory and indemnity satisfactory to the Trustee shall be given, the Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2009 Bond of like tenor in lieu of and in substitution for the 2009 Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new 2009 Bond issued under this Section and of the expenses that may be incurred by the Trustee in connection therewith. Any 2009 Bond issued under the provisions of this Section in lieu of any 2009 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the 2009 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 2009 Bonds issued pursuant to this Indenture.

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

SECTION 2.11. BOOK-ENTRY FORM

(a) Original Delivery. The 2009 Bonds shall be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the 2009 Bonds. Upon initial delivery, the ownership of each such 2009 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 2009 Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to 2009 Bonds the ownership of which shall be registered in the name of the Nominee, the Agency and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Agency holds an interest in the 2009 Bonds. Without limiting the generality of the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the 2009 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a 2009 Bond Owner as shown in the Registration Books, of any notice with respect to the 2009 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the 2009 Bonds to be redeemed in the event the Agency elects to redeem the 2009 Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a 2009 Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the 2009 Bonds or (v) any consent given or other action taken by the Depository as Owner of the 2009 Bonds. The Agency and the Trustee may treat and consider the person in whose name each 2009 Bond is registered as the absolute owner of such 2009 Bond for the purpose of payment of principal of and premium, if any, and interest on such 2009 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2009 Bond, for the purpose of registering transfers of ownership of such 2009 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the 2009 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 2009 Bonds to the extent of the sum or sums so paid. No person other than a 2009 Bond Owner shall receive a 2009 Bond evidencing the obligation of the 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 Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the 2009 Bonds for the Depository's book-entry system, the Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the 2009 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 Agency or the Trustee any obligation whatsoever with respect to persons having interests in the 2009 Bonds other than the 2009 Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Agency may take any other actions, not inconsistent with this Indenture, to qualify the 2009 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 2009 Bonds, or (ii) the Agency determines to terminate the Depository as such, then the Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Agency and the Trustee in the issuance of replacement 2009 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the 2009 Bonds, and by surrendering the 2009 Bonds, registered in the name of the Nominee, to the Trustee on or before

the date such replacement 2009 Bonds are to be issued. The Depository, by accepting delivery of the 2009 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Agency fails to identify another Securities Depository to replace the Depository, then the 2009 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 2009 Bonds shall designate, in accordance with the provisions hereof.

In the event the Agency determines that it is in the best interests of the beneficial owners of the 2009 Bonds that they be able to obtain certificated 2009 Bonds, the Agency may notify the Depository System Participants of the availability of such certificated 2009 Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange 2009 Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Agency shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the 2009 Bonds to any Depository System Participant having 2009 Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such 2009 Bonds, all at the Agency's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any 2009 Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such 2009 Bond and all notices with respect to such 2009 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

ARTICLE III. DEPOSIT AND APPLICATION OF PROCEEDS OF 2009 BONDS; ISSUANCE OF PARITY DEBT

SECTION 3.01. ISSUANCE OF SERIES A BONDS AND SERIES B BONDS

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

SECTION 3.02. DEPOSIT AND APPLICATION OF PROCEEDS

On the Closing Date, the proceeds of sale of the 2009 Bonds shall be paid to the Trustee and deposited by the Trustee as follows:

(a) The Trustee shall transfer from the Series A proceeds to the Escrow Agent the amount of \$_____ for deposit in the Escrow Fund pursuant to the Escrow Agreement.

(b) The Trustee shall deposit from the Series A proceeds the amount of \$_____ in the Series A Reserve Account, and from the Series B proceeds the amount of \$_____ in the Series B Reserve Account, which amounts, together with moneys already on deposit in the Reserve Account, equals the Reserve Requirement.

(c) The Trustee shall deposit from the Series A proceeds the amount of \$_____ in the Series A Costs of Issuance Fund, and from the Series B proceeds the amount of \$_____ in the Series B Costs of Issuance Fund.

(d) The Trustee shall transfer to the Agency from the Series A proceeds the amount of \$_____ for deposit by the Agency in the Project Fund for application in accordance with the Redevelopment Project.

(e) The Trustee shall transfer to the Agency from the Series B proceeds the amount of \$_____ for deposit in the Low and Moderate Income Housing Fund.

(f) The Trustee shall transfer \$_____ from the Series B proceeds to the School District in compliance with certain tax sharing agreements between the Agency and the School District.

SECTION 3.03. COSTS OF ISSUANCE FUND

There is hereby established a separate fund to be known as the "Series A Costs of Issuance Fund" and "Series B Costs of Issuance Fund" (collectively, the "Costs of Issuance Fund"), which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Request of the Agency stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Series A or Series B Costs of Issuance Fund, as applicable, and (e) that such amounts have not been the subject of a prior Request of the Agency; in each case together with a statement or invoice for each amount requested thereunder. On the earlier of (i) November 1, 2009, or (ii) the date of receipt by the Trustee of a Request of the Agency therefor, all amounts (if any) remaining in the Series A or Series B Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account.

SECTION 3.04. ISSUANCE OF PARITY DEBT

In addition to the 2000 Bonds and 2009 Bonds, the Agency may issue or incur Parity Debt in such principal amount as shall be determined by the Agency, pursuant to a Supplemental Indenture adopted or entered into by the Agency. The Agency may not issue any Parity Debt bearing interest at a variable rate. The Agency may issue or incur such Parity Debt subject to the following specific conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in this Indenture and all Supplemental Indentures.

(b) The Tax Revenues received for the Bond Year next preceding the then current Bond Year shall be at least equal to one hundred seventy-five percent (175%) of Maximum Annual Debt Service on all Parity Debt which will be Outstanding immediately following the issuance of such Parity Debt, excluding from Tax Revenues the maximum amounts payable in the applicable future Bond Year to other taxing entities from taxes allocated to the Agency under the Redevelopment Plan (and which payments are not then subordinated to the payment of debt service on the 2009 Bonds and any Parity Debt), as demonstrated by a report of an Independent Fiscal Consultant delivered to the Trustee and the Insurer.

(c) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide that interest thereon shall not be payable on any dates other than January 1 and July 1, and principal thereof shall be payable on July 1 in any year in which principal is payable.

(d) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide for the deposit into the Reserve Account of an amount required to cause the balance therein to equal the full amount of the Reserve Requirement (which may be maintained in whole or in part in the form of a Qualified Reserve Account Credit Instrument as provided herein).

(e) The issuance of such Parity Debt shall not cause the Agency to exceed any applicable Plan Limitations.

(f) The Agency shall deliver to the Trustee a Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in the foregoing subsections (a), (b), (c), (d) and (e) of this Section 3.04 have been satisfied.

SECTION 3.05. ISSUANCE OF SUBORDINATE DEBT

The Agency may from time to time issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency, provided that the issuance of such Subordinate Debt shall not cause the Agency to exceed any applicable Plan Limitations.

SECTION 3.06. VALIDITY OF 2009 BONDS

The validity of the authorization and issuance of the 2009 Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of its obligation with respect to the Redevelopment Project.

ARTICLE IV.

SECURITY OF 2009 BONDS; FLOW OF FUNDS; INVESTMENT OF MONEYS

SECTION 4.01. SECURITY OF 2009 BONDS; EQUAL SECURITY

The 2009 Bonds shall be secured by a first pledge of, security interest in and lien on all of the Tax Revenues and all of the moneys on deposit in the Special Fund. In addition, the 2009 Bonds shall be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, Reserve Account and the Redemption Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding 2000 Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds of the Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the 2009 Bonds.

In consideration of the acceptance of the 2009 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 Agency and the Owners from time to time of the 2009 Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the 2009 Bonds without preference, priority or distinction as to security or otherwise of any of the 2009 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 TAX REVENUES

There is established a special fund, known as the "Special Fund," held by the Agency. The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account and the Redemption Account in such Bond Year pursuant to Section 4.03 and for deposit in such Bond Year into the funds and accounts established with respect to Parity Debt, as provided in the 2000 Indenture and any Supplemental Indenture for future Parity Debt.

All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year pursuant to the preceding paragraph of this Section 4.02 shall be released from the pledge and lien hereunder for the security of the 2009 Bonds, the 2000 Bonds and any other Parity Debt, and may be applied by the Agency for any lawful purpose of the Agency. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the 2009 Bonds, and the payment in full of all other amounts payable hereunder and under the 2000 Indenture and any Supplemental Indenture for future Parity Debt, the 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.

SECTION 4.03. DEBT SERVICE FUND:

Transfer of Amounts to Trustee. There has been heretofore established a special trust fund known as the "Debt Service Fund", which is to be held by the Trustee hereunder in trust. Moneys in the Special Fund shall be transferred by the Agency to the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts within the Debt Service Fund, which accounts are established with the Trustee, in the following order of priority ratably among the 2009 Bonds, the 2000 Bonds and any other Parity Debt.

(a) Interest Account. On or before the second Business Day preceding each date on which interest on the 2009 Bonds becomes due and payable, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding 2009 Bonds, 2000 Bonds and any Parity Debt on such date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the 2009 Bonds, 2000 Bonds and any Parity Debt as it shall become due and payable (including accrued interest on any 2009 Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the second Business Day preceding each date on which principal of the 2009 Bonds becomes due and payable at maturity, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding 2009 Bonds, 2000 Bonds and any Parity Debt. All moneys in the Principal Account shall be used and

withdrawn by the Trustee solely for the purpose of paying the principal of the 2009 Bonds, 2000 Bonds and any Parity Debt upon the maturity thereof.

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

(d) Reserve Account. In the event that the Trustee has actual knowledge on or before the second Business Day preceding each date on which principal of or interest on any 2009 Bond is due and payable that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, on any date which the principal of or interest on the 2000 Bond or Parity Debt becomes due and payable hereunder, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the 2000 Bonds or Parity Debt then Outstanding. So long as no Event of Default shall have occurred and be continuing, any amount in the Reserve Account in excess of the Reserve Requirement on the Business Day preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account and the Interest Account of Parity Debt proportional to interest due.

The Agency shall, with the prior written consent of the Insurer, have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2009 Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the 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 Agency to be deposited in the Project Fund and used for the purposes thereof. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall reasonably be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall reasonably be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (d). Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency shall be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues.

The Reserve Account may be maintained in the form of one or more separate sub-accounts that are established for the purpose of holding the proceeds of separate issues of the 2009 Bonds in conformity with applicable provisions of the Tax Code.

(e) Redemption Account. On or before the second Business Day preceding any date on which 2009 Bonds are subject to redemption, other than mandatory Sinking Account redemption of Term Bonds, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Redemption Account a prorata amount based on debt outstanding required to pay the principal of and premium, if any, on the 2009 Bonds to be so redeemed on such date. 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 2009 Bonds upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

SECTION 4.04. INVESTMENT OF MONEYS IN FUNDS

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

Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture any moneys are required to be transferred by the Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund or account from which such investment was made; provided, however, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. No Permitted Investment of moneys in the Reserve Account shall have maturity in excess of five (5) years following the date of its acquisition. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the Agency. The Trustee, or an affiliate, may act as principal or agent in the acquisition or disposition of any investment, may utilize the investment departments of its affiliates to complete each transaction and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section. The Agency acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish to the Agency periodic statements that include detail of all investment transactions made by the Trustee.

All interest or gain derived from the investment of amounts in the Special Fund shall be retained therein; provided, however, that so long as no Event of Default has occurred and is

continuing if the amounts on deposit in the Special Fund in any Bond Year shall be sufficient to enable the Agency to make the deposits with the Trustee which are required to be made in such Bond Year pursuant to Section 4.03, all interest or gain thereafter received on the investment of amounts in the Special Fund shall be released from the pledge hereof and may be applied by the Agency for any lawful purpose.

SECTION 4.05. VALUATION AND DISPOSITION OF INVESTMENTS

(a) Except as otherwise provided in subsection (b) of this Section, the 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 2009 Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value as such term is defined in subsection (d) below. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Agency in any Certificate or Request of the Agency.

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

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

(d) For purposes of this Section 4.05, the term "Fair Market Value" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security - State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

SECTION 4.06. CONCERNING THE INSURANCE POLICY

So long as the Insurance Policy remains in force and effect, the Trustee shall comply with all of the provisions thereof which are required to be complied with to ensure timely payment of the principal and interest on the 2009 Bonds when due. Without limiting the generality of the foregoing, in the event that, on the second (2nd) Business Day, and again on the Business Day, prior to any date on which the principal of, or interest on, the 2009 Bonds becomes due and payable hereunder, the Trustee does not have on deposit in the funds and accounts established hereunder an amount of moneys sufficient to pay such principal and interest, the Trustee shall immediately notify the Insurer or its designee on such Business Day by telephone or facsimile transmission, confirmed in writing by registered or certified mail, of the amount of such deficiency. In the event that such deficiency shall be made up in whole or in part prior to or on the date on which the principal of, or interest on, the 2009 Bonds becomes due and payable hereunder, the Trustee shall so notify the Insurer or its designee. In addition, if the Trustee receives notice that any Bond Owner has been required to disgorge payments of principal of, or interest on, the 2009 Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Bond Owner within the meaning of any applicable bankruptcy law, then the Trustee shall notify the Insurer or its designee of such fact by telephone or facsimile transmission, confirmed in writing by registered or certified mail.

The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the 2009 Bonds as follows:

(a) If and to the extent there is a deficiency in amounts required to pay interest on the 2009 Bonds, the Trustee shall (i) execute and deliver to _____ [TO BE DETERMINED], in New York, New York, or its successors under the Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Owners in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (ii) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Owners; and

(b) If and to the extent of a deficiency in amounts required to pay principal of the 2009 Bonds, the Trustee shall (i) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Owners in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the 2009 Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (ii) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Insurance Policy payment therefor from the Insurance Paying Agent, and (iii) disburse the same to such Owners.

Payments with respect to claims for interest on and principal of the 2009 Bonds disbursed by the Trustee from proceeds of the Insurance Policy shall not be considered to discharge the obligation of the Agency with respect to such 2009 Bonds, and the Insurer shall

become the owner of such unpaid 2009 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this Section or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Agency and the Trustee hereby agree for the benefit of the Insurer that:

(a) They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the 2009 Bonds, the Insurer will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the Agency, with interest thereon as provided and solely from the sources stated in this Indenture and the 2009 Bonds; and

(b) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the 2009 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the 2009 Bonds to the Owners, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

SECTION 4.07. CONSENT OF INSURER, NOTICE TO INSURER

Wherever the term "Bond Owner" or a term of like meaning appears in this Indenture, so long as the Insurer is not in default, the Insurer shall be deemed to be a Bond Owner of a sufficient percentage of the outstanding 2009 Bonds (a) to initiate any action or effect any demand which Bond Owners may initiate or effect, and (b) to approve or disapprove any action, forbearance or amendment which is subject to Bond Owner's approval or initiation.

The Insurer shall be deemed to be a Bond Owner for all purposes. At the time that the Trustee is required to give any notice pursuant to this Indenture, like notice shall be given to the Insurer. In addition, the Trustee shall, as soon as practical, notify the Insurer with a copy of such notice to the Bond Insurance Department of Standard & Poor's, 25 Broadway, New York, New York, 10004; (i) not less than ten (10) Business Days in advance of the execution of any supplement, amendment or change to the Indenture, (ii) to the extent it has actual knowledge, upon any deficiency in any fund or account, (iii) upon a direction from the Agency to redeem all or any portion of the 2009 Bonds, (iv) upon the resignation or petition for removal of the Trustee or the appointment of a successor Trustee and (v) to the extent it has actual knowledge, upon any Event of Default or upon any event that with notice and/or with the lapse of time could become an Event of Default under this Indenture.

ARTICLE V. OTHER COVENANTS OF THE AGENCY

SECTION 5.01. PUNCTUAL PAYMENT

The Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the 2009 Bonds in strict conformity with the terms of the 2009 Bonds and of this Indenture. The Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, the 2000 Indenture and all Supplemental Indentures. Nothing herein contained shall prevent the 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

The Agency hereby covenants that so long as any of the 2009 Bonds remain Outstanding, the Agency shall not issue any bonds, notes or other obligations that are otherwise secured on a basis that is senior to the pledge and lien that secures the 2009 Bonds. The Agency hereby covenants that it shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only the 2009 Bonds, any Parity Debt, any Subordinate Debt and any obligations entered into pursuant to Section 5.10. No Parity Debt or Subordinate Debt shall bear a variable rate of interest, either directly or through a derivative contract.

(a) The Agency hereby covenants that the aggregate amount of Debt Service remaining to be paid on the 2009 Bonds and all Parity Debt, shall at no time exceed ninety-five percent (95%) of the aggregate amount of remaining Tax Revenues which the Agency is permitted to receive under the Plan Limitations. In the event that the aggregate amount of Debt Service remaining to be paid on the 2009 Bonds and all Parity Debt at any time equals or exceeds ninety-five (95%) of the aggregate amount of Tax Revenues which the Agency is permitted to receive in the future under the Plan Limitations, all Tax Revenues thereafter received by the Agency shall immediately be paid to the Trustee and deposited by the Trustee in the Special Fund to be applied for the sole purpose of paying the principal of and interest on the Bonds and any other Outstanding Parity Debt prior to maturity or as it comes due and payable, notwithstanding anything in this Indenture to the contrary.

(b) The agency shall cause a fiscal consultant experienced in the preparation of reports relating to tax increment revenues of redevelopment agencies to prepare a report annually (the "Annual Report") by November 15 of each year, commencing November 15, 2010, setting forth the following information calculated as of the last day of the preceding fiscal year (the "Prior Fiscal Year"):

1. the aggregate amount of tax increment revenues theretofore received by the Agency under the Plan Limitations calculated as of the last day of the Prior Fiscal Year;
2. the remaining aggregate amount of tax increment revenues permitted to be received by the Agency under the Plan Limitations following the last day of the Prior Fiscal Year;
3. the remaining aggregate amount of Tax Revenues permitted to be received by the Agency under the Plan Limitations following the last day of the Prior Fiscal Year (the "Remaining Tax Revenues");
4. the remaining amount of Debt Service payable on the 2009 Bonds and Parity Debt following the last day of the Prior Fiscal Year (the "Remaining Debt Service");
5. the ratio of the Remaining Debt Service to the Remaining Tax Revenues stated as a percentage calculated by dividing the Remaining Debt Service by the Remaining Tax Revenues.

(c) If the percentage determined in accordance with subsection (b)(5), as set forth in the Annual Report, equals or exceeds ninety-five percent (95%), then all Tax Revenues thereafter received by the Agency shall be applied as provided in subsection (a), any application of such Tax Revenues to the redemption of the 2009 Bonds or Parity Debt prior to maturity to be by such maturities as shall be directed by the Agency.

(d) Each Annual Report shall be delivered to the Trustee promptly upon its completion.

SECTION 5.03. EXTENSION OF PAYMENT OF 2009 BONDS

The Agency shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2009 Bonds or the time of payment of any claims for interest by the purchase of such 2009 Bonds or by any other arrangement, and in case the maturity of any of the 2009 Bonds or the time of payment of any such claims for interest shall be extended, such 2009 Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Outstanding 2009 Bonds and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Agency to issue bonds for the purpose of refunding any Outstanding 2009 Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the 2009 Bonds.

SECTION 5.04. PAYMENT OF CLAIMS

The Agency shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues or any part thereof, or upon any funds held by the Trustee pursuant hereto, or which might impair the security of the 2009 Bonds. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

SECTION 5.05. BOOKS AND ACCOUNTS: FINANCIAL STATEMENTS

The Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the 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 Owners of not less than ten percent (10%) in aggregate principal amount of the 2009 Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared and delivered to the Trustee annually, within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the 2009 Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements from the Special Fund and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. In accordance with Section 6.03(e), the Trustee shall not be responsible for reviewing such financial statements. The Agency shall furnish a copy of such statements to any Owner upon reasonable request and at the expense of such Owner.

SECTION 5.06. PROTECTION OF SECURITY AND RIGHTS OF OWNERS

The Agency will preserve and protect the security of the 2009 Bonds and the rights of the Owners. From and after the date of issuance of any 2009 Bonds, such 2009 Bonds shall be incontestable by the Agency.

SECTION 5.07. PAYMENTS OF TAXES AND OTHER CHARGES

The 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 Agency or the properties then owned by the Agency in the Project Area, when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The 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. DISPOSITION OF PROJECT

The Agency will not participate in the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of this Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in the Project Area unless such disposition is permitted as hereinafter provided in this Section 5.08. If the Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Fiscal Consultant to report on the effect of said proposed disposition. If the report of the Independent Fiscal Consultant concludes that the security of the 2009 Bonds or the rights of the Owners will not be materially adversely impaired by said proposed disposition, the Agency may thereafter make such disposition. If such report concludes that such security will be materially adversely impaired by the proposed disposition, the Agency shall not approve the proposed disposition. .

SECTION 5.09. MAINTENANCE OF TAX REVENUES

The Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and the State. The Agency shall not enter into any amendment of the Tax Sharing Agreements, or any other agreement with the County or any other governmental unit pursuant to the Redevelopment Law, which would have the effect of reducing the amount of Tax Revenues unless the Agency shall first obtain the report of an Independent Fiscal Consultant stating that the Tax Revenues remaining after the entering into of such agreement, estimated to be received in each of the succeeding Bond Years, are at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the 2009 Bonds. Notwithstanding the foregoing, however, the provisions of this Section 5.09 shall not apply to any amendment of the Tax Sharing Agreements, or any other agreement with the County or with any other governmental or private entity, which by its terms is subordinate to the pledge of and lien on the Tax Revenues for the benefit of the Bond Owners or which does not obligate the Agency to pay any Tax Revenues except to the extent such Tax Revenues are released from the pledge thereof and lien thereon in accordance

with Section 4.02. The Trustee shall have no duty to monitor the compliance of the Agency with this Section.

SECTION 5.10. TAX COVENANTS RELATING TO 2009 BONDS

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

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

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

(d) Maintenance of Tax-Exemption. The Agency shall take all actions necessary to assure the exclusion of interest on the Series A Bonds from the gross income of the Owners of the Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) Small Issuer Exemption from Bank Non-deductibility Restriction¹. The Agency hereby designates the Series A Bonds for purposes of paragraph (3) of Section 265(b) of the Tax Code and hereby covenants that (i) the Series A Bonds do not constitute private activity bonds as defined in Section 141 of the Tax Code, and (ii) in accordance with the Series A Economic Stimulus Bill, not more than \$30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Tax Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Tax Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code), including the Series A Bonds, have been or shall be issued by or on behalf of the Agency, including all subordinate entities of the Agency, during the calendar year Series A.

The Trustee shall have no duty to monitor the compliance by the Agency with any of the covenants contained in this Section 5.10.

SECTION 5.11. CONTINUING DISCLOSURE

The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate that has been executed and delivered by the Agency on the Closing Date. Notwithstanding any other provision hereof, failure of the Agency to comply with such Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; provided, however, that any Participating Underwriter (as such term is defined in such Continuing Disclosure Certificate) or any Owner or beneficial owner of the 2009 Bonds may

¹ Preliminary, subject to deletion if 2009 Bonds are issued in excess of \$30,000,000.

take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under this Section 5.11.

SECTION 5.12. FURTHER ASSURANCES

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

ARTICLE VI. THE TRUSTEE

SECTION 6.01. DUTIES, IMMUNITIES AND LIABILITIES OF TRUSTEE

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

(b) The Agency may, with the prior written consent of the Insurer, remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by the Insurer or, with the prior written consent of the Insurer, an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the 2009 Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of 30 days' written notice of such removal by the Agency to the Trustee, whereupon the 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 Agency, and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor

Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the 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 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 Agency shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to S&P and Moody's, and to the Owners at the addresses shown on the Registration Books. If the Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Agency.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall (i) be a company or bank having trust powers, (ii) shall have an office in the State of California or such other state as shall be acceptable to the Agency, (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and (iv) be subject to supervision or examination by federal or state authority. If such bank or company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall promptly resign in the manner and with the effect specified in subsection (c) of this Section.

SECTION 6.02. MERGER OR CONSOLIDATION

Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 6.03. LIABILITY OF TRUSTEE

(a) The recitals of facts herein and in the 2009 Bonds contained shall be taken as statements of the Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of any offering memorandum, this Indenture or of the 2009 Bonds nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the 2009 Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any 2009 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 2009 Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the Agency.

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

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Agency, accompanied by an opinion of Bond counsel, or in accordance with direction of the Owners of not less than a majority in aggregate principal amount of the 2009 Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee shall have actual knowledge thereof, or the Trustee shall have received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the 2009 Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee shall not be responsible for the Agency's payment of principal and interest on the 2009 Bonds, the observance or performance by the Agency of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 5.05 and may rely conclusively on the Certificate of the Agency accompanying such financial statements to establish the Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of 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).

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

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

SECTION 6.04. RIGHT TO RELY ON DOCUMENTS

The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Agency, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but shall have no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Fiscal Consultant appointed by the Agency.

SECTION 6.05. PRESERVATION AND INSPECTION OF DOCUMENTS

All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the Agency and any Owner, and their agents and representatives duly authorized in writing.

SECTION 6.06. COMPENSATION AND INDEMNIFICATION

The Agency shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a first lien on the Tax Revenues and all funds and accounts

held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII.

The Agency further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents affiliates and employees, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents affiliates or employees. The obligations of the Agency under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the 2009 Bonds and discharge of this Indenture.

SECTION 6.07. ACCOUNTING RECORDS AND FINANCIAL STATEMENTS

The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the 2009 Bonds and all funds and accounts established and held by the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the Agency at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the Agency, at least monthly, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the 2009 Bonds and all funds and accounts held by the Trustee pursuant to this Indenture.

SECTION 6.08. APPOINTMENT OF CO-TRUSTEE OR AGENT

It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of national banking associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-Trustee. The following provisions of this Section 6.08 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-Trustee but only to the extent necessary to enable such separate or co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-Trustee shall run to and be enforceable by either of them, provided that in the event of any conflict, the co-Trustee shall defer to the Trustee.

Should any instrument in writing from the Agency be required by the separate Trustee or co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency. In case any separate Trustee or co-Trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or co-Trustee.

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

SECTION 6.09. NO LIABILITY FOR AGENCY PERFORMANCE

The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service by the Agency or with respect to the observance or performance by the 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 Agency pursuant to this Indenture.

ARTICLE VII. MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 7.01. AUTHORIZED AMENDMENTS

This Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, with notice to the Insurer if applicable, but without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Agency contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the Agency provided such addition, limit, or surrender shall not materially adversely effect the interest of the Owners as determined by the Agency and certified to the Trustee; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners; or

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

(d) to amend any provision hereof to assure the exclusion from gross income of interest on the 2009 Bonds for federal income tax purposes, in the opinion of Bond Counsel filed with the Agency and the Trustee; or

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

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding with the written consent of the Insurer, if applicable, and the written consents of the Owners of a majority in aggregate principal amount of the 2009 Bonds then Outstanding are delivered to the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of 2009 Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

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

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 2009 BONDS AFTER AMENDMENT

After the effective date of any amendment or modification hereof pursuant to this Article VII, the Agency may determine that any or all of the 2009 Bonds shall bear a notation, by endorsement in form approved by the Agency, as to such amendment or modification and in that case upon demand of the Agency the Owners of such 2009 Bonds shall present such 2009 Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such 2009 Bonds. In lieu of such notation, the Agency may determine that new 2009 Bonds shall be prepared and executed in exchange for any or all of the 2009 Bonds and in that case upon demand of the Agency the Owners of the 2009 Bonds shall present such 2009 Bonds for exchange at the Office of the Trustee without cost to such Owners.

SECTION 7.04. AMENDMENT BY MUTUAL CONSENT

The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular 2009 Bond held by such Owner, provided that due notation thereof is made on such Bond.

SECTION 7.05. TRUSTEE'S RELIANCE

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

ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. EVENTS OF DEFAULT AND ACCELERATION OF MATURITIES

Each of the following events shall constitute an Event of Default hereunder.

(a) Failure to pay any installment of the principal of any 2009 Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any 2009 Bonds when and as the same shall become due and payable.

(c) Failure by the Agency to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the 2009 Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Agency by the Trustee or the Insurer; provided, however, if in the reasonable opinion of the Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Agency within such thirty (30) day period and the Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

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

Subject in all respects to the provisions of Section 8.08, if an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing by the Owners of a majority in aggregate principal amount of the 2009 Bonds then Outstanding the Trustee shall, (a) declare the principal of the 2009 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 2009 Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, ex parte, and without notice, and the Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and

payable under this Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with this Section.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the 2009 Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the 2009 Bonds, which shall include the statement that interest on the 2009 Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the 2009 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 2009 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 2009 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 Agency shall deposit with the Trustee a sum sufficient to pay all principal on the 2009 Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the 2009 Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding 2009 Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the 2009 Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the 2009 Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the 2009 Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. APPLICATION OF FUNDS UPON ACCELERATION

All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee hereunder upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Trustee hereunder, shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the 2009 Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture, the 2000 Indenture and any Supplemental Indentures and the payment of all fees, costs and expenses owing to the Trustee pursuant to Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law;

(b) To the payment of the whole amount then owing and unpaid upon the 2009 Bonds for interest and principal with interest on such overdue amounts at the respective rates of interest borne by the Outstanding 2009 Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the 2009 Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably (among the 2009 Bonds, the Prior Bonds and any other Parity Debt then Outstanding) to the aggregate of such interest, principal and interest on overdue amounts.

SECTION 8.03. POWER OF TRUSTEE TO CONTROL PROCEEDINGS

In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the 2009 Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the 2009 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 2009 Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation accompanied, if requested by the Trustee, by indemnity or confirmation of indemnity as described in Section 8.01.

SECTION 8.04. LIMITATION ON OWNERS' RIGHT TO SUE

No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the 2009 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 2009 Bonds.

The right of any Owner of any 2009 Bond to receive payment of the principal of and premium, if any, and interest on such 2009 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 2009 Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the 2009 Bonds to the respective Owners when due and payable as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners to institute suit to enforce such payment by virtue of the contract embodied in the 2009 Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner or the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Trustee and Owners by the Redevelopment Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

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

SECTION 8.06. ACTIONS BY TRUSTEE AS ATTORNEY-IN-FACT

Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the 2009 Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI.

SECTION 8.07. REMEDIES NOT EXCLUSIVE

No remedy herein conferred upon or reserved to the Trustee or Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law.

SECTION 8.08. RIGHTS OF THE INSURER

If applicable, anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted hereunder to the Bond Owners, or to

the Trustee for the benefit of the Bond Owners, including but not limited to rights and remedies granted pursuant to Section 8.01 and including but not limited to the right to approve all waivers of any Events of Default. The rights granted to the Insurer under this Indenture shall be deemed terminated and shall not be exercisable by the Insurer during any period during which the Insurer shall be in default under the Insurance Policy.

For bonds which it insures, the Insurer shall have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a bondholder in accordance with applicable provisions of the governing documents. Other than the usual redemption provisions, any acceleration of principal payments must be subject to the Insurer's prior written consent.

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 Agency, the Trustee and the Owners, any right, remedy, claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 9.02. SUCCESSOR IS DEEMED INCLUDED IN ALL REFERENCES TO PREDECESSOR

Whenever in this Indenture or any Supplemental Indenture either the 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 Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.03. DEFEASANCE OF 2009 BONDS

(a) If the Agency shall pay and discharge the entire indebtedness on any 2009 Bonds in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest on such 2009 Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such 2009 Bonds, including all principal, interest and redemption premium, if any;

(iii) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such 2009 Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or

(iv) by purchasing such 2009 Bonds prior to maturity and tendering such 2009 Bonds to the Trustee for cancellation;

and if such 2009 Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Agency, and notwithstanding that any such 2009 Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Agency under this Indenture with respect to such 2009 Bonds shall cease and terminate, except only (a) the obligations of the Agency under Section 5.11, (b) the obligation of the Trustee to transfer and exchange 2009 Bonds hereunder, (c) the obligation of the Agency to pay or cause to be paid to the Owners of such 2009 Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and (d) the obligations of the Agency to compensate and indemnify the Trustee pursuant to Section 6.06. Notice of such election shall be filed with the Trustee. In the event the Agency shall, pursuant to the foregoing provisions, pay and discharge any portion or all of the 2009 Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge, including without limitation, selection by lot of 2009 Bonds of any maturity of the 2009 Bonds that the Agency has determined to pay and discharge in part. Any funds thereafter held by the Trustee, which are not required for said purpose, shall be paid over to the Agency.

(b) Notwithstanding the foregoing provisions of this Section 9.03, in the event that the principal, interest and premium (if any) on the 2009 Bonds shall be paid by the Insurer pursuant to the Insurance Policy, the obligations of the Trustee and the Agency shall continue in full force and effect and the Insurer shall be fully subrogated to the rights of all Owners of the 2009 Bonds so paid.

(c) In the event that any portion or all of the 2009 Bonds are to be paid and discharged pursuant to Section 9.03(a)(iii), the Insurer shall be notified and provided with a draft copy of any proposed escrow agreement establishing the trust, the form of the Independent Certified Public Accountant's Certificate, the Preliminary Official Statement of the refunding issue (if applicable) and the form of approving opinion of bond counsel. These materials shall be delivered to the Insurer by the Agency no less than five (5) Business Days prior to the scheduled payment and discharge. Substitution of securities held in trust in the escrow shall not be permitted.

SECTION 9.04. EXECUTION OF DOCUMENTS AND PROOF OF OWNERSHIP BY OWNERS

Any request, declaration or other instrument that this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of 2009 Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Agency or the Trustee in good faith and in accordance therewith.

SECTION 9.05. DISQUALIFIED 2009 BONDS

In determining whether the Owners of the requisite aggregate principal amount of 2009 Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, 2009 Bonds which are owned or held by or for the account of the Agency or the City (but excluding 2009 Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only 2009 Bonds which a responsible officer of the Trustee knows to be so owned or held shall be disregarded.

SECTION 9.06. WAIVER OF PERSONAL LIABILITY

No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the 2009 Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.07. DESTRUCTION OF CANCELED 2009 BONDS

Whenever in this Indenture provision is made for the surrender to the Agency of any 2009 Bonds which have been paid or canceled pursuant to the provisions of this Indenture, upon receipt by the Trustee of the Request of the Agency a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled 2009 Bonds and the Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such 2009 Bonds therein referred to.

SECTION 9.08. NOTICES

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

If to the Agency:	Redevelopment Agency of the City of El Paso de Robles 1000 Spring Street P.O. Box 307 Paso Robles, California 93446 Attention: Executive Director Fax: (805) 238-4704
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If to the Trustee: Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, California 94104
(415) 273-2520
Fax: (415) 273-2492

If to the Insurer: [TO COME]

If to Insurer's Fiscal Agent: [TO COME]

So long as the Insurance Policy remains in effect, the Trustee shall furnish to the Insurer a copy of any notice required to be given hereunder to the Bond Owners.

SECTION 9.09. PARTIAL INVALIDITY

If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The Agency and the Trustee hereby declare that they would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the 2009 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 9.10. UNCLAIMED MONEYS

Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the 2009 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 2009 Bonds have become payable, shall upon receipt by the Trustee of the Request of the Agency be repaid by the Trustee to the Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of the principal of and interest and redemption premium (if any) on such 2009 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.

SECTION 9.13. PAYMENT ON NON-BUSINESS DAYS

In the event any payment is required to be made hereunder on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

IN WITNESS WHEREOF, the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES has caused this Indenture to be signed in its name by its Chairman and attested to by its Secretary, and UNION BANK, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

REDEVELOPMENT AGENCY OF THE
CITY OF EL PASO DE ROBLES

By: _____
Chairman

(SEAL)

ATTEST:

Secretary

UNION BANK, N.A.,
as Trustee

By: _____
Authorized Officer

EXHIBIT A-1

FORM OF SERIES A BONDS

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES
PASO ROBLES REDEVELOPMENT PROJECT
2009 TAX ALLOCATION REFUNDING BOND (SERIES A)
(Bank Qualified)

PRINCIPAL AMOUNT \$	INTEREST RATE %	MATURITY DATE	DATED DATE _____, 20__	CUSIP NUMBER
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), for value received, hereby promises to pay (but only out of the Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to December 15, 2009, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on January 1 and July 1 in each year, commencing January 1, 2010 (the "Interest Payment Dates"), until payment of such Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office of Union Bank, N.A., as trustee (the "Trustee"), in Los Angeles, California, or such other location as the trustee may designate. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Series A Bonds, which written request is on file with the Trustee prior to any Record Date, interest on such

Series A Bonds shall be paid on the succeeding Interest Payment Date by wire transfer to an account of a financial institution within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Agency designated as the "Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 2009 Tax Allocation Refunding Bonds (Series A)" (the "Series A Bonds") of an aggregate principal amount of _____ Dollars (\$_____) all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law") and pursuant to a Second Supplemental Indenture of Trust, dated as of August 1, 2009, by and between the Agency and the Trustee (the "Indenture"). The Series A Bonds have been authorized to be issued by the Agency pursuant to a resolution of the Agency adopted on _____, 2009. The Agency has issued obligations on parity with the Series A Bonds and may issue or incur additional obligations on parity with the Series A 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 Agency) and all supplements thereto and to the Redevelopment Law for a description of the terms on which the Series A Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Series A Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Series A Bonds have been issued by the Agency to refund and defease its 1996 Tax Allocation Refunding Bonds, provide funds to construct certain public improvements, fund a Series A Reserve Account and pay for certain costs of issuance of the Series A Bonds. This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Tax Revenues derived by the Agency from the Paso Robles Redevelopment Project in the City of El Paso de Robles, California (the "Project Area"), a duly designated redevelopment project under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest and premium (if any) on the Series A Bonds and any such parity obligations. Notwithstanding the foregoing, certain amounts out of Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the City of El Paso de Robles, 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 the Tax Revenues.

The rights and obligations of the Agency and the owners of the Series A Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the Bond owners required to effect any such modification or amendment.

The Series A Bonds maturing on or before July 1, 20__ are not subject to redemption prior to the respective stated maturities. The Series A Bonds maturing on or after July 1, 20__ are subject to redemption in whole, or in part among maturities on such basis as shall be designated in a written request of the Agency filed with the Trustee, and in any case by lot within a maturity, on any date on or after July 1, 20__, at the option of the Agency from any available source of funds, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, plus a premium (expressed as a percentage of the principal amount to be redeemed) as set forth in the following table:

Redemption Periods	Redemption Premium
July 1, 20__ through June 30, 20__	2.0%
July 1, 20__ through June 30, 20__	1.0%
July 1, 20__ and thereafter	0.0%

The Series A Bonds maturing on July 1, 20__, are subject to mandatory sinking account redemption in part by lot, on July 1, 20__ and on July 1 in each year thereafter as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; provided, however, that if some but not all of such Series A Bonds have been optionally redeemed pursuant to the preceding paragraph, the total amount of all Series A Bonds to be redeemed thereafter from mandatory sinking account payments shall be reduced on a pro rata basis in integral multiples of \$5,000.

20__ TERM BOND (SERIES A)	
Sinking Account Redemption Date (July 1)	Principal Amount To Be Redeemed

The Series A Bonds maturing on July 1, 20__, are subject to mandatory sinking account redemption in part by lot, on July 1, 20__ and on July 1 in each year thereafter as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; provided, however, that if some but not all of such Series A Bonds have been optionally redeemed pursuant to the preceding paragraph, the total amount of all Series A Bonds to be redeemed thereafter from mandatory sinking account payments shall be reduced on a pro rata basis in integral multiples of \$5,000.

20__ TERM BOND (SERIES A)

Sinking Account Redemption Date (July 1)	Principal Amount To Be Redeemed

The Series A Bonds maturing on July 1, 20__, are subject to mandatory sinking account redemption in part by lot, on July 1, 20__ and on July 1 in each year thereafter as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; provided, however, that if some but not all of such Series A Bonds have been optionally redeemed pursuant to the preceding paragraph, the total amount of all Series A Bonds to be redeemed thereafter from mandatory sinking account payments shall be reduced on a pro rata basis in integral multiples of \$5,000.

20__ TERM BOND (SERIES A)

Sinking Account Redemption Date (July 1)	Principal Amount To Be Redeemed

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Series A Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

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

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Series A Bonds may be declared due and payable upon the conditions, in the manner

and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Series A Bond or Series A Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Agency for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

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

IN WITNESS WHEREOF, the Redevelopment Agency of the City of El Paso de Robles has caused this Series A Bond to be executed in its name and on its behalf with the signature of its Chairman and its seal to be reproduced hereon in and attested to by the signature of its Secretary, all as of the Original Issue Date specified above.

REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES

By: _____
Chairman

(SEAL)

ATTEST:

By: _____
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated: _____, 2009

UNION BANK, N.A.,
as Trustee

By: _____
Authorized Signatory

STATEMENT OF INSURANCE [TO BE DETERMINED]

The _____ [TO BE DETERMINED] (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Union Bank, N.A., 350 California Street, 11th Floor, San Francisco, California 94111.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Union Bank, N.A., 350 California Street, 11th Floor, San Francisco, California 94111 or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$ _____
REDEVELOPMENT AGENCY OF
THE CITY OF EL PASO DE ROBLES
(San Luis Obispo County, California)
Paso Robles Redevelopment Project
2009 Tax Allocation Refunding Bonds (Series A)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with _____ [TO BE DETERMINED], in _____, _____, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to _____ [TO BE DETERMINED]

shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at _____.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

[TO BE DETERMINED]

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto whose address and social security or other tax identifying number is , the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTE: Signatures(s) must be guaranteed by an eligible guarantor institution.

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

Law Office of
ROBERT M. HAIGHT
ATTORNEY AT LAW
Municipal Bond Counsel

_____, 2009

Redevelopment Agency of the
City of El Paso de Robles
1000 Spring Street
Paso Robles, California 93446

OPINION: \$ _____
Redevelopment Agency of the City of El Paso de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Refunding Bonds (Series A)

Members of the Agency:

We have acted as bond counsel to the Redevelopment Agency of the City of El Paso de Robles, a public body corporate and politic organized and existing under the laws of the State of California (the "Agency"), in connection with the issuance by the Agency of \$ _____ aggregate principal amount of Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 2009 Tax Allocation Refunding Bonds (Series A) (the "Series A Bonds"), pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"), and pursuant to a Second Supplemental Indenture of Trust dated as of August 1, 2009 (the "Indenture"), by and between the Agency and Union Bank, N.A., formerly known as Union Bank of California, N.A., as trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California with the full power to enter into the Supplemental Indenture, perform the agreements on its part contained therein and issue the Series A Bonds.
2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms
3. Pursuant to the Redevelopment Law, the Indenture establishes a valid lien on the funds pledged by the Supplemental Indenture for the security of the Series A Bonds.

4. The Series A Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. Interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is required to be taken into account in determining certain income and earnings. The opinions set forth in the preceding sentences are subject to the condition that the Agency comply with all requirements of the Code which must be satisfied subsequent to the issuance of the Series A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted in the Indenture to comply with each of such requirements, and the Agency has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series A Bonds.

6. Interest on the Series A Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Series A Bonds and the enforceability of the Series A Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

ROBERT M. HAIGHT

EXHIBIT A-2

FORM OF SERIES B BONDS

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES
PASO ROBLES REDEVELOPMENT PROJECT
2009 TAX ALLOCATION BOND (SERIES B)

PRINCIPAL AMOUNT \$	INTEREST RATE %	MATURITY DATE	DATED DATE _____, 20__	CUSIP NUMBER
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), for value received, hereby promises to pay (but only out of the Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date (a "Record Date"), in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to December 15, 2009, in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on January 1 and July 1 in each year, commencing January 1, 2010 (the "Interest Payment Dates"), until payment of such Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the principal corporate trust office of Union Bank, N.A., as trustee (the "Trustee"), in Los Angeles, California, or such other location as the trustee may designate. Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at the address of such Registered Owner as it appears on the registration books of the Trustee as of the preceding Record Date; provided that at the written request of the owner of at least \$1,000,000 aggregate principal amount of Series B Bonds, which written request is on file with the Trustee prior to any Record Date, interest on such Series B Bonds shall be paid on the succeeding Interest Payment Date by wire transfer to an

account of a financial institution within the United States of America as shall be specified in such written request.

This Bond is one of a duly authorized issue of bonds of the Agency designated as the "Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 2009 Tax Allocation Bonds (Series B)" (the "Series B Bonds") of an aggregate principal amount of _____ Dollars (\$_____) all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions) and all issued pursuant to the provisions of Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law") and pursuant to a Second Supplemental Indenture of Trust, dated as of August 1, 2009, by and between the Agency and the Trustee (the "Indenture"). The Series B Bonds have been authorized to be issued by the Agency pursuant to a resolution of the Agency adopted on _____, 2009. The Agency has issued obligations on parity with the Series B Bonds and may issue or incur additional obligations on parity with the Series B 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 Agency) and all supplements thereto and to the Redevelopment Law for a description of the terms on which the Series B Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Series B Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Series B Bonds have been issued by the Agency to repay certain outstanding loan obligations of the Agency, to repay the Low and Moderate Income Housing Fund, to repay the School District for certain tax increment revenues expended by the Agency, fund a Series B Reserve Account and pay for certain costs of issuance of the Series B Bonds. This Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Tax Revenues derived by the Agency from the Paso Robles Redevelopment Project in the City of El Paso de Robles, California (the "Project Area"), a duly designated redevelopment project under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest and premium (if any) on the Series B Bonds and any such parity obligations. Notwithstanding the foregoing, certain amounts out of Tax Revenues may be applied for other purposes as provided in the Indenture.

This Bond is not a debt of the City of El Paso de Robles, 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 the Tax Revenues.

The rights and obligations of the Agency and the owners of the Series B Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages of the Bond owners required to effect any such modification or amendment.

The Series B Bonds are not subject to optional redemption. The Series B Bonds maturing on July 1, 20__, are subject to mandatory sinking account redemption, in part, by lot, on July 1, 20__ and on July 1 in each year thereafter as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium; provided, however, that if some but not all of such Series B Bonds have been optionally redeemed pursuant to the preceding paragraph, the total amount of all Series B Bonds to be redeemed thereafter from mandatory sinking account payments shall be reduced on a pro rata basis in integral multiples of \$5,000.

20__ TERM BOND (SERIES B)	
Sinking Account Redemption Date (July 1)	Principal Amount To Be Redeemed

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective owners of any Series B Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

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

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

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said corporate trust office of the Trustee in Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new 2009 Bond or Series B Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Agency for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

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

IN WITNESS WHEREOF, the Redevelopment Agency of the City of El Paso de Robles has caused this Bond to be executed in its name and on its behalf with the signature of its Chairman and its seal to be reproduced hereon in and attested to by the signature of its Secretary, all as of the Original Issue Date specified above.

REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES

By: _____
Chairman

(SEAL)

ATTEST:

By: _____
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated: _____, 2009

UNION BANK, N.A.,
as Trustee

By: _____
Authorized Signatory

STATEMENT OF INSURANCE [TO BE DETERMINED]

The _____ [TO BE DETERMINED] _____ (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Union Bank, N.A., 350 California Street, 11th Floor, San Francisco, California 94111.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Union Bank, N.A., 350 California Street, 11th Floor, San Francisco, California 94111 or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$ _____
REDEVELOPMENT AGENCY OF
THE CITY OF EL PASO DE ROBLES
(San Luis Obispo County, California)
Paso Robles Redevelopment Project
2009 Tax Allocation Bonds (Series B)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with _____ [TO BE DETERMINED] _____, in _____, _____, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations,

such instruments being in a form satisfactory to _____ [TO BE DETERMINED] shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at _____.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

_____[TO BE DETERMINED]_____

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto whose address and social security or other tax identifying number is , the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTE: Signatures(s) must be guaranteed by an eligible guarantor institution.

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

Law Office of
ROBERT M. HAIGHT
ATTORNEY AT LAW
Municipal Bond Counsel

_____, 2009

Redevelopment Agency of the
City of El Paso de Robles
1000 Spring Street
Paso Robles, California 93446

OPINION: \$ _____
Redevelopment Agency of the City of El Paso de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Bonds (Series B)

Members of the Agency:

We have acted as bond counsel to the Redevelopment Agency of the City of El Paso de Robles, a public body corporate and politic organized and existing under the laws of the State of California (the "Agency"), in connection with the issuance by the Agency of \$ _____ aggregate principal amount of Redevelopment Agency of the City of El Paso de Robles Paso Robles Redevelopment Project 2009 Tax Allocation Bonds (Series B) (the "Series B Bonds"), pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"), and pursuant to a Second Supplemental Indenture of Trust dated as of August 1, 2009 (the "Indenture"), by and between the Agency and Union Bank, N.A., formerly known as Union Bank of California, N.A., as trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California with the full power to enter into the Supplemental Indenture, perform the agreements on its part contained therein and issue the Series B Bonds.
2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms
3. Pursuant to the Redevelopment Law, the Indenture establishes a valid lien on the funds pledged by the Supplemental Indenture for the security of the Series B Bonds.

Redevelopment Agency of the
City of El Paso de Robles
_____, 2009

Opinion
Page 2

4. The Series B Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.

5. Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes and is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is required to be taken into account in determining certain income and earnings. We express no opinion regarding other federal tax consequences arising with respect to the Series B Bonds.

6. Interest on the Series B Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Series B Bonds and the enforceability of the Series B Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

ROBERT M. HAIGHT

\$ _____
Redevelopment Agency of the City of El Paso
de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Refunding Bonds
(Series A)
(Bank Qualified)

\$ _____
Redevelopment Agency of the City of El
Paso de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Bonds
(Series B)
(Federally Taxable)

Bond Purchase Agreement

[July __], 2009

Redevelopment Agency of the City of El Paso de Robles
1000 Spring Street
Paso Robles, California 93446

El Paso de Robles Public Financing Authority
1000 Spring Street
Paso Robles, California 93446

Ladies and Gentlemen:

The undersigned, Stone & Youngberg LLC (the “Underwriter”), hereby offers to enter into the following agreement (this “Purchase Agreement”) with the Redevelopment Agency of the City of El Paso de Robles (the “Agency”) and the El Paso de Robles Public Financing Authority (the “Authority”). Upon the acceptance hereof by you, this offer will be binding upon the Agency, the Authority, and the Underwriter. This offer is made subject to (i) the written acceptance hereof by you and (ii) withdrawal by the Underwriter upon written notice delivered to you at any time prior to the acceptance hereof by you.

1. **Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority, and the Authority agrees to purchase from the Agency for resale and delivery to the Underwriter at the Closing Time on the Closing Date (both as defined herein), all and not less than all, of the aggregate principal amount of (a) the Agency’s \$ _____ initial aggregate principal amount Paso Robles Redevelopment Project, 2009 Tax Allocation Refunding Bonds (Series A) (the “Series A Bonds”), and (b) the Agency’s \$ _____ initial aggregate principal amount Paso Robles Redevelopment Project, 2009 Tax Allocation Bonds (Series B) (the “Series B Bonds”; and together with the Series A Bonds, the “Bonds”). The Bonds shall be dated the Closing Date. The Current Interest Bonds shall mature on the dates, and bear interest at the rates per annum, shown on Exhibit A hereto, and interest on the Current Interest Bonds shall be payable on January 1 and July 1 of each year, commencing January 1, 2010. The Capital Appreciation Bonds accrete interest from their dated date,

compounded semiannually on January 1 and July 1 of each year, commencing January 1, 2010. The price at which the Underwriter is to purchase the Series A Bonds shall be \$_____ in immediately available funds (being the aggregate principal amount thereof, [plus/less] a net original issue [premium/discount] of \$_____, less an Underwriter's discount of \$_____). The price at which the Underwriter is to purchase the Series B Bonds shall be \$_____ in immediately available funds (being the aggregate principal amount thereof, [plus/less] a net original issue [premium/discount] of \$_____, less an Underwriter's discount of \$_____). (The date of such payment and delivery is referred to herein as the "Closing Date," the hour and date of such delivery and payment is referred to herein as the "Closing Time," and the other actions contemplated hereby to take place at the time of such payment and delivery are sometimes referred to herein as the "Closing").

2. **The Bonds.** The Bonds shall be issued and secured pursuant to a Second Supplemental Indenture of Trust, dated as of August 1, 2009 (the "Indenture"), by and between the Agency and Union Bank, N.A., formerly known as Union Bank of California, N.A. (the "Trustee"), the Community Redevelopment Law (Part 1 of Division 24 of the California Health and Safety Code) (the "Law"), and the Constitution and other applicable laws of the State of California (the "State"). The Bonds will be purchased and sold by the Authority pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "JPA Act"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Indenture.

The Bonds shall be payable and shall be subject to redemption as provided in the Indenture and shall be as described in an Official Statement relating to the Bonds, dated the date hereof, as described herein. The Bonds are secured solely by Tax Revenues, which consist primarily of tax increment revenues generated in the Agency's Paso Robles Redevelopment Project (the "Project Area"), and certain funds and accounts described in the Indenture.

The Series A Bonds are being issued to (i) refund and defease the Agency's Paso Robles Redevelopment Project 1996 Tax Allocation Bonds, currently outstanding in the aggregate principal amount of \$2,320,000 (the "1996 Bonds"), (ii) finance certain redevelopment activities of the Agency within or of benefit to the Project Area, (iii) finance certain low and moderate income housing projects of the Agency, [(iv) repay a portion of a loan from the City of El Paso de Robles (the "City"),] (v) fund the Series A Reserve Account for the Bonds, and (vi) pay certain costs relating to the issuance of the Bonds.

The Series B Bonds are being issued to (i) repay a portion of a loan from the City, (ii) pay to the Paso Robles Joint Unified School District (the "School District") certain amounts payable in accordance with the Tax Sharing Agreement with the School District, (iii) fund the Series B Reserve Account for the Bonds, and (iv) pay certain costs relating to the issuance of the Bonds.

The Bonds shall be payable and shall be subject to redemption as provided in the Indenture and shall be as described in the Preliminary Official Statement of the Agency dated [July __], 2009 and the Official Statement of the Agency dated of even date herewith. Such Preliminary Official Statement, including the cover page, the inside cover and the appendices thereto, relating to the Bonds, as amended to include the terms of this Purchase

Agreement with respect to pricing and interest rates and with such changes and amendments thereto as have been mutually agreed to by the Agency and the Underwriter, is hereinafter referred to as the "Official Statement."

The Authority was created as a joint exercise of powers authority pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and a Joint Exercise of Powers Agreement, dated as of February 4, 2008 (the "Joint Powers Agreement"), between the City and the Agency.

The Agency will undertake pursuant to the Indenture and a Continuing Disclosure Certificate, dated _____, 2009 (the "Disclosure Certificate"), and executed by the Agency, to provide certain annual information and notices of the occurrence of certain events, if material. A description of the undertaking is set forth in the Preliminary Official Statement (as defined below) and will also be set forth in the Official Statement (as defined below).

Concurrently with the issuance of the Bonds, the Agency will, with respect to the outstanding 1996 Bonds to be refunded as described above relating to the Project Area, enter into an Escrow Agreements, each dated as of August 1, 2009 (the "Escrow Agreement"), with Union Bank, N.A., as escrow agent (the "Escrow Agent").

The Indenture, the Escrow Agreement, the Disclosure Certificate, and this Bond Purchase Agreement (this "Purchase Agreement") are collectively referred to herein as the "Legal Documents."

The resolution of the Agency adopted [July 7], 2009 approving the Legal Documents, the issuance of the Bonds, and related matters is referred to herein as the "Agency Resolution." The resolution of the Authority adopted [July 7], 2009 approving the Purchase Agreement and related matters is herein referred to as the "Authority Resolution." The resolution of the City adopted [July 7], 2009 approving the issuance of the Bonds is herein referred to as the "City Resolution."

3. **Offering by the Underwriter.** It shall be a condition to the Agency's obligations to sell and to deliver the Bonds to the Authority for resale to the Underwriter, and to the Underwriter's obligation to purchase, to accept delivery of and to pay for the Bonds that the entire principal amount of the Bonds shall be issued, sold and delivered by the Agency to the Authority for resale to the Underwriter, and purchased, accepted and paid for by the Underwriter at the Closing. It is understood that the Underwriter proposes to offer the Bonds for sale to the public (which may include selected dealers and special purchasers) at the yield as set forth in Exhibit A hereto and on the inside cover page of the Official Statement. Concessions from the public offering price may be allowed to selected dealers and special purchasers. It is understood that the initial public offering price and concessions set forth in the Official Statement may vary after the initial public offering. It is further understood that the Bonds may be offered to the public at prices other than the par value thereof. The net premium on the sale of the Bonds to the public, if any, shall accrue to the benefit of the Underwriter. The Underwriter hereby represents that it has the full right, power and authority to enter into this Purchase Agreement.

4. **Official Statement, Delivery of Other Documents, Use of Documents.**

(a) The Agency hereby authorizes the use by the Underwriter of the Preliminary Official Statement and the Official Statement (including any supplements or amendments thereto), the Indenture and the Continuing Disclosure Certificate and the information therein contained, in connection with the public offering and sale of the Bonds. The Preliminary Official Statement is deemed final by the Agency as of its date and as of the date hereof, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934 (“Rule 15c2-12”). The Agency has delivered to the Underwriter a certification to such effect in the form attached hereto as Exhibit F.

(b) The Agency shall deliver to the Underwriter, within seven (7) business days from the date hereof, such number of copies of the final Official Statement executed on behalf of and approved for distribution by the Agency as the Underwriter may reasonably request in order for the Underwriter to comply with the rules of the Municipal Securities Rulemaking Board and paragraph (b)(4) of Rule 15c2-12.

(c) As soon as practicable following receipt thereof, the Underwriter shall deliver the Official Statement, and any supplements or amendments thereto, to a nationally recognized municipal securities information repository.

5. Representations, Warranties and Agreements of the Agency. The Agency represents, warrants and agrees as follows:

(a) The Agency is a public body, corporate and politic, organized and existing under the Constitution and laws of the State of California, including the Law.

(b) The Agency has full legal right, power and authority (i) to enter into, execute and deliver the Legal Documents and to execute and deliver the Official Statement; (ii) to sell, issue and deliver the Bonds to the Underwriter under the Law, as provided in this Purchase Agreement; and (iii) to carry out and consummate the transactions on its part contemplated by the Legal Documents.

(c) By all necessary official action, the Agency has duly authorized and approved the Legal Documents and the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations in connection with the issuance of the Bonds on its part contained in the Indenture and this Purchase Agreement, and the consummation by it of all other transactions contemplated by the Legal Documents in connection with the issuance of the Bonds.

(d) As of the date hereof, to the best of its knowledge, the Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Agency is a party which breach or default has or may have a materially adverse effect on the ability of the Agency to perform its obligations

under the Legal 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 the execution and delivery of the Legal Documents and the Official Statement, and compliance with the provisions on the Agency's part contained in the Legal Documents, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party nor will any such execution, delivery, adoption 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 the property or assets of the Agency or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Indenture.

(e) To the best of the Agency's knowledge, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Agency of its obligations under the Legal Documents or in connection with the issuance of the Bonds as contemplated in this Purchase Agreement or the Indenture have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(f) The Indenture, the Continuing Disclosure Certificate and the Bonds when issued, will conform to the descriptions thereof contained in the Official Statement under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

(g) The Bonds, when issued, authenticated and delivered in accordance with the Indenture will be validly issued and outstanding obligations of the Agency, entitled to the benefits of the Indenture, and upon such issuance and delivery, the Indenture will provide, for the benefit of the owners from time to time of the Bonds, the legally valid and binding pledge of and lien and security interest they purport to create.

(h) Except as disclosed in the Official Statement, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, notice of which has been served on the Agency, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the Agency executing this Purchase Agreement, threatened against the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge and lien on the Tax Revenues or any other monies pledged to the payment of the Bonds pursuant to the Indenture, or contesting or affecting as to the Agency the validity or enforceability of the Law, the Bonds, or the Legal Documents or contesting the tax-exempt status of interest on the Bonds, or contesting the completeness or accuracy of the

Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency for the issuance of the Bonds, or the execution and delivery or adoption by the Agency of the Legal Documents, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or challenging the rights of the Agency to collect or receive Tax Revenues pledged to the payment of the Bonds; nor, to the best knowledge of the Agency, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Law, the issuance of the Bonds, or the authorization, execution, delivery or performance by the Agency of the Bonds or the Legal Documents.

(i) The Indenture and the Project Area conform to the descriptions thereof contained in the Official Statement under the captions “INTRODUCTION,” “THE BONDS,” “SECURITY FOR THE BONDS,” “THE PASO ROBLES REDEVELOPMENT PROJECT AREA,” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

(j) The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Agency shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction, and provided, further, that the Underwriter shall bear all costs in connection with the Agency’s action under (i) and (ii) herein, and (iii) assure or maintain the tax-exempt status of the interest on the Series A Bonds.

(k) Between the date of this Purchase Agreement and the date of the Closing, the Agency will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from Tax Revenues (as defined in the Indenture), nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Agency.

(l) As of the time of acceptance hereof and as of the date of the Closing, the Agency does not and will not have outstanding any indebtedness (other than as disclosed in the Official Statement), which indebtedness is secured by a lien on the Tax Revenues of the Agency superior to or on a parity with the lien of the Indenture on the Tax Revenues. As of the time of acceptance hereof and as of the date of the Closing, the Agency does not and will not have outstanding any indebtedness (other than as disclosed in the Official Statement), which indebtedness is payable prior to the Indenture from Tax Revenues.

(m) As of the date thereof, the descriptions in the Preliminary Official Statement pertaining to the Agency, the Project Area, the Bonds, and the Legal Documents do not, except for the omission of certain information permitted to be omitted in accordance with Rule 15c2-12, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(n) At the time of the Agency's acceptance hereof, and (unless an event occurs of the nature described in paragraph (p) of this Section 5) at all times subsequent thereto up to and including the Closing Date, the descriptions in the Official Statement pertaining to the Agency, the Project Area, the Bonds, and the Legal Documents do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(o) If the Official Statement is supplemented or amended pursuant to paragraph (p) of this Section 5, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(p) If between the date of this Purchase Agreement and that date which is twenty-five (25) days after the end of the underwriting period (as determined in accordance with Section 14 hereof) any event affecting the Agency and known to the Agency shall occur which might adversely affect the marketability of the Bonds or the market prices thereof, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Agency shall notify the Underwriter thereof, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will at its expense prepare and furnish to the Underwriter a reasonable number of copies of such supplement to, or amendment of, the Official Statement in a form and in a manner approved by the Underwriter.

(q) The Agency will refrain from taking any action, or permitting any action to be taken, with regard to which the Agency may exercise control, that results in the loss of the tax-exempt status of the interest on the Series A Bonds.

(r) Any certificate signed by any officer of the Agency and delivered to the Underwriter pursuant to the Legal Documents or any document contemplated thereby shall be deemed a representation and warranty by the Agency to the Underwriter as to the statements made therein.

(s) The Agency will cause the proceeds from the sale of the Bonds to be paid to the Trustee for the purposes specified in the Indenture and the Official Statement. So long as any of the Bonds are outstanding and except as may be authorized by the Indenture, the Agency will not issue or sell any bonds or other obligations, other than the Bonds sold hereby, the interest on and premium, if any, or principal of which will be payable from the payments to be made under the Indenture.

(t) The Agency shall honor all other covenants on its part contained in the Indenture, which covenants are incorporated herein and made a part of this Purchase Agreement.

(u) At or prior to the Closing, the Agency shall have duly authorized, executed and delivered the Continuing Disclosure Certificate which complies with the provisions of paragraph (b)(5) of Rule 15c2-12 and which shall be substantially in the form presented as Appendix E to the Official Statement.

(v) As of the time of acceptance hereof and as of the Closing Date, the Agency has complied with the filing requirements of Article 6 of Chapter 1 of the Law.

6. Representations, Warranties and Agreements of the Authority. The Authority represents, warrants and agrees as follows:

(a) The Authority has been duly and validly created as a joint exercise of powers authority pursuant to the Act and a Joint Exercise of Powers Agreement, dated as of January 19, 1993 (the "Joint Powers Agreement"), by and between the City and the Agency, and is a duly and validly existing public entity under the laws of the State of California.

(b) The Authority has full legal right, power and authority (i) to enter into, execute and deliver this Purchase Agreement; and (ii) to carry out and consummate the transactions on its part contemplated by this Purchase Agreement.

(c) By all necessary official action, the Authority has duly authorized and approved this Purchase Agreement, has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in this Purchase Agreement.

(d) As of the date hereof, to the best of its knowledge, the Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have a materially adverse effect on the ability of the Authority to perform its obligations under this Purchase Agreement, 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 the execution and delivery of this Purchase Agreement, and compliance with the provisions on the Authority's part contained herein, will not conflict in any material way

with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party.

(e) To the best of the Authority's knowledge, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations in connection with the purchase and resale of the Bonds under this Purchase Agreement have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(f) Except as disclosed in the Official Statement, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, notice of which has been served on the Authority, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the Authority executing this Purchase Agreement, threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the purchase and resale of the Bonds pursuant to this Purchase Agreement, or contesting or affecting as to the Authority the validity or enforceability of this Purchase Agreement, or contesting the powers of the Authority for, or the execution and delivery or adoption by the Authority of, this Purchase Agreement, or in any way contesting or challenging the consummation of the transactions contemplated hereby; nor, to the best knowledge of the Authority, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the authorization, execution, delivery or performance by the Authority of this Purchase Agreement.

(g) Any certificate signed by any officer of the Authority and delivered to the Underwriter pursuant to the Indenture, this Purchase Agreement or any document contemplated thereby shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

7. **Closing.** At 8:00 a.m., California time, on [August __], 2009, or on such earlier date or as soon thereafter as practicable, as may be mutually agreed upon by the Agency, the Authority and the Underwriter, the Agency will deliver (i) the Bonds in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), to the Trustee (so that the Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC's Fast Automated Securities Transfer procedures), and (ii) the closing documents hereinafter mentioned at the offices of Robert M. Haight, Esq. ("Bond Counsel"), in Scotts Valley, California or another place to be mutually agreed upon by the Agency, the Authority and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in

immediately available funds to the order of the Trustee. The Bonds will be made available to the Underwriter for inspection not less than 24 hours prior to the Closing.

8. **Closing Conditions.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Agency and the Authority contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Agency and the Authority of its respective obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Agency and the Authority of its respective obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the Agency and the Authority contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) At the time of the Closing, the Legal Documents shall be in full force and effect in accordance with its terms and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter;

(c) At the time of the Closing, all necessary official action of the Agency and the Authority and of the other parties thereto relating to the Legal Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, there shall not have occurred any change in or affecting particularly the Agency, the Authority, the Bonds, or the Project Area, as the foregoing matters are described in the Official Statement, which in the opinion of the Underwriter materially impairs the investment quality of the Bonds;

(e) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement and each supplement or amendment, if any, thereto, executed by a designated officer of the Agency;

(2) A copy of the Indenture and the Escrow Agreement, executed by the Agency and the Trustee;

(3) A certificate, dated the Closing Date, signed by a duly authorized official of the Agency satisfactory in form and substance to the Underwriter to the effect that the representations and warranties of the Agency contained herein are true and correct as of the Closing Date;

(4) A certificate, dated the Closing Date, signed by a duly authorized official of the Authority satisfactory in form and substance to the Underwriter to the effect that the representations and warranties of the Authority contained herein are true and correct as of the Closing Date;

(5) Opinions dated the Closing Date and addressed to the Agency, of Bond Counsel, in substantially the forms included as Appendix D to the Official Statement, with respect to each of the Series A Bonds and the Series B Bonds, accompanied by a reliance letter from Bond Counsel to the effect that such opinions may be relied upon by the Trustee and the Underwriter with the same effect as if such opinions were addressed to them (which reliance letter may be incorporated in the supplemental opinion to be delivered pursuant Item (6) below);

(6) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Agency, the Authority, and the Underwriter, in substantially the form attached hereto as Exhibit B;

(7) An opinion, dated the Closing Date and addressed to the Agency, the Authority, and the Underwriter, of Richards, Watson & Gershon, A Professional Corporation, as Disclosure Counsel, in substantially the form attached hereto as Exhibit C;

(8) An opinion, dated the Closing Date and addressed to the Underwriter, of McDonough, Holland & Allen, a Professional Corporation, counsel to the Agency, substantially in the form attached hereto as Exhibit D;

(9) An opinion, dated the Closing Date and addressed to the Underwriter, of McDonough, Holland & Allen, a Professional Corporation, counsel to the Authority, substantially in the form attached hereto as Exhibit E;

(10) A certificate of the Secretary of the Agency, dated the date of Closing and in form and substance satisfactory to the Underwriter, to the effect that the Agency Resolution has been duly adopted by the Agency and remains in full force and effect;

(11) A certificate of the Secretary of the Authority, dated the date of Closing and in form and substance satisfactory to the Underwriter, to the effect that the Authority Resolution has been duly adopted by the Authority and remains in full force and effect;

(12) A certificate of the City Clerk of the City, dated the date of Closing and in form and substance satisfactory to the Underwriter, to the effect that the City Resolution has been duly adopted by the City Council and remains in full force and effect;

(13) An opinion of counsel to the Trustee dated the Closing Date and addressed to the Agency, the Authority, and the Underwriter, in form and substance satisfactory to the Underwriter, to the effect that:

(i) The Trustee has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States of America with full corporate power to undertake the trust of the Indenture;

(ii) The Trustee has duly authorized, executed and delivered the Indenture, the Escrow Agreement, and the Continuing Disclosure Certificate (collectively, the “Trustee Documents”), and by all proper corporate action has authorized the acceptance of the duties and obligations of the Trustee under the Trustee Documents and to authorize in its capacity as trustee thereunder the authentication and delivery of the Bonds;

(iii) Assuming due authorization, execution and delivery by the Agency, the Trustee Documents are valid, legal and binding agreements of the Trustee, enforceable in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors’ rights in general and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(iv) Exclusive of federal or state securities laws and regulations, to the best of such counsel’s knowledge after reasonable inquiry and investigation, other than routine filings required to be made with governmental agencies in order to preserve the Trustee’s authority to perform a trust business (all of which routine filings such counsel believes, after reasonable inquiry and investigation, to have been made), no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee is or will be required for the execution and delivery by the Trustee of the Trustee Documents or the authentication and delivery of the Bonds;

(v) To the best of such counsel’s knowledge, the execution and delivery by the Trustee of the Trustee Documents and the Bonds, and compliance with the terms thereof will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties, or (except with respect to the lien of the Indenture) result in the creation or imposition of any lien, charge or other

security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee; and

(vi) To the best of such counsel's knowledge, there is no litigation pending or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to the transactions contemplated by the Bonds and the Trustee Documents;

(14) A copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Bonds and the Trustee Documents;

(15) A certificate of the Trustee, in form and substance satisfactory to the Agency, the Authority, and the Underwriter, dated the Closing Date, that as of the Closing Date:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States of America having the full power and authority to enter into and perform its duties under the Trustee Documents and to authenticate and deliver the Bonds to the Underwriter pursuant to the terms of the Indenture;

(ii) The Trustee has been duly authorized to enter into the Trustee Documents and to authenticate and deliver the Bonds;

(iii) The Trustee has on the Closing Date authenticated and delivered the Bonds and executed and delivered the Trustee Documents;

(iv) To the best of the Trustee's knowledge, after due inquiry, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained by the Trustee is or will be required for the execution and delivery of the Trustee Documents or the performance by the Trustee of its duties and obligations under the Trustee Documents;

(v) To the best of the knowledge of the Trustee, after due investigation, the execution and delivery by the Trustee of the Trustee Documents and the Bonds, and compliance with the terms thereof will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties, or (except with respect to the lien of the Indenture) result in the creation or imposition of

any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee; and

(vi) To the best knowledge of the officer of the Trustee signing the certificate, after due inquiry, there is no litigation pending or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to the transactions contemplated by the Bonds, the Trustee Documents;

(16) An executed copy of the Continuing Disclosure Certificate, substantially in the form presented as Appendix E to the Official Statement;

(17) A certificate of HdL Coren & Cone, Diamond Bar, California (the "Fiscal Consultant"), in form and substance satisfactory to the Agency, the Authority, and the Underwriter, dated the Closing Date, to the effect that:

(i) The Fiscal Consultant consents to the inclusion of its report (the "Report") set forth in Appendix G to the Official Statement; and

(ii) The assessed valuation, tax increment and appeal information and other fiscal information provided by the Fiscal Consultant and contained in the Official Statement, including statements and tables attributed to the Fiscal Consultant under the captions "THE PASO ROBLES REDEVELOPMENT PROJECT AREA" and the Report attached thereto as Appendix G, were fairly and accurately presented as of the date of the Official Statement, and the Agency may rely on the same; and

(iii) Nothing has come to the Fiscal Consultant's attention which would cause the Fiscal Consultant to believe that the statements and information contained in the Report or any of the information in the Official Statement that is attributable to the Fiscal Consultant, as of the date of the Official Statement, were inaccurate in any material respect; and no event or act known to the undersigned has occurred since the date of the Report which would materially and adversely affect the conclusions reached in the Report;

(18) A certificate of _____ (the "Verification Agent"), independent certified public accountants, dated the Closing Date, to the effect that it has verified the mathematical accuracy relating to: (i) computation of forecasted receipts of principal and interest on the Escrow Securities and the forecasted payments of principal and interest to redeem the 1996 Bonds, and (ii) computation of the yields on the Series A Bonds and the Escrow Securities to be deposited in the Escrow Fund;

(19) Tax Certificate as to Arbitrage with respect to the Series A Bonds, executed by the Agency;

(20) A signature and incumbency certificate of the Agency, dated the Closing Date and signed by an authorized officer of the Agency;

(21) A signature and incumbency certificate of the Authority, dated the Closing Date and signed by an authorized officer of the Authority;

(22) A municipal bond insurance policy insuring the payment of principal and interest with respect to the Bonds (the “Policy”), issued by _____ (the “Bond Insurer”);

(23) An opinion of counsel to the Bond Insurer, dated the date of Closing, addressed to the Agency, the Trustee and the Underwriter, regarding the Bond Insurer’s valid existence, power and authority, the Bond Insurer’s due authorization and issuance of the Policy and the Policy’s enforceability against the Bond Insurer;

(24) A certificate of the Bond Insurer or an opinion of counsel to the Bond Insurer, dated the date of Closing, regarding the accuracy of the information in the Official Statement describing the Bond Insurer and the Policy;

(25) Evidence of the “_____” and “_____” ratings on the Bonds from Standard & Poor’s;

(26) A copy of the notices required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855(g) of the California Government Code;

(27) A copy of the Blanket Letter of Representation to DTC signed by the Agency;

(28) A certificate of the Agency satisfying, in connection with the issuance of the Bonds, the requirements of paragraph (f) of Section 3.04 of that certain Indenture of Trust, dated as of September 1, 1996, by and between the Agency and First Trust National Association, as trustee, relating to the 1996 Bonds, and paragraph (f) of Section 3.02 of that certain Supplemental Indenture of Trust, dated as of October 1, 2000, by and between the Agency and the Trustee, as trustee, relating to the 2000 Bonds;

(29) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel or the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Agency’s and Authority’s representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Agency and the Authority on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by it.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to Bond Counsel and the Underwriter. The opinions and certificates presented as Exhibits hereto or as Appendices to the Official Statement shall be deemed satisfactory provided they are substantially in the forms of such exhibits or appendices.

If the Agency of the Authority shall be unable to satisfy the conditions to the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement, or if the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and none of the Underwriter, the Agency, and the Authority shall be under any further obligation hereunder.

9. **Termination.** 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, in writing or by telegram, of their election to do so, if, after the execution hereof and prior to the Closing:

(a) The United States has become engaged in new hostilities (or an escalation of hostilities) which have resulted in a declaration of war or a national emergency affecting the normal operation of the government of, or in the financial community in, the United States of America in a manner that makes it impracticable for the Underwriter to market the Bonds or enforce the contracts for sale of the Bonds;

(b) There shall have occurred the declaration of a general banking moratorium by any authority of the United States or the States of New York or California;

(c) An event shall have occurred or been discovered as described in paragraph (p) of Section 5 hereof which, in the reasonable opinion of the Underwriter, requires the preparation and publication of disclosure material or a supplement or amendment to the Official Statement, and (i) the Agency and/or Authority 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 or discovery of such event materially and adversely affect the marketability of the Bonds or render the enforcement of contracts for sale of the Bonds impracticable;

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

(e) Legislation shall be introduced, by amendment or otherwise, or be enacted by the House of Representatives or the Senate of 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 other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement;

(f) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds;

(g) The New York Stock Exchange, or other national securities exchange or association or any governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by or the charge to the net capital requirements of broker dealers;

(h) Trading in securities on the New York Stock Exchange or the American Stock Exchange shall have been suspended or limited or minimum prices have been established on either such exchange which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds;

(i) The withdrawal or downgrading of any rating of the Bonds by a national rating agency which has materially adversely affected, in the reasonable judgment of the Underwriter, the marketability of the Bonds or the market prices thereof;

(j) Any decision of any federal or State of California 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 of California authority materially adversely affecting the federal or State of California tax status of the Series A Bonds or the interest on bonds or notes or obligations of the general character of the Series A Bonds; or

(k) Any action shall have been taken by any government in respect of its monetary affairs which, in the reasonable opinion of the Underwriter, has a material adverse effect on the United States securities market, rendering the marketing and sale of the Bonds, or enforcement of sale contracts with respect thereto impracticable.

If this Purchase Agreement shall be terminated pursuant to Section 8 or this Section 9 or if the purchase provided for herein is not consummated because any condition to the Underwriter's obligation hereunder is not satisfied or because of any refusal, inability or failure on the part of the Authority or the Agency to comply with any of the terms or to fulfill any of the conditions of this Purchase Agreement, or if for any reason the Authority or the Agency shall be

unable to perform all of its respective obligations under this Purchase Agreement, the Authority or the Agency shall not be liable to the Underwriter for damages alleged as loss of anticipated profits arising out of the transactions covered by this Purchase Agreement.

10. **Payment of Costs and Expenses.** (a) Subject to Sections 5(j) and 10(b), the Authority shall pay or reimburse all costs and expenses incident to the sale and delivery of the Bonds to the Underwriter, including, but not limited to: (i) the fees and expenses of the Agency, the Authority, and their Counsel; (ii) the fees and expenses of Bond Counsel and Disclosure Counsel; (iii) the fees and expenses of the Financial Advisor or any other consultant retained by the Agency or the Authority; (iv) all costs and expenses incurred in connection with the preparation and printing of the Bonds; (v) all expenses in connection with the preparation, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto; (vi) rating fees, (vii) bond insurance and surety bond premiums, if applicable, (viii) the fees and expenses of the Trustee and the Escrow Agent, and (ix) the fees and expenses of the Verification Agent.

(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, including but not limited to CDIAAC, DTC, MSRB, CUSIP Bureau, California Public Securities Association and Public Securities Association fees, the cost of preparation of any Blue Sky and Legal Investment Memoranda and all Blue Sky filing fees in connection with the public offering of the Bonds, all advertising expenses in connection with the public offering of the Bonds, and fees and expenses of its counsel.

11. **Representations, Warranties and Agreements to Survive Delivery.** The representations, warranties, agreements and other statements of the Agency, the Authority, and the Underwriter or their officers or partners set forth in, or made pursuant to, this Purchase Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the Agency, the Authority, or the Underwriter or any controlling person and will survive delivery of and payment for the Bonds.

12. **Notices.** Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing:

To the Agency: Redevelopment Agency of the City of El Paso de Robles
 1000 Spring Street
 Paso Robles, California 93446
 Attention: Executive Director

To the Authority: El Paso de Robles Public Financing Authority
 1000 Spring Street
 Paso Robles, California 93446
 Attention: Chief Administrative Officer

To the Underwriter: Stone & Youngberg LLC
515 S. Figueroa Street, Suite 1800
Los Angeles, California 90071
Attention: Sara Oberlies, Managing Director

13. **Parties in Interest.** This Purchase Agreement is made solely for the benefit of the Agency, the Authority, and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Agency's and the Authority's respective representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

14. **Determination of End of the Underwriting Period.** For purposes of this Purchase Agreement, the End of the Underwriting Period for the Bonds shall mean the earlier of (a) the day of the Closing unless the Agency has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the Bonds for all purposes of Rule 15c2-12 will not occur on the day of the Closing, or (b) the date on which notice is given to the Agency by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the Agency pursuant to clause (a) above that the "end of the underwriting period" for the Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the Agency in writing as soon as practicable following the "end of the underwriting period" for the Bonds for all purposes of the Rule; provided, that the End of the Underwriting Period shall in no event extend beyond 90 days after the Closing.

15. **Effectiveness.** This Purchase Agreement shall become effective upon the execution of the acceptance by the designees of the Agency and the Authority, and shall be valid and enforceable at the time of such acceptance.

16. **Headings.** The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

17. **Governing Law.** This Purchase Agreement shall be construed in accordance with the laws of the State of California.

18. **Counterparts.** This Purchase Agreement may be executed in any number of counterparts.

If the foregoing is in accordance with your understanding of the Purchase Agreement please sign and return to us the enclosed duplicate copies hereof, whereupon it will become a binding agreement among the Agency, the Authority, and the Underwriter in accordance with its terms.

Very truly yours,

STONE & YOUNGBERG LLC,
as UNDERWRITER

By: _____
Name: _____
Title: _____

Accepted:

REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES

By: _____
Executive Director

EL PASO DE ROBLES PUBLIC FINANCING AUTHORITY

By: _____
Chief Administrative Officer

Exhibit A

MATURITY SCHEDULE

\$ _____
**REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES
PASO ROBLES REDEVELOPMENT PROJECT
2009 TAX ALLOCATION REFUNDING BONDS
(SERIES A)
(Bank Qualified)**

\$ _____
**REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES
PASO ROBLES REDEVELOPMENT PROJECT
2009 TAX ALLOCATION BONDS
(SERIES B)
(Federally Taxable)**

SERIES A BONDS

\$ _____ Current Interest Serial Bonds

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
	\$	%	%	

\$ _____ % Current Interest Term Bonds due July 1, 20__, Priced to Yield ____% CUSIP _____
\$ _____ % Current Interest Term Bonds due July 1, 2038, Priced to Yield ____% CUSIP _____

\$ _____ Capital Appreciation Bonds

<u>Maturity (July 1)</u>	<u>Original Principal Amount</u>	<u>Accretion Rate</u>	<u>Reoffering Principal Amount</u>	<u>Reoffering Yield to Maturity</u>	<u>Final Maturity Amount</u>	<u>CUSIP</u>
	\$	%	\$	%	\$	

SERIES B BONDS

\$ _____ % Current Interest Term Bonds due July 1, 20__, Priced to Yield ____% CUSIP _____

Exhibit B

Supplemental Opinion of Robert M. Haight, Esq., Bond Counsel
Addressed to the Underwriter

[dated the Closing Date]

\$ _____
Redevelopment Agency of the City of El Paso
de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Refunding Bonds
(Series A)
(Bank Qualified)

\$ _____
Redevelopment Agency of the City of El
Paso de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Bonds
(Series B)
(Federally Taxable)

Redevelopment Agency of the City of El Paso de Robles
Paso Robles, California

El Paso de Robles Public Financing Authority
Paso Robles, California

Stone & Youngberg LLC
Los Angeles, California

Ladies and Gentlemen:

I have this day released to the Redevelopment Agency of the City of El Paso de Robles (the “Agency”) my final approving legal opinion with respect to the subject bonds (the “Bonds”). You are authorized to rely on such opinion as if the same were addressed to you.

In connection with rendering the above-described opinion, I examined the record of proceedings submitted to me relative to the issuance of the Bonds and such other documents as are in my opinion necessary to enable us to express an informed opinion with respect to the following matters. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Official Statement of the Agency, dated July __, 2009, relating to the Bonds.

Based upon the foregoing, in our opinion:

1. Each of the Agency and the Authority have the right and power to perform all of its respective obligations under the Bond Purchase Agreement, dated July __, 2009, by and among the Agency, the Authority, and Stone & Youngberg LLC, as underwriter of the Bonds (the “Purchase Agreement”). Each of the Agency and the Authority has duly authorized the Purchase Agreement and assuming due authorization, execution and delivery by the other parties thereto, as necessary,

the Purchase Agreement constitutes a legal, valid and binding agreement of each of the Agency and the Authority enforceable against such agency in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, moratorium, insolvency, equitable remedies and other laws affecting creditors' rights or remedies.

2. The Bonds are not required to be registered under the Securities Act of 1933, as amended.
3. The Indenture is not required to be registered under the Trust Indenture Act of 1939.
4. The statements contained in the Official Statement (including the cover page and the Appendices A, D, and E thereto, but excluding Appendices C, F, G, H, and I and any statements relating to financial or statistical information), insofar as such statements purport to summarize the provision of the Bonds, the Indenture, the Continuing Disclosure Certificate, the Act, the Law, and federal tax law, fairly and accurately summarize the information presented therein.
5. The Agency is entitled to receive and pledge the Tax Revenues to the payment of principal of and interest on the Bonds.

Respectfully submitted,

Exhibit C

Opinion of Richards, Watson & Gershon, A Professional Corporation,
Disclosure Counsel

[Closing Date]

Redevelopment Agency of the City of El Paso de Robles
Paso Robles, California

El Paso de Robles Public Financing Authority
Paso Robles, California

Stone & Youngberg LLC
Los Angeles, California

Opinion of Disclosure Counsel

with reference to

\$ _____
Redevelopment Agency of the City of El Paso
de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Refunding Bonds
(Series A)
(Bank Qualified)

\$ _____
Redevelopment Agency of the City of El
Paso de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Bonds
(Series B)
(Federally Taxable)

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the Redevelopment Agency of the City of El Paso de Robles (the “Agency”) with respect to the captioned Bonds (the “Bonds”). This opinion is rendered to pursuant to the Bond Purchase Agreement, dated July __, 2009 (the “Purchase Agreement”), by and among the Agency, the Authority, and Stone & Youngberg LLC, as the Underwriter. All capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement, and if not in the Purchase Agreement, in the Official Statement, dated July __, 2009, relating to the Bonds (the “Official Statement”).

In rendering this opinion, we have reviewed such records, documents, certificates and opinions, and made such other investigations of law and fact as we have deemed necessary or appropriate. This opinion is limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as Disclosure Counsel, we have participated in the preparation of the Official Statement. Such participation included, among other things, discussions and inquiries concerning various legal matters, review of certain documents and proceedings, and participation in conferences with, among others, your representatives and representatives of Robert M. Haight, Esq., as Bond Counsel, Northcross, Hill & Ach, LLC, as the Financial Advisor, and HdL Coren & Cone, as the Fiscal Consultant, at which conferences the contents of the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Official Statement which cause us to believe that the Official Statement as of its date (excluding therefrom Appendices C, F, G, H, and I to the Official Statement; financial, engineering, and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions, information about the book-entry only system and DTC; information about the Bond Insurer or the Policy; 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; as to all of which we express no view) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

During the period from the date of the Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Official Statement.

This opinion is furnished by us as Disclosure Counsel to the Agency. No attorney-client relationship has existed or exists between our firm and Stone & Youngberg LLC in connection with the Bonds or by virtue of this letter. This opinion is rendered in connection with the transaction described herein, and may not be relied upon for any other purpose. This opinion shall not extend to, and may not be used, quoted, referred to, or relied upon by any other person, firm, corporation or other entity without our prior written consent. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the closing relating to the Bonds, and we have no obligation to update this opinion.

Very truly yours,

Exhibit D

Opinion of McDonough, Holland & Allen, a Professional Corporation
Counsel to the Agency

[dated the Closing Date]

\$ _____
Redevelopment Agency of the City of El Paso
de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Refunding Bonds
(Series A)
(Bank Qualified)

\$ _____
Redevelopment Agency of the City of El
Paso de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Bonds
(Series B)
(Federally Taxable)

Redevelopment Agency of the City of El Paso de Robles
Paso Robles, California

Stone & Youngberg LLC
Los Angeles, California

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to Section 8(e)(8) of the Bond Purchase Agreement, dated July __, 2009 (the "Purchase Agreement"), by and among the Redevelopment Agency of the City of El Paso de Robles (the "Agency"), the El Paso de Robles Public Financing Authority, and Stone & Youngberg LLC, as the Underwriter. All capitalized terms used but not defined herein have the meanings ascribed to them in the Purchase Agreement. In our capacity as counsel to the Agency in connection with the issuance of the above-captioned bonds (the "Bonds"), we have reviewed the Legal Documents and such other documents, certificates, and records as we have deemed relevant and necessary as the basis for the opinion set forth herein. Relying on such examination and subject to the limitations and qualifications hereinafter set forth, we are of the opinion that:

(1) The Agency is a public body, corporate and politic, duly organized and validly existing under the laws of the State of California, including the Law;

(2) Resolution No. ____ of the Agency approving and authorizing the execution and delivery of the Legal Documents and approving the Official Statement (the "Agency Resolution") was duly adopted at a meeting of the Agency which was called and held on [July 7, 2009], pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

(3) There is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency or body, pending and notice of which has been served on and received by the Agency or, to the best of our knowledge, threatened against the Agency, challenging the creation, organization or existence of the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or the validity of the Bonds, the Official Statement, the Legal Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Legal Documents, or which, in any manner, questions the allocation and payment of the Tax Revenues to the Agency and the other security for the Bonds provided by the Indenture; and

(4) To the best of our knowledge, the authorization, execution and delivery of the Legal Documents by the Agency and compliance with the provisions thereof by the Agency of its obligations thereunder, will not conflict with, or constitute a breach or default under, in any material respect, any law, administrative regulation, court decree, resolution, ordinance or other agreement to which the Agency is subject or by which it is bound.

Very truly yours,

Exhibit E

Opinion of McDonough, Holland & Allen, a Professional Corporation
Counsel to the Authority

[dated the Closing Date]

\$ _____
Redevelopment Agency of the City of El Paso
de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Refunding Bonds
(Series A)
(Bank Qualified)

\$ _____
Redevelopment Agency of the City of El
Paso de Robles
Paso Robles Redevelopment Project
2009 Tax Allocation Bonds
(Series B)
(Federally Taxable)

El Paso de Robles Public Financing Authority
Paso Robles, California

Stone & Youngberg LLC
Los Angeles, California

Ladies and Gentlemen:

This opinion is being delivered to you pursuant to Section 8(e)(9) of the Bond Purchase Agreement, dated July __, 2009 (the "Purchase Agreement"), by and among the El Paso de Robles Public Financing Authority (the "Authority"), the Redevelopment Agency of the City of El Paso de Robles, and Stone & Youngberg LLC, as the Underwriter. All capitalized terms used but not defined herein have the meanings ascribed to them in the Purchase Agreement. In our capacity as counsel to the Authority in connection with the issuance of the above-captioned bonds (the "Bonds"), we have reviewed the Purchase Agreement and such other documents, certificates, and records as we have deemed relevant and necessary as the basis for the opinion set forth herein. Relying on such examination and subject to the limitations and qualifications hereinafter set forth, we are of the opinion that:

(1) The Authority is a joint exercise of powers authority, duly organized and validly existing under the laws of the State of California, including the Act, and the Joint Powers Agreement;

(2) Resolution No. _____ of the Authority approving and authorizing the execution and delivery of the Purchase Agreement and approving the Official Statement (the "Authority Resolution") was duly adopted at a meeting of the Agency which was called and held on [July 7, 2009], pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded;

(3) There is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency or body, pending and notice of which has been served on and received by the Authority or, to the best of our knowledge, threatened against the Authority, challenging the creation, organization or existence of the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the purchase and resale of the Bonds pursuant to the Purchase Agreement, or contesting or affecting as to the Authority the validity or enforceability of the Purchase Agreement, or contesting the powers of the Authority for the execution and delivery or adoption by the Authority of the Purchase Agreement, or in any way contesting or challenging the consummation of the transactions contemplated thereby; and

(4) To the best of our knowledge, the authorization, execution and delivery of the Purchase Agreement by the Authority and compliance with the provisions thereof by the Authority of its obligations thereunder, will not conflict with, or constitute a breach or default under, in any material respect, any law, administrative regulation, court decree, resolution, ordinance or other agreement to which the Authority is subject or by which it is bound.

Very truly yours,

Exhibit F

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Stone & Youngberg LLC (the "Underwriter"), that he is a duly appointed and acting officer of the Redevelopment Agency of the City of El Paso de Robles (the "Agency"), and as such is authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Agency to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Agency's Paso Robles Redevelopment Project 2009 Tax Allocation Refunding Bonds (Series A) and its Paso Robles Redevelopment Project 2009 Tax Allocation Bonds (Series B) (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement dated July __, 2009, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Agency shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the __th day of July, 2009.

REDEVELOPMENT AGENCY OF THE CITY OF
EL PASO DE ROBLES

By: _____
Executive Director

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Redevelopment Agency of the City of El Paso de Robles (the "Agency"), in connection with the issuance by the Agency of its \$_____ Paso Robles Redevelopment Project 2009 Tax Allocation Refunding Bonds (Series A) (the "Series A Bonds") and its \$_____ Paso Robles Redevelopment Project 2009 Tax Allocation Bonds (Series B) (the "Series B Bonds"; and together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to a Second Supplemental Indenture of Trust, dated as of August 1, 2009 (the "Indenture"), by and between the Agency and Union Bank, N.A., formerly known as Union Bank of California, N.A., as trustee (the "Trustee"). The Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Agency pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean Union Bank, N.A., or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system located at <http://www.emma.msrb.org>, which is the centralized on-line repository for municipal disclosure documents to be filed with the MSRB pursuant to the Rule.

"Implementation Date" means July 1, 2009, or any later date set by the Securities and Exchange Commission for implementation of the EMMA continuing disclosure service.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final Official Statement, dated _____, 2009, with respect to the Bonds.

"Participating Underwriter" shall mean Stone & Youngberg LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

a. The Agency shall, or shall direct the Dissemination Agent in writing to, not later than nine (9) months after the end of the Agency’s Fiscal Year (which fiscal year presently ends on June 30), commencing March 31, 2010 with the report for the 2008-09 Fiscal Year, provide to the MSRB, via EMMA, in an electronic format accompanied by identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

b. If the Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Agency shall send a notice to the MSRB, via EMMA, in substantially the form attached as Exhibit A.

c. The Dissemination Agent (if other than the Agency) shall, if and to the extent, the Agency has provided an Annual Report in final form to the Dissemination Agent for dissemination, file a report with the Agency certifying that the Annual Report has been provided to the MSRB, via EMMA, pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Agency’s Annual Report shall contain or incorporate by reference the following:

a. Audited Financial Statements of the Agency prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

b. The Comprehensive Annual Financial Report of the City of El Paso de Robles and, unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 hereof or in the Comprehensive Annual Financial Report, financial information and operating data with respect to the Agency for

the preceding Fiscal Year, substantially similar to that provided in the corresponding tables or section in the Official Statement as follows:

- (i) Property Tax Levy Distribution (Table 4);
- (ii) The last paragraph under the caption “THE PASO ROBLES REDEVELOPMENT PROJECT AREA – Appeals of Assessed Values;”
- (iii) Ten Largest Property Tax Payers (Table 6);
- (iv) Historical Assessed Values and Incremental Values (Table 7);
- (v) Coverage Ratio of Tax Revenues to debt service on the Bonds and all Parity Debt (as defined in the Official Statement) in substantially the format set forth as Table 8 of the Official Statement; and
- (vi) The following information regarding the Bonds:
 - x) Balances in all funds and accounts maintained with respect to the Bonds;
 - y) A statement of the Reserve Requirement for the Bonds and all Parity Debt, calculated as of the end of the Fiscal Year described above in this Section 4(b); and
 - z) Outstanding principal amount of the 2000 Bonds, the Bonds, and any Outstanding Parity Debt [and Subordinate Debt (as defined in the Official Statement)].

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been available to the public on the MSRB’s internet web site or filed with the Securities and Exchange Commission. The Agency shall clearly identify each such other document so included by reference.

c. In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

a. Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (the “Listed Events”), if material:

- (i) Principal and interest payment delinquencies.

- (ii) Non-payment related defaults.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (vii) Modifications to rights of security holders.
- (viii) Contingent or unscheduled bond calls.
- (ix) Defeasances.
- (x) Release, substitution, or sale of property securing repayment of the securities.
- (xi) Rating changes.

b. Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall, as soon as possible, determine if such event would be material under applicable Federal securities law. The Dissemination Agent shall have no responsibility for such determination and shall be entitled to conclusively rely on the Agency's determination.

c. If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Agency shall promptly file a notice of such occurrence with the MSRB, via EMMA, in an electronic format accompanied by identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the Agency, shall not be responsible in any manner whatsoever for the format or content of any notice or Annual Report

prepared by the Agency pursuant to this Disclosure Certificate. Any person succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any papers or any further act. The initial Dissemination Agent shall be Union Bank, N.A. The Dissemination Agent may resign, with or without appointment of a successor Dissemination Agent, upon thirty days' prior notice to the Agency. The Dissemination Agent shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out-of-pocket expenses including, but not limited to, attorneys' fees within 30 days following demand.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

a. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

b. The undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c. The proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency or Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including, but not limited to, the costs and expenses (including attorneys fees) (whether or not litigated) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent, payment of the Bonds and termination of this Disclosure Certificate pursuant to Section 6. The Dissemination Agent shall have no liability whatsoever for failure to report any event or item of financial information as to which the Agency has not provided it in an information report in format suitable for filing with the Repositories. The Dissemination Agent shall have no obligation or liability whatsoever for the accuracy or completeness of any Annual Report or report of materiality under Section 5(b) and (c) hereof and shall not be deemed to be acting in any fiduciary capacity hereunder for the Agency or for any Bondowner.

Section 12. Alternative Filing Location. Prior to the Implementation Date, any filing under this Disclosure Certificate may be made solely by transmitting such filing to (a) the Texas Municipal Advisory Council ("Texas MAC") as provided at <http://www.disclosureusa.org>, unless the Securities and Exchange Commission has withdrawn its interpretive advice letter to Texas MAC, dated September 7, 2004, or (b) such other "Central Post Office" designated and accepted by the Securities and Exchange Commission.

Section 13. Fees. The Agency shall compensate and reimburse the Dissemination Agent within thirty (30) days of receipt of an invoice for such compensation and reimbursement.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2009

EL PASO DE ROBLES
REDEVELOPMENT AGENCY

Authorized Officer

ACKNOWLEDGED:

UNION BANK, N.A.
as Dissemination Agent

Authorized Officer

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Redevelopment Agency of the City of El Paso de Robles

Name of Issues: \$ _____ Paso Robles Redevelopment Project, 2009 Tax
Allocation Refunding Bonds (Series A)
\$ _____ Paso Robles Redevelopment Project, 2009 Tax
Allocation Bonds (Series B)

Date of Issuance: _____, 2009

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of El Paso de Robles (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by the Second Supplemental Indenture of Trust, dated as of August 1, 2009, by and between the Agency and Union Bank, N.A., as Trustee. The Agency anticipates that the Annual Report will be filed by _____.

Date: _____

EL PASO DE ROBLES
REDEVELOPMENT AGENCY

By: _____
Title: _____

ESCROW AGREEMENT

by and between

REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES

and

UNION BANK, N.A.,
as Escrow Agent

Relating to the

\$ _____
REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES
2009 TAX ALLOCATION REFUNDING BONDS

Dated as of August 1, 2009

ESCROW AGREEMENT

Relating to the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES 2009 TAX ALLOCATION REFUNDING BONDS

This Escrow Agreement, made and entered into as of August 1, 2009, by and between the Redevelopment Agency of the City of El Paso de Robles, a public body, corporate and politic duly organized and existing under the laws of the State of California (the "Agency") and UNION BANK, N.A., a banking association organized and existing under the laws of the United States of America, as Escrow Agent (the "Escrow Agent");

WITNESSETH:

WHEREAS, the Agency has previously issued its \$3,630,000 1996 Tax Allocation Refunding Bonds (the "Prior Bonds") pursuant to an Indenture of Trust dated as of September 1, 1996 (the "Prior Indenture of Trust"); and

WHEREAS, the Agency has approved the issuance of its Redevelopment Agency of the City of El Paso de Robles 2009 Tax Allocation Refunding Bonds (the "Bonds"), a portion of the proceeds of which are to be used, together with certain other available funds, to defease and refund the Prior Bonds as set forth on Exhibit C hereto;

NOW, THEREFORE, in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. As used herein, the following terms shall have the following meanings:

"Agency" means the Redevelopment Agency of the City of El Paso de Robles.

"Code" means the Internal Revenue Code of 1986.

"Escrow Agent" means Union Bank, N.A., and its successors and assigns, and any other corporation or institution that may at any time be substituted in its place as provided in Section 13 hereof.

"Escrow Fund" means the Escrow Fund established and held by the Escrow Agent pursuant to Section 3 hereof.

"Escrow Requirements" means an amount sufficient to pay principal and interest and redemption premium with respect to the Prior Bonds coming due to and including the Redemption Date, and to redeem and defease the Prior Bonds on the Redemption Date, as set forth in the Escrow Verification Report attached hereto as Exhibit A.

"Escrow Securities" means Federal Securities (as defined in the Prior Indenture of Trust) deposited in the Escrow Fund pursuant to Section 5 hereof.

"Escrow Verification Report" means the report prepared by the Verification Agent and attached hereto as Exhibit A.

"Prior Bonds" means the 1996 Tax Allocation Refunding Bonds issued in the principal amount of \$3,630,000.

"Prior Bonds Trustee" means First Trust, National Association.

"Redemption Date" means _____, 2009, the date on which the Prior Bonds are to be redeemed.

"Verification Agent" means _____.

SECTION 2. The Agency hereby appoints Union Bank, N.A., as Escrow Agent under this Agreement for the benefit of the holders of the Prior Bonds. The Escrow Agent hereby accepts the duties and obligations of Escrow Agent under this Agreement and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it. The applicable and necessary provisions of the Prior Indenture of Trust, including particularly the redemption provisions thereof, are incorporated herein by reference. Reference herein to, or citation herein of, any provisions of the Prior Indenture of Trust shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

SECTION 3. Pursuant to this Agreement, there is created and established with the Escrow Agent a special and irrevocable trust fund designated the Escrow Fund, to be held by the Escrow Agent separate and apart from all other funds and accounts, and used only for the purposes and in the manner provided in this Agreement.

SECTION 4. The Agency herewith deposits, or causes to be deposited, with the Escrow Agent into the Escrow Fund, to be held in irrevocable trust by the Escrow Agent and to be applied solely as provided in this Agreement, the sum of \$_____, as follows:

- (i) from the proceeds of the Bonds, the sum of \$_____; and
- (ii) from amounts in the 1996 Bonds Reserve Account, the sum of \$_____.

SECTION 5. The Escrow Agent acknowledges receipt of the moneys described in Section 4. The Escrow Agent agrees immediately to invest \$_____ of such amounts in the Escrow Securities set forth in Exhibit B hereto, and to deposit such Escrow Securities in the Escrow Fund and to retain the amount of \$_____ in cash in the Escrow Fund.

The Escrow Agent shall not have the power to sell, transfer, request the redemption of or otherwise dispose of some or all of the Escrow Securities in the Escrow Fund or to substitute other Escrow Securities therefor.

SECTION 6. As the principal of the Escrow Securities shall mature and be paid, and the investment income and earnings thereon are paid, the Escrow Agent shall not reinvest such moneys, except as may be required pursuant to Exhibit B hereof. Such amounts shall be applied by the Escrow Agent to the payment of the Escrow Requirements for the equal and ratable benefit of the holders of the Prior Bonds.

SECTION 7. The Agency has caused schedules to be prepared relating to the sufficiency of the anticipated receipts from the Escrow Securities listed in Exhibit B to pay the Escrow Requirements.

SECTION 8. The Agency hereby directs and the Escrow Agent hereby agrees that the Escrow Agent will take all the actions required to be taken by it hereunder, in order to effectuate this Agreement. The liability of the Escrow Agent for the payment of the Escrow Requirements shall be limited to the application, in accordance with this Agreement, of the principal amount of the Escrow Securities and the interest earnings thereon available for such purposes in the Escrow Fund.

SECTION 9. The Agency irrevocably instructs the Escrow Agent (i) to pay to the Prior Bonds Trustee from amounts held in the Escrow Fund, such amounts as are required for payment of principal of and interest on the Prior Bonds; and (ii) to pay to the Prior Bonds Trustee on the Redemption Date from amounts held in the Escrow Fund the amount equal to the redemption price of the Prior Bonds called for

redemption on the Redemption Date, including redemption premium, if any, plus interest accrued thereon to the Redemption Date. The Agency irrevocably instructs the Prior Bonds Trustee under the Prior Indenture of Trust to mail a notice of prepayment of the Prior Bonds, as provided in Section 2.03 of the Prior Indenture of Trust.

SECTION 10. The trust hereby created shall be irrevocable and the holders of the Prior Bonds shall have an express lien limited to all moneys and Escrow Securities in the Escrow Fund, including the interest earnings thereon, until paid out, used and applied in accordance with this Agreement.

SECTION 11. This Agreement is made pursuant to and in furtherance of the Prior Indenture of Trust and for the benefit of the Agency and the holders from time to time of the Prior Bonds and it shall not be repealed, revoked, altered, amended or supplemented without the written consent of all such holders and the written consent of the Escrow Agent and the Agency; provided, however, that the Agency and the Escrow Agent may, without the consent of, or notice to, such holders enter into such amendments or supplements as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure an ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Prior Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to transfer to the Escrow Agent and make subject to this Agreement additional funds, securities or properties.

The Escrow Agent and Prior Bonds Trustee shall be entitled to conclusively rely upon the Verification Report, and upon an unqualified opinion of nationally recognized Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Prior Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. In consideration of the services rendered by the Escrow Agent under this Agreement, the Agency agrees to and shall pay to the Escrow Agent its fees, plus expenses, including all reasonable expenses, charges, counsel fees and other disbursements incurred by it or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, and the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrow Securities in the Escrow Fund for the payment of such proper fees and expenses.

SECTION 13. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the Agency and the Prior Bonds Trustee, specifying the date when such resignation will take effect in the same manner as a notice is to be mailed pursuant to Section 9 hereof, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of the Prior Bonds or by the Agency as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the Agency and the Prior Bonds Trustee and signed by the holders of a majority in principal amount of the Prior Bonds.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in the case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Escrow Agent may be appointed by the holders of a majority in principal

amount of the Prior Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the Agency shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in principal amount of the Prior Bonds, and any such temporary Escrow Agent so appointed by the Agency shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the Agency pursuant to the foregoing provisions of this Section within 60 days after written notice of the removal or resignation of the Escrow Agent has been given to the Agency, the holder of any of the Prior Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation or institution with trust powers organized under the financial institution laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$50,000,000. For purpose of this Section 13, a corporation or institution with trust powers organized under the financial institution laws of the United States or any state shall be deemed to have combined capital and surplus of at least \$50,000,000 if it has a combined capital surplus of at least \$20,000,000 and is a wholly-owned subsidiary of a corporation having a combined capital and surplus of at least \$50,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Agency, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trust, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Agency execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the Agency be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Agency.

Any corporation or association into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party or any successor to a substantial portion of the Escrow Agent's corporate trust business, shall, if it meets the qualifications set forth in the fifth paragraph of this Section, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. The liability of the Escrow Agent to make payments required in the Agreement shall be limited to the moneys and Escrow Securities in the Escrow Fund.

SECTION 14. The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Agency periodic transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder; provided that the Escrow Agent is not obligated to provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date.

SECTION 15. To the extent permitted by law, 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 Agent and its 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 Agent 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 and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement. The Agency shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Agreement. In no event shall the Agency or the Escrow Agent 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 Agent.

SECTION 16. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Agency, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Prior Bonds pursuant to the Prior Indenture of Trust or to the validity of this Agreement as to the Agency and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent 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 Agent 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 (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized Bond Counsel) may be deemed to be conclusively established by a written certification of the Agency. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of nationally recognized Bond Counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such a certificate or such an opinion. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement.

No provision of this Agreement shall require the Escrow Agent 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.

Any company into which the Escrow Agent 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 Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 17. This Agreement shall terminate upon payment of all Prior Bonds on the Redemption Date. Upon such termination, all moneys remaining in the Escrow Fund after payment of all fees and expenses of the Escrow Agent shall be released to the Agency.

SECTION 18. This Agreement is made in the State of California under the Constitution and laws of the State of California and is to so be construed.

SECTION 19. If any one or more of the covenants or agreements provided in this Agreement on the part of the Agency or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

All the covenants, promises and agreements in this Agreement contained by or on behalf of the Agency or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 20. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first-above written.

REDEVELOPMENT AGENCY OF THE
CITY OF EL PASO DE ROBLES

By _____
Executive Officer

UNION BANK, N.A., as Escrow Agent

By _____
Authorized Officer

EXHIBIT A
ESCROW VERIFICATION REPORT

[TO COME]

EXHIBIT B
SCHEDULE OF ESCROW SECURITIES

Principal Amount	Security	Maturity Date	Coupon	Cash Deposit	<u>Total</u> Escrow Cost
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EXHIBIT C
SUMMARY OF PRIOR BONDS REFUNDED

Redevelopment Agency of the City of El Paso de Robles
1996 Tax Allocation Refunding Bonds

Maturing Date <u>(January 1)</u>	Outstanding <u>Principal Amount</u>
2010	\$_____

(See ‘MISCELLANEOUS – Ratings’ herein)

In the opinion of Robert M. Haight, Scotts Valley, California, Bond Counsel, subject however to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. It is not the intent of the Agency that interest on the Series B Bonds be exempt for federal income tax purposes, and Bond Counsel expresses no opinion on whether such interest is excluded from gross income of the owners of the Series B Bonds for federal income tax purposes. The Series A Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest with respect to the Series A Bonds and the Series B Bonds is exempt from California personal income taxes. See “MISCELLANEOUS – Tax Matters” herein.

\$ _____ *

**REDEVELOPMENT AGENCY OF THE CITY OF
EL PASO DE ROBLES
PASO ROBLES REDEVELOPMENT PROJECT
2009 TAX ALLOCATION REFUNDING BONDS
(SERIES A)
(Bank Qualified)**

\$ _____ *

**REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES
PASO ROBLES REDEVELOPMENT PROJECT
2009 TAX ALLOCATION BONDS
(SERIES B)
(Federally Taxable)**

Dated: Date of Delivery**Due: July 1, as shown on the inside cover hereof**

The Redevelopment Agency of the City of El Paso De Robles will issue its Paso Robles Redevelopment Project, 2009 Tax Allocation Refunding Bonds (Series A) (the “Series A Bonds”) and Paso Robles Redevelopment Project, 2009 Tax Allocation Refunding Bonds (Series B) (the “Series B Bonds”; and together with the Series A Bonds, the “Bonds”) are being issued by the Redevelopment Agency of the City of El Paso de Robles (the “Agency”) under a Second Supplemental Indenture of Trust, dated as of August 1, 2009 (the “Indenture”), by and between the Agency and the Union Bank, N.A., San Francisco, California, as trustee (the “Trustee”).

Proceeds of the Series A Bonds will be used to (i) refund and defease the Agency’s Paso Robles Redevelopment Project 1996 Tax Allocation Bonds, currently outstanding in the aggregate principal amount of \$2,320,000 (the “1996 Bonds”), (ii) finance certain redevelopment activities of the Agency within or of benefit to the Paso Robles Redevelopment Project (the “Redevelopment Project” or the “Project Area”), (iii) finance certain low and moderate income housing projects of the Agency, [(iv) repay a portion of a loan from the City of El Paso de Robles (the “City”),] (v) to fund the Series A Reserve Account for the Bonds, and (vi) pay certain costs relating to the issuance of the Bonds. Proceeds of the Series B Bonds will be used to (i) repay a portion of a loan from the City, (ii) pay to the Paso Robles Joint Unified School District certain amounts payable in accordance with the Tax Sharing Agreement (as defined herein) with the district, (iii) fund the Series B Reserve Account for the Bonds, and (iv) pay certain costs relating to the issuance of the Bonds.

The 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”), 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 Bonds. Interest on the Current Interest Bonds will be payable on January 1 and July 1 of each year, commencing on January 1, 2010. The Current Interest Bonds are issuable are in the denomination of \$5,000 or any integral multiple thereof. The Capital Appreciation Bonds are dated the date of their delivery and accrete interest from their dated date, compounded semiannually on January 1 and July 1 of each year commencing January 1, 2010. The Capital Appreciation Bonds are issuable in denominations of \$5,000 Maturity Amount or any integral multiple thereof. The payment of principal of, premium if any, and semiannual interest on the Bonds will be made by the Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds.

The Series A Bonds are subject to optional and mandatory redemption prior to their maturity under certain conditions as described herein. The Series B Bonds are not subject to optional redemption prior to their maturity.

The Bonds are being issued for sale to the El Paso de Robles Public Financing Authority (the “Authority”). The Authority will resell the Bonds to the Underwriter. The Bonds are payable from and secured by a first lien and pledge of (i) Tax Revenues, which consist of certain tax increment revenues generated in the Project Area, and (ii) moneys on deposit in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account) established under the Indenture. No funds or properties of the Agency, other than the Tax Revenues and certain other moneys described herein, including moneys in the Reserve Account (as defined herein) held by the Trustee, shall be pledged to, or otherwise liable for, the principal of, premium (if any) or interest on the Bonds. The Agency has previously issued its Paso Robles Redevelopment Project 2000 Tax Allocation Bonds, currently outstanding in the aggregate principal amount of \$3,405,000 (the “2000 Bonds”), which 2000 Bonds are payable from Tax Revenues on a parity basis with the Bonds. See “SECURITY FOR THE BONDS” and “RISK FACTORS” herein.

The Bonds are not a debt of the City of El Paso de Robles (the “City”), the Authority, the County of San Luis Obispo (the “County”), the State of California (the “State”) or any of its political subdivisions (other than the Agency) and none of the City, the Authority, the County, the State nor any of its political subdivisions (other than the Agency) is liable therefor. The principal of, premium, if any, and interest on the Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Area.

The scheduled payment of principal or Accreted Value of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by _____. See “BOND INSURANCE” and “APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY” herein.

Agenda Item #11 Page 128 of 199

* Preliminary; subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED JULY ___, 2009

[Bond Insurer logo]

This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to approval as to legality by Robert M. Haight, Scotts Valley, California, Bond Counsel, and subject to certain other conditions. Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, is acting as Disclosure Counsel. Certain legal matters will be passed upon for the Agency by McDonough, Holland & Allen, a Professional Corporation, Sacramento, California, Agency Counsel. It is anticipated that the Bonds, in book entry form, will be available for delivery through the facilities of The Depository Trust Company (see “APPENDIX F – BOOK ENTRY ONLY SYSTEM”) on or about August __, 2009.

[Stone & Youngberg LLC logo]

Dated: July __, 2009

MATURITY SCHEDULE*

Base CUSIP[†]: _____

SERIES A BONDS

\$ _____ Current Interest Serial Bonds

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP [†]
	\$	%	%	

\$ _____ % Current Interest Term Bonds due July 1, 20____, Priced to Yield _____% CUSIP[†] _____
 \$ _____ % Current Interest Term Bonds due July 1, 2038, Priced to Yield _____% CUSIP[†] _____

\$ _____ Capital Appreciation Bonds

Maturity (July 1)	Original Principal Amount	Accretion Rate	Reoffering Principal Amount	Reoffering Yield to Maturity	Final Maturity Amount	CUSIP [†]
	\$	%	\$	%	\$	

SERIES B BONDS

\$ _____ % Current Interest Term Bonds due July 1, 20____, Priced to Yield _____% CUSIP[†] _____

* Preliminary; subject to change.

† CUSIP Copyright 2009, American Bankers' Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The Agency does not guarantee the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Agency in any press release and in any oral statement made with the approval of an authorized officer of the Agency, the Authority, or any other entity described or referenced herein, 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. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Agency, the Authority, or any other entity described or referenced herein since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Agency, the Authority, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

All summaries of the documents referred to in this Official Statement 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.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES

EL PASO DE ROBLES, CALIFORNIA

Members of the Agency Board and City Council

John Hamom, *Chair and Council Member*
Nick Gilman, *Vice-Chair and Council Member*
Duane Picanco, *Agency Board Member and Mayor*
Ed Steinbeck, *Agency Board Member and Council Member*
Fred Strong, *Agency Board Member and Mayor Pro Tem*

AGENCY/CITY STAFF

James L. App, *Executive Director/City Manager*
Meg Williamson, *Assistant City Manager*
James D. Throop, *[Agency Treasurer]/Administrative Services Director*
Ronald Whisenand, *Redevelopment Manager/Community Development Director of the City*
Jennifer Sorenson, *City Finance Manager*

SPECIAL SERVICES

Financial Advisor

Northcross, Hill & Ach, LLC
San Francisco, California

Fiscal Consultant

HdL Coren & Cone
Diamond Bar, California

Bond Counsel

Robert M. Haight
Scotts Valley, California

Disclosure Counsel

Richards, Watson & Gershon,
A Professional Corporation
Los Angeles, California

Agency Counsel

McDonough, Holland & Allen,
a Professional Corporation
Sacramento, California

Trustee and Escrow Agent

Union Bank, N.A.
San Francisco, California

Verification Agent

_____, _____

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\$ _____^{*}
**REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES
PASO ROBLES REDEVELOPMENT PROJECT
2009 TAX ALLOCATION REFUNDING BONDS
(SERIES A)
(Bank Qualified)**

\$ _____^{*}
**REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES
PASO ROBLES REDEVELOPMENT PROJECT
2009 TAX ALLOCATION BONDS
(SERIES B)
(Federally Taxable)**

INTRODUCTION

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the sale by the Redevelopment Agency of the City of El Paso de Robles (the “Agency”) of \$ _____ aggregate initial principal amount of its Paso Robles Redevelopment Project, 2009 Tax Allocation Refunding Bonds (Series A) (the “Series A Bonds”) and \$ _____ aggregate initial principal amount of its Paso Robles Redevelopment Project, 2009 Tax Allocation Refunding Bonds (Series B) (the “Series B Bonds”; and together with the Series A Bonds, the “Bonds”). This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in “APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE”.

Legal Authority

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the “State”), including the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health and Safety Code of the State) (the “Redevelopment Law”); a Second Supplemental Indenture of Trust, dated as of August 1, 2009, by and between the Agency and Union Bank, N.A., formerly known as Union Bank of California, N.A., as trustee (the “Trustee”) (the “Indenture”); and a resolution adopted by the Agency on [July 7, 2009] (the “Resolution”).

The Agency has previously issued its Paso Robles Redevelopment Project 2000 Tax Allocation Bonds, currently outstanding in the aggregate principal amount of \$3,405,000 (the “2000 Bonds”), which 2000 Bonds are payable from Tax Revenues on a parity basis with the Bonds. See “SECURITY FOR THE BONDS – Parity Debt” and “RISK FACTORS” herein. The 2000 Bonds were issued under a Supplemental Indenture of Trust, dated as of October 1, 2000, by and between the Agency and Union Bank of California, N.A., the predecessor to the Trustee.

The Bonds are being issued for sale to the El Paso de Robles Public Financing Authority (the “Authority”). The Authority will resell the Bonds to the Underwriter.

Financing Purpose

Proceeds of the Series A Bonds will be used to (i) refund and defease the Agency’s Paso Robles Redevelopment Project 1996 Tax Allocation Bonds, currently outstanding in the aggregate principal amount of \$2,320,000 (the “1996 Bonds”), (ii) finance certain redevelopment activities of the Agency within or of benefit to the Paso Robles Redevelopment Project (the “Redevelopment Project” or the “Project Area”), as more fully described in “THE FINANCING PLAN – Deposit to the Project Fund”, (iii) finance certain low and moderate income housing projects of the Agency, [(iv) repay a portion of a

^{*} Preliminary; subject to change.

loan from the City of El Paso de Robles (the “City”),] (v) fund the Series A Reserve Account for the Bonds, and (vi) pay certain costs relating to the issuance of the Bonds.

Proceeds of the Series B Bonds will be used to (i) repay a portion of a loan from the City, (ii) pay to the Paso Robles Joint Unified School District (the “School District”) certain amounts payable in accordance with the Tax Sharing Agreement (as defined herein) with the School District (see “THE PASO ROBLES REDEVELOPMENT PROJECT – Tax Sharing Agreements”), (iii) fund the Series B Reserve Account for the Bonds, and (iv) pay certain costs relating to the issuance of the Bonds.

The Agency is required to fund and maintain a reserve account held by the Trustee within the Debt Service Fund established by the Trustee under the Indenture (the “Reserve Account”). The Agency will initially deposit into such Reserve Account proceeds of the Bonds in an amount sufficient to increase the amount on deposit in the Reserve Account to the new Reserve Requirement resulting from the issuance of the Bonds. See “SECURITY FOR THE BONDS” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for further discussion of the Reserve Account and the Reserve Requirement. In the event of any deficiency at any time in the Interest Account, the Principal Account, or the Sinking Account of the Debt Service Fund established under the Indenture, the Agency is obligated to pay such amounts from the Reserve Account pursuant to the Indenture. In the event that prior to any Interest Payment Date, the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Agency is also obligated to replenish the Reserve Account, from monies in the Special Fund, by an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement.

The Redevelopment Project is located in the City, in the County of San Luis Obispo (the “County”). Certain general economic and demographic information with regard to the City may be found in “APPENDIX B – SUPPLEMENTAL INFORMATION – THE CITY OF EL PASO DE ROBLES AND THE COUNTY OF SAN LUIS OBISPO.” **THE BONDS ARE NOT A DEBT OF THE CITY, THE AUTHORITY, THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) AND NONE OF THE CITY, THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE THEREFOR. THE PRINCIPAL OR ACCRETED VALUE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA.**

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as indicated above. Taxes collected upon the increase in assessed valuations in the Project Area and received on or after the date of issuance of the Bonds are referred to herein as tax increment revenues, a portion of which are pledged to the repayment of the Bonds. See “SECURITY FOR THE BONDS – Tax Revenues” herein.

Any future decrease in the taxable valuations in the Project Area or in the applicable tax rates could reduce the Tax Revenues allocated to the Agency and, correspondingly, could have an adverse impact on the availability of Tax Revenues to pay debt service on the Bonds. See “RISK FACTORS” herein.

Accreted Values

“APPENDIX I – TABLE OF ACCRETED VALUES” contains a table of the principal component plus interest accrued thereon (the “Accreted Value”) for each maturity of Capital Appreciation Bonds. Any Accreted Value, however, determined by the Trustee by computing interest in accordance with the provisions of the Indenture shall control over any different Accreted Value determined by reference to APPENDIX I.

The City and the Agency

The City, commonly known as Paso Robles, is located approximately 17 miles east of the Pacific Ocean in San Luis Obispo County, approximately 150 miles south of San Jose and 220 miles north of Los Angeles. The City was incorporated in 1889 and covers an area of approximately 12,739 acres or 19.9 square miles. It maintains a council-manager form of government. Four Councilmembers are elected at-large for staggered four-year terms, and the Mayor is elected at large every two years. For certain information regarding the City and the County, see “APPENDIX B – SUPPLEMENTAL INFORMATION – THE CITY OF EL PASO DE ROBLES AND THE COUNTY OF SAN LUIS OBISPO.” The Agency was activated by action of the City Council of the City (the “City Council”) pursuant to Ordinance No. 449, adopted on June 25, 1980, at which time the City Council declared itself to be the governing board of the Agency.

The Project Area

The City Council, on behalf of the Agency, has established the Project Area, which generates Tax Revenues pledged to the repayment of the Bonds and certain parity debt as described herein. The redevelopment plan for the Project Area was approved by Ordinance No. 540 of the City adopted on November 30, 1987. The redevelopment plan relating to the Project Area is referred to herein as the “Redevelopment Plan.” See “THE PASO ROBLES REDEVELOPMENT PROJECT AREA” for additional information on assessed valuations, property ownership, and land uses.

Municipal Bond Insurance

Concurrently with issuance of the Bonds, _____ (the “Bond Insurer”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy unconditionally guarantees the payment of that portion of the principal or Accreted Value of and interest on the Bonds which has become due for payment, but which is unpaid. See “BOND INSURANCE” and “APPENDIX H — Specimen Municipal Bond Insurance Policy”.

Continuing Disclosure

The Agency has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Agency by not later than nine (9) months following the end of the Agency’s Fiscal Year (which currently would be by March 31 each year based upon the June 30 end of the Agency’s Fiscal Year), commencing March 31, 2010, with the report for the 2008-09 Fiscal Year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and any notices of material events will be filed by the

Agency with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Other Information

Following in this Official Statement are brief descriptions of the Bonds, the Agency, the Authority, the City, Tax Revenues, the Project Area, security for the Bonds, risk factors and limitations on Tax Revenues and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture, the Redevelopment Law, the Constitution and the laws of the State as well as the proceedings of the Agency, the Authority and the City are qualified in their entirety by reference to such documents. References herein to the Bonds are qualified in their entirety by reference to the definitive Bonds, the terms thereof which are contained in the Indenture, and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Agency. During the period of the offering of the Bonds, copies of the forms of all documents are available at the offices of Stone & Youngberg LLC, 515 S. Figueroa Street, Suite 1800, Los Angeles, California 90071 and thereafter from the City Clerk's office, City of El Paso de Robles, 1000 Spring Street, Paso Robles, California 93446. All capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Indenture.

FINANCING PLAN

Refunding of the 1996 Bonds

A portion of the proceeds of the Series A Bonds will be used to refund and defease the Paso Robles Redevelopment Project 1996 Tax Allocation Bonds, currently outstanding in the aggregate principal amount of \$2,320,000 (the “1996 Bonds”). Concurrently with the issuance of the Series A Bonds, the Agency will, with respect to the 1996 Bonds, enter into an Escrow Agreement, dated as of August 1, 2009 (the “Escrow Agreement”), with Union Bank, N.A., as escrow agent (the “Escrow Agent”). Pursuant to the Escrow Agent, amounts deposited in the Escrow Fund will be invested in noncallable direct obligations of the United States, or obligations, the principal and interest on which are fully and unconditionally guaranteed as to timely payment by the United States of America, which when received will be sufficient to pay the principal of, interest on and redemption premium of, the 1996 Bonds.

Sufficiency of the deposit and purchases of federal securities to pay and redeem the 1996 Bonds in accordance with the Escrow Agreement will be verified upon delivery of the Bonds by [Verification Agent], _____, _____. See “VERIFICATION” herein.

As a result of the deposit and application of funds pursuant to the Escrow Agreement, the lien upon the Tax Revenues of the 1996 Bonds being refunded will be discharged, and the 1996 Bonds will no longer have any claim against the Tax Revenues.

Deposits to the Project and Housing Funds

Series A Bonds. The Agency anticipates using the proceeds of the Series A Bonds deposited to the Project Fund [(i) to repay to the City the amount of \$525,000, which comprises a portion of a loan from the City], and (ii) to fund the costs of public improvements within the Project Area consistent with the Agency’s approved five-year implementation plan, such as, but not limited to, the following:

- Flamson Middle School frontage and landscaping improvements
- Paso Robles Event Center frontage improvements
- City Park new/expanded public restrooms
- Downtown property acquisitions for future public facilities (e.g., parking)
- Pave unimproved section of Vine Street between 32nd and 36th Streets, adjacent to Georgia Brown Elementary School
- County Office of Education / First Five Commission Early Childhood Education Center construction
- Construct downtown public parking structure in Paso Robles Library parking lot.

The Agency anticipates using the proceeds of the Series A Bonds deposited to the Low and Moderate Income Housing Fund for low and moderate income housing projects within the Project Area consistent with the Agency’s approved five-year implementation plan, such as, but not limited to, the following:

- Assistance to the Paso Robles Nonprofit Housing Corp. for the Chet Dotter (Oak Park) Senior Housing Project, pursuant to financing expected to be the economic equivalent of a grant

- Assistance for the construction of Hidden Creek Village, an 84-unit low-income apartment complex at 80 S. River Road, pursuant to financing expected to be the economic equivalent of a grant.

Series B Bonds. The Agency anticipates using the proceeds of the Series B Bonds (i) to repay to the City the amount of [\$1,739,403], which comprises a portion of a loan from the City, and (ii) to pay to the Paso Robles Joint Unified School District (the “School District”) [\$810,597] payable in accordance with the Tax Sharing Agreement with the School District (see “THE PASO ROBLES REDEVELOPMENT PROJECT – Tax Sharing Agreements”).

Estimated Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Bonds, are as follows:

Series A Bonds

Sources of Funds:

Par Amount of Bonds	\$.
[Less/Plus]: Original Issue [Discount/Premium]	
Plus: 1996 Bonds Debt Service Reserve	
Less: Underwriter’s Discount	(.)
Total Sources	<u>\$.</u>

Uses of Funds:

Deposit to Escrow Fund	\$.
Deposit to Project Fund	.
Deposit to Low and Moderate Income Housing Fund	
Deposit to Series A Reserve Account of Debt Service Fund ⁽¹⁾	.
Deposit to Series A Costs of Issuance Fund ⁽²⁾	.
Total Uses	<u>\$.</u>

Series B Bonds

Sources of Funds:

Par Amount of Bonds	\$.
[Less/Plus]: Original Issue [Discount/Premium]	
Less: Underwriter’s Discount	(.)
Total Sources	<u>\$.</u>

Uses of Funds:

Payment to City General Fund	\$.
Payment to Paso Robles Joint Unified School District	.
Deposit to Series B Reserve Account of Debt Service Fund ⁽¹⁾	.
Deposit to Series B Costs of Issuance Fund ⁽²⁾	.
Total Uses	<u>\$.</u>

(1) An amount, which together with moneys already on deposit in the Reserve Account, equals the Reserve Requirement as described in “SECURITY FOR THE BONDS – Reserve Account.”

(2) Includes the bond insurance premium, Trustee fees, Bond Counsel and Disclosure Counsel fees, Financial Advisor fees, Fiscal Consultant fees, Verification Agent fees and expenses (with respect to Series A Bonds), printing costs, and other related costs.

THE BONDS

Description

The Bonds will be registered initially in the name of “Cede & Co.,” as nominee of The Depository Trust Company, New York, New York (“DTC”), which has been appointed as securities depository for the Bonds, and registered ownership may not be transferred thereafter except as provided in the Indenture. Purchasers will not receive certificates representing their interests in the Bonds. Principal or Accreted Value of and interest on the Bonds will be paid by the Trustee to DTC, which in turn is obligated to remit such principal and interest to its Participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See “APPENDIX F – BOOK-ENTRY ONLY SYSTEM.”

The Bonds will be issued in the aggregate principal amount set forth on the cover hereof as fully registered bonds without coupons. The Current Interest Bonds will be delivered only in denominations of \$5,000 or integral multiples thereof. The Bonds will be dated the date of their delivery by the Agency to the original purchaser thereof. Interest on the Current Interest Bonds will be payable on January 1 and July 1 of each year (each an “Interest Payment Date”), commencing on January 1, 2010. The Capital Appreciation Bonds will be delivered only in denominations of \$5,000 Maturity Amount or any integral multiple thereof. The Capital Appreciation Bonds accrete interest from their dated date, compounded semiannually on January 1 and July 1 of each year commencing January 1, 2010. Interest with respect to each Bond will be payable to the person whose name appears on the bond registration books of the Trustee as the Owner thereof on the fifteenth calendar day of the month preceding each Interest Payment Date, whether or not such fifteenth calendar day is a business day (each, a “Record Date”). Principal of the Bonds will be payable on July 1 in each of the years and in the amounts shown on the inside cover page hereof.

Interest on the Bonds is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the registration books kept by the Trustee as of the applicable Record Date. The payment of interest to each registered owner of \$1,000,000 or more aggregate principal amount of Bonds may be made by wire transfer to an account in the United States designated by such Owner upon written request of the Owner provided to the Trustee prior to such Record Date. Principal of, and interest and premium (if any) on, the Bonds is payable in lawful money of the United States of America.

The Bonds will bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the Interest Payment Date next preceding the date of authentication thereof, unless (i) a Bond is authenticated on or before the following Interest Payment Date and after the close of business on the preceding Record Date, in which event such Bond will bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event such Bond will bear interest from the dated date of such Bond, or (iii) interest on a Bond is in default as of the date of authentication, in which event interest on such Bond shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

While the Bonds are held in the book-entry only system of DTC, all payments on the Bonds will be made to Cede & Co., as the registered owner of the Bonds. Principal of, and redemption premium (if any), on the Bonds are payable in lawful money of the United States of America upon presentation and surrender of the Bonds at maturity or earlier redemption at the corporate trust office of the Trustee indicated in the Indenture. See “APPENDIX F – BOOK ENTRY ONLY SYSTEM.”

Optional Redemption

Series A Bonds. The Current Interest Series A Bonds maturing on or before July 1, 20__, are not subject to redemption prior to their respective stated maturities. The Current Interest Series A Bonds maturing on or after July 1, 20__, shall be subject to redemption in whole, or in part among maturities on such basis as shall be determined by the Agency and by lot within a maturity, on any date commencing July 1, 20__, at the option of the Agency from any available source of funds, at a redemption price equal the principal amount of the Current Interest Series A Bonds to be redeemed, together with accrued interest to the redemption date, without premium.

[The Capital Appreciation Series A Bonds are not subject to optional redemption prior to their maturity.]

Series B Bonds. The Series B Bonds are not subject to optional redemption prior to their maturity.

Mandatory Sinking Account Redemption of the Term Bonds

Series A Bonds. The Series A Bonds maturing on July 1, 20__ and July 1, 20__ (together, the “Series A Term Bonds”) shall be subject to mandatory sinking fund redemption in whole, or in part, by lot, on each July 1, from mandatory Sinking Account payments set aside in the Debt Service Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

Series A Term Bonds Maturing July 1, 20__

Sinking Account	
Payment Date	Principal Amount
<u>(July 1)</u>	<u>To Be Redeemed</u>
	\$

(maturity)

Series A Term Bonds Maturing July 1, 20__

Sinking Account	
Payment Date	Principal Amount
<u>(July 1)</u>	<u>To Be Redeemed</u>
	\$

(maturity)

In the event that some but not all Series A Bonds have been redeemed pursuant to optional redemption provisions of the Indenture, the total amount of all future Sinking Account payments set forth in the preceding schedule for the Series A Term Bonds will be reduced by the aggregate principal amount

of the applicable Series A Term Bonds so redeemed, to be allocated among each Sinking Account payments for the applicable Series A Term Bonds on a pro rata basis in integral multiples of \$5,000, as determined by the Agency (notice of which determination shall be given by the Agency to the Trustee).

Series B Bonds. The Series B Bonds maturing on July 1, 20__ and July 1, 20__ (together, the “Series B Term Bonds”; and collectively with the Series A Term Bonds, the “Term Bonds”) shall be subject to mandatory sinking fund redemption in whole, or in part, by lot, on each July 1, from mandatory Sinking Account payments set aside in the Debt Service Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

Series B Term Bonds Maturing July 1, 20__

Sinking Account	
Payment Date	Principal Amount
<u>(July 1)</u>	<u>To Be Redeemed</u>
	\$

(maturity)

Series B Term Bonds Maturing July 1, 20__

Sinking Account	
Payment Date	Principal Amount
<u>(July 1)</u>	<u>To Be Redeemed</u>
	\$

(maturity)

Purchase of Bonds

In lieu of redemption of [Series A] Term Bonds pursuant to the Sinking Account redemption provisions above, amounts on deposit in the Special Fund (to the extent not required to be transferred to the Trustee to make scheduled interest, principal, and sinking account payments during the current Bond Year) may also be used and withdrawn by the Agency at any time for the purchase of the [Series A] Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Agency may in its discretion determine. The par amount of any of the [Series A] Term Bonds so purchased by the Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the [Series A] Bonds otherwise required to be redeemed on the following July 1 of such year pursuant to the Sinking Account redemption provisions above.

General Redemption Provisions

Notice of Redemption. The Trustee on behalf and at the expense of the Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the registration books of the Trustee, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the 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 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, shall designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds of a series 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 corporate trust office of the Trustee indicated in the Indenture for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The 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 cancelled and annulled if for any reason funds will not 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 Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

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 shall execute and the Trustee shall 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 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 the 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.

Transfer or Exchange

Any Bond may in accordance with its terms, be transferred, upon the registration books of the Trustee, by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond to the corporate trust office of the Trustee in Los Angeles, California (or such other place as may be designated by the Trustee) 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 Agency shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds for like aggregate principal amount, [interest rate,] and maturity. The Trustee may refuse to transfer either (a) any Bonds during the period fifteen (15) days prior to the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption pursuant to the Indenture.

Bonds may be exchanged at the corporate trust office of the Trustee in Los Angeles, California (or such other place as may be designated by the Trustee) for a like aggregate principal amount of authorized denominations and of the same [interest rate and] maturity. The Trustee may refuse to exchange either (a) any Bonds during the period fifteen (15) days prior to the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption pursuant to the Indenture.

The Trustee shall require the Owner requesting such registration of transfer or exchange to pay any tax or other governmental charge required to be paid with respect to any such transfer or exchange or Bonds or the replacement of any mutilated, lost or stolen Bonds. The Trustee may also require the Owner requesting such registration of transfer or exchange to pay a reasonable sum as may be necessary to cover any customary expenses incurred and fees charged by the Trustee or the Agency with respect to such transfer or exchange or Bonds or the replacement of any mutilated, lost or stolen Bonds.

Events of Default and Acceleration of Bonds

The following events constitute “Events of Default” under the Indenture:

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

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

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

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

Subject to the rights of the Bond Insurer under the Indenture, if an Event of Default has occurred 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 (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) exercise any other remedies available to the Trustee and the Owners in law or at equity.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided in the Indenture for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to

accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee under the Indenture, shall be applied by the Trustee (as trustee with respect to the Bonds and the 2000 Bonds) in the following order:

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

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal with interest on such overdue amounts at the respective rates of interest borne by the Outstanding Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably (among the Bonds and the 2000 Bonds and any other Parity Debt then Outstanding) to the aggregate of such interest, principal and interest on overdue amounts.

Debt Service Schedule

Scheduled debt service on the Bonds, without regard to any optional redemption, is shown in the following table:

TABLE 1
REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES
PASO ROBLES REDEVELOPMENT PROJECT
2009 TAX ALLOCATION BONDS, SERIES A AND SERIES B

Debt Service Schedule

Bond Year Ending July 1	Series A Principal	Series A Interest	Series B Principal	Series B Interest	Total
2010	\$.	\$.	\$.	\$.	\$.
2011					
2012					
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
	<u>\$.</u>	<u>\$.</u>	<u>\$.</u>	<u>\$.</u>	<u>\$.</u>

SECURITY FOR THE BONDS

General

The Bonds are limited obligations of the Agency entitled to the benefits of the Indenture and are payable solely from and secured by (i) Tax Revenues and (ii) moneys on deposit in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account) established under the Indenture. See “– Tax Revenues” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

Funds and accounts to be established and held under the Indenture include the Special Fund, the Series A Costs of Issuance Fund, the Series B Costs of Issuance Fund, the Debt Service Fund (and the Interest Account, Principal Account, Sinking Account, Reserve Account, and Redemption Account therein), and the Project Fund. *Except for moneys deposited in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account), none of the other funds and accounts held under the Indenture are pledged to repayment of the Bonds.*

The Bonds are not a debt of the City, the Authority, the County, the State or any of its political subdivisions (other than the Agency) and none of the City, the County, the State nor any of its political subdivisions (other than the Agency) is liable therefor.

Allocation of Taxes

As provided in the Redevelopment Plan (as defined herein), and pursuant to Article 6 of Chapter 6 of the Redevelopment Law (commencing with Section 33670 of the California Health and Safety Code) and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Redevelopment Project by or for the benefit of the State of California and any city, county, city and county, district or other public corporation (herein collectively referred to as “taxing agencies”) for each fiscal year beginning after the effective date of the ordinance approving the Redevelopment Plan, are divided as follows:

1. To other 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 approving the Redevelopment Plan (the “Base Year Amount”) shall be allocated to and when collected shall be paid into the funds of the respective taxing agencies in the same manner as taxes by or for the taxing agencies on all other property are paid; and
2. To the Agency: Except for taxes which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which shall be allocated to and when collected shall be paid to the respective taxing agency, that portion of the levied taxes each year in excess of the Base Year Amount shall be paid into a special fund of the Agency to pay the principal of and interest on bonds, loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the Redevelopment Project.

Tax Revenues

The term “Tax Revenues” as defined in the Indenture means all taxes annually allocated to the Agency with respect to the Project Area following the date of issuance of the Bonds, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plan, including all other payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations; provided, however, that Tax Revenues shall not include (a) all amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Section 33334.3 of the Redevelopment Law, except to the extent permitted under the Redevelopment Law to be applied to the payment of the principal of and interest and premium (if any) on the Bonds, the 2000 Bonds, and any other Parity Debt, (b) amounts payable to the Agency by the State of California pursuant to Section 16112.7 of the California Government Code, and (c) amounts payable by the Agency under the Tax Sharing Agreements, to the extent not subordinated to the payment of principal of and interest on the Bonds.

The Bonds are secured by and payable from the Tax Revenues and moneys on deposit in the Special Fund and the Debt Service Fund (including the accounts therein, including but not limited to the Reserve Account) established under the Indenture. **Although a portion of the proceeds of the Bonds will be used to finance low and moderate income housing projects of the Agency (see ‘FINANCING PLAN – Deposits to Project and Housing Funds’), no Housing Revenues will be pledged for debt service on the Bonds, because the Agency has determined that insufficient revenues were deposited to the Low and Moderate Income Housing Fund in prior years, and that the construction of low and moderate income housing projects with the proceeds of the Bonds will reimburse the Low and Moderate Income Housing Fund for such prior deficiency.**

The Agency’s receipt of Tax Revenues is subject to certain limitations contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.2 and 33333.4 of the Redevelopment Law. See Table 3 under “THE PASO ROBLES REDEVELOPMENT PROJECT AREA – Redevelopment Plan Limitations.”

The Agency has covenanted in the Indenture to comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation, the timely filing of any necessary statements of indebtedness with appropriate officials of the County and the State.

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay principal and interest on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See “RISK FACTORS” and “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS” herein.

THE BONDS ARE NOT A DEBT OF THE CITY, THE AUTHORITY, THE COUNTY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY), AND NONE OF THE CITY, THE COUNTY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AGENCY) IS LIABLE THEREON. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE TAX REVENUES ALLOCATED TO THE AGENCY FROM THE PROJECT AREA.

Special Fund; Debt Service Fund

The Agency previously has established and holds a special fund known as the “Special Fund.” Pursuant to the Indenture, the Agency will deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to the Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in the Indenture and any Supplemental Indenture. All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year pursuant to the foregoing will be released from the pledge and lien under the Indenture for the security of the Bonds, the 2000 Bonds, and any other Parity Debt and may be applied by the Agency for any lawful purposes of the Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture with respect to the rebate of excess investment earnings, if any.

There previously has been established a special fund as the “Debt Service Fund” held by the Trustee. Moneys in the Special Fund will be transferred by the Agency in the following amounts, at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, which are established under the Indenture with the Trustee, and in the following order of priority, ratably among the Bonds, the 2000 Bonds, and any other Parity Debt:

(a) on or before the second Business Day preceding each Interest Payment Date, for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds, 2000 Bonds, and any Parity Debt on such date. 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, 2000 Bonds, and any Parity Debt as it shall become due and payable (including accrued interest on any Bonds, 2000 Bonds, and any Parity Debt purchased or redeemed prior to maturity pursuant to the Indenture);

(b) on or before the second Business Day preceding each date on which principal of the Bonds becomes due and payable at maturity, for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding Bonds, 2000 Bonds, and any Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds, 2000 Bonds, and any Parity Debt upon the maturity thereof;

(c) on or before the second Business Day preceding each date on which any Outstanding Term Bonds become subject to mandatory Sinking Account redemption, for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof (see “THE BONDS – Mandatory Sinking Account Redemption of the Term Bonds” herein); and

(d) after the Agency's receipt any notice from the Trustee that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement (such notice to be provided when the Trustee has actual knowledge, on or before the second Business Day preceding each date on which principal of or interest on any Bond is due and payable, that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement), to deposit in the Reserve Account an amount, if any, required to cause the amount on deposit in the Reserve Account to be equal to the Reserve Requirement (see "--Reserve Account" below).

See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein.

Reserve Account

The Trustee shall establish and maintain within the Debt Service Fund a separate account known as the Reserve Account (the "Reserve Account"). The Reserve Account shall be held by the Trustee in trust. The amount on deposit in the Reserve Account shall be maintained at the Reserve Requirement (the "Reserve Requirement") at all times prior to the payment of the Bonds and Parity Debt in full, except to the extent required for the purposes set forth in the Indenture. As defined in the Indenture, "Reserve Requirement" means, as certified by the Trustee to the Agency, the lesser of (i) Maximum Annual Debt Service on all Outstanding Bonds and Parity Debt, (ii) 125% of average annual debt service on all Outstanding Bonds and Parity Debt, or (iii) 10% of the proceeds of the Bonds and 10% of the unpaid principal balance on the Outstanding Parity Debt. The Reserve Account was funded initially upon issuance of the 1996 Bonds and supplemented upon issuance of the 2000 Bonds in such amounts necessary so that the moneys on deposit in the Reserve Account were not less than the applicable Reserve Requirement. As a result of refunding of the 1996 Bonds and the issuance of the Bonds, the Reserve Account will be again supplemented to cause the amount on deposit in the Reserve Account to be not less than the new Reserve Requirement. The existing Reserve Requirement is \$_____ and will increase by \$_____ upon issuance of the Bonds. The Reserve Account secures payment of the 2000 Bonds and the Bonds.

In the event that prior to the second Business Day preceding any Interest Payment Date the Trustee has actual knowledge that the amount on deposit in the Reserve Account is less than the Reserve Requirement, the Trustee will promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency will transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. All money in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order of priority, on any Interest Payment Date, in the event of any deficiency at any time in any of such accounts or at any time for the retirement of all the Bonds and any Parity Debt then Outstanding, except that so long as the Agency is not in default under the Indenture and the 2000 Indenture, any amount in the Reserve Account in excess of the Reserve Requirement on the Business Day preceding each Interest Payment Date will be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account and the Interest Account of Parity Debt proportional to interest due.

The Agency has the right at any time, with the prior written consent of the Bond Insurer, 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 related Parity Debt) 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

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 will transfer such funds from the Reserve Account to the Agency to be deposited in the Project Fund and used for the purposes thereof. Upon the expiration of any Qualified Reserve Account Credit Instrument, the Agency will be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues.

Low and Moderate Income Housing Fund

The Redevelopment Law generally requires redevelopment agencies to set aside 20% of all tax increment revenues derived from redevelopment project areas (such amounts of a redevelopment project area being referred to herein as the “Housing Revenues”) in a low and moderate income housing fund (the “Low and Moderate Income Housing Fund”). Under the Redevelopment Law, the Agency must use amounts deposited in the Low and Moderate Income Housing Fund to increase, improve, and preserve the supply of low and moderate income housing within the jurisdiction of the Agency. This low and moderate income housing requirement could be reduced or eliminated if a redevelopment agency finds that: (1) no need exists in the community to improve or increase the supply of low and moderate income housing; and (2) that some stated percentage less than 20 percent of the tax increment is sufficient to meet the housing need.

The Tax Revenues exclude the Housing Revenues derived from the Redevelopment Project, except to the extent permitted under the Redevelopment Law to be applied to the payment of the principal of and interest and premium (if any) on the Bonds or any Parity Debt. The Agency has not allocated proceeds of bonds previously issued and funded by tax increment to the Low and Moderate Income Housing Fund. **Although a portion of the proceeds of the Bonds will be used to finance low and moderate income housing projects of the Agency (see ‘FINANCING PLAN – Deposits to Project and Housing Funds’), no Housing Revenues will be pledged for debt service on the Bonds, because the Agency has determined that insufficient revenues were deposited to the Low and Moderate Income Housing Fund in prior years, and that the construction of low and moderate income housing projects with the proceeds of the Bonds will reimburse the Low and Moderate Income Housing Fund for such prior deficiency.**

The provisions of the Redevelopment Law regarding the funding of low- and moderate-income housing funds have been frequently amended since their original adoption. In addition, the interpretations of these laws by the California Attorney General and redevelopment agency counsels throughout the State have at times been subject to variation and change. The Agency cannot predict what impact any future amendment to the laws relating to low and moderate income housing funds may have on tax increment revenues to the Agency.

Parity Debt

The Agency may issue or incur additional obligations on a parity with the Bonds and the 2000 Bonds (“Parity Debt”) in such principal amount as shall be determined by the Agency. The Agency may not issue any Parity Debt bearing interest at a variable rate. The Agency may issue or incur Parity Debt subject to the following specific conditions precedent specified in the Indenture:

(a) The Agency shall be in compliance with all covenants set forth in this Indenture and all Supplemental Indentures;

(b) The Tax Revenues received for the Bond Year next preceding the then current Bond Year shall be at least equal to one hundred seventy-five percent (175%) of Maximum Annual Debt Service on all Bonds which will be Outstanding immediately following the issuance of such Parity Debt, excluding from Tax Revenues the maximum amounts payable in the applicable future Bond Year to other taxing entities from taxes allocated to the Agency under the Redevelopment Plan (and which payments are not then subordinated to the payment of debt service on the Bonds and any Parity Debt), as demonstrated by a report of an Independent Fiscal Consultant delivered to the Trustee and the Insurer;

(c) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide that interest thereon shall not be payable on any dates other than January 1 and July 1, and principal thereof shall be payable on July 1 in any year in which principal is payable;.

(d) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide for the deposit into the Reserve Account of an amount required to cause the balance therein to equal the full amount of the Reserve Requirement (which may be maintained in whole or in part in the form of a Qualified Reserve Account Credit Instrument as provided herein);

(e) The issuance of such Parity Debt shall not cause the Agency to exceed any applicable Plan Limitations; and

(f) The Agency shall deliver to the Trustee a Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in the foregoing subsections (a), (b), (c), (d) and (e) above have been satisfied.

Subordinate Debt

The Agency may incur loans, advances, or indebtedness issued or incurred by the Agency which are either (i) payable from, but not secured by a pledge of or lien upon, the Tax Revenues, or (ii) secured by a pledge of or lien upon the Tax Revenues which is subordinate to the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds (“Subordinate Debt”) in such principal amount as shall be determined by the Agency, provided that the issuance of such Subordinate Debt shall not cause the Agency to exceed any applicable Plan Limitations.

Limitation as to Additional Indebtedness

The Agency covenants in the Indenture that the aggregate amount of Debt Service remaining to be paid on the Bonds and all Outstanding Parity Debt shall at no time exceed ninety-five percent (95%) of the aggregate amount of remaining Tax Revenues which the Agency is permitted to receive under the Plan Limitations. In the event that the aggregate amount of Debt Service remaining to be paid on the 2009 Bonds and all Outstanding Parity Debt at any time equals or exceeds ninety-five (95%) of the aggregate amount of Tax Revenues which the Agency is permitted to receive in the future under the Plan Limitations, all Tax Revenues thereafter received by the Agency will immediately be paid to the Trustee until such requirements are met, and such Tax Revenues will be deposited by the Trustee in the Special Fund to be applied for the sole purpose of paying the principal of and interest on the Bonds and any other Outstanding Parity Debt prior to maturity or as it comes due and payable, notwithstanding anything in the Indenture to the contrary.

The Agency will cause a fiscal consultant experienced in the preparation of reports relating to tax increment revenues of redevelopment agencies to prepare a report annually (the “Annual Plan Limitation Report”) by November 15 of each year, commencing November 15, 2010, setting forth the following information calculated as of the last day of the preceding fiscal year (the “Prior Fiscal Year”):

(a) the aggregate amount of tax increment revenues theretofore received by the Agency under the Plan Limitations calculated as of the last day of the Prior Fiscal Year;

(b) the remaining aggregate amount of tax increment revenues permitted to be received by the Agency under the Plan Limitations following the last day of the Prior Fiscal Year;

(c) the remaining aggregate amount of Tax Revenues permitted to be received by the Agency under the Plan Limitations following the last day of the Prior Fiscal Year (the "Remaining Tax Revenues");

(d) the remaining amount of Debt Service payable on the Bonds and any Outstanding Parity Debt following the last day of the Prior Fiscal Year (the "Remaining Debt Service"); and

(e) the ratio of the Remaining Debt Service to the Remaining Tax Revenues stated as a percentage calculated by dividing the Remaining Debt Service by the Remaining Tax Revenues.

If the percentage determined in accordance with clause (e) above, as set forth in the Annual Plan Limitation Report, equals or exceeds ninety-five percent (95%), then all Tax Revenues thereafter received by the Agency shall be applied as provided in the first paragraph above under the caption "-- Limitation as to Additional Indebtedness," any application of such Tax Revenues to the redemption of the Bonds or Parity Debt prior to maturity to be by such maturities as shall be directed by the Agency.

Each Annual Plan Limitation Report will be delivered to the Trustee promptly upon its completion.

See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made by the Agency or the Underwriter as to the accuracy or completeness of such information, or the absence of material adverse changes therein at any time subsequent to the date hereof Reference is made to APPENDIX H for a specimen of the Bond Insurer's policy.

[to come]

THE AUTHORITY

The El Paso de Robles Public Financing Authority (the "Authority") was created by a Joint Exercise of Powers Agreement, dated January 19, 1993, by and between the City and the Agency. Such agreement was entered into pursuant to the provisions of Article 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code. The Authority was created for the purpose of assisting the financing or refinancing of certain public capital facilities within the City. Under the Marks-Roos Local Bond Pooling Act of 1985, Section 6854 et seq. of the State Government Code, the Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale.

The Authority is governed by a five-member Board of Directors (the "Board") which consists of the members of the City Council of the City. See "REDEVELOPMENT AGENCY OF THE CITY OF

EL PASO DE ROBLES – Authority Personnel” below for a listing of the Authority/Agency Members. The Mayor acts as the Chairman of the Board, the Mayor Pro Tem as the Board’s Vice Chariman, the City Manager as the Authority’s Executive Director, the City Clerk as its Secretary, and the City’s Administrative Services Director acts as its Treasurer.

REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES

Authority and Personnel

The Agency was established pursuant to the Redevelopment Law and was activated by the City Council by Ordinance No. 449 adopted on June 25, 1980 at which time the City Council declared itself to be the governing board of the Agency. The Agency is charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City. The Agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. The Agency can build public improvements, facilitate the development of on and off-site improvements for private development projects, acquire and re-sell property, and provide services of special benefit to the Project Area.

Members of the Agency governing board and their respective terms of office are shown below:

<u>Member</u>	<u>Term Expires</u>
John Hamon, Chair	December 2010
Nick Gilman, Vice-Chair	December 2013
Duane Picanco	December 2011
Ed Steinbeck	December 2011
Fred Strong	December 2013

Agency Administration

James L. App has served as City Manager of the City and the Executive Director of the Agency since March 1997. The City Manager, appointed by the City Council, serves at the pleasure of the Council and directs six City departments in their efforts to deliver City services. Mr. App has served Paso Robles in management positions since July 1990. Prior to City employment, he worked 12 years in management for private sector professional service firms, and 4 years in higher education administration. Mr. App holds a Master of Public Administration degree from California State University, Fullerton, and a Bachelor of Arts from California State University, Long Beach.

Meg Williamson serves as Assistant City Manager of the City. Over the last twenty-two years, she has worked for the City in various capacities in the Community Development Department and the City Manager’s Office. Her current responsibilities include oversight of the Municipal Airport enterprise operations, Economic Development and Tourism programs, and day-to-day operations of the Human Resources, City Clerk, and Information Systems programs. In addition to her work in the public sector, for two years Ms. Williamson worked for RRM Design Group in San Luis Obispo County assisting the architectural, engineering, and design firm with public policy assistance to its clients. Ms. Williamson holds a bachelor’s degree in Geography from the University of California at Santa Barbara.

James D. Throop is the City’s Administrative Services Director and the Treasurer of the Agency, and he is responsible for the financial affairs of the City and the Agency, as well as a range of other activities and functions such as business licensing, sewer and water billing, City transit operations, Greyhound bus depot operations, and risk management. The Administrative Service Director is

appointed by the City Manager. Mr. Throop has been the Administrative Services Director of the City since October 2007. Mr. Throop has thirteen years of financial experience in municipal government, with nine of those years at the Director-level. Mr. Throop also has eleven years of experience in the private sector, primarily as a Senior Financial Analyst. He holds a Bachelor's degree in Economics from the University of Southern California in Los Angeles, California, and a Master's of Business Administration from Chapman University in Orange, California.

Ronald Whisenand has been the City's Community Development Director and the Agency's Redevelopment Manager since February 2006. The Community Development Department consists of the Planning, Engineering, and Building Divisions, involving the department in all aspects of development. Mr. Whisenand has 30 years of experience in community development and planning. Before his appointment as the Director, he held the position of Deputy Director of Community Development for the City of San Luis Obispo for 13 years.

Jennifer Sorenson is the City's Finance Manager and is responsible for the day to day operations of the Administrative Services Department. She has been with the City since 2003. Ms. Sorenson has worked in municipal finance for nine years, along with twenty years of school business experience. Ms. Sorenson holds a bachelor's degree in Business Administration from California Polytechnic State University, San Luis Obispo, and a master's in Business Administration from University of La Verne. She is the Central Coast Chapter chair of the California Society of Municipal Finance Officers and is active in the Paso Robles Rotary Club.

The Redevelopment Law requires redevelopment agencies to have an independent financial audit conducted each year. The financial audit is also required to include an opinion of the Agency's compliance with laws, regulations and administrative requirements governing activities of the Agency. The firm of Moss, Levy & Hartzheim LLP, Certified Public Accountants, Santa Maria, California, prepared a financial statement for the Agency for the Fiscal Year ended June 30, 2008. The firm's examination was made in accordance with generally accepted auditing standards. The Agency follows fund accounting principles reflecting the modified accrual basis of accounting in which revenue is recognized when earned or otherwise becomes available, and expenditures are recognized when incurred. After their examination, the firm reported that they noted no instances of noncompliance for the Fiscal Year ended June 30, 2008. See "APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR FISCAL YEAR ENDED JUNE 30, 2008". Since the audited financial statements are public documents, the Agency has not requested nor did the Agency obtain permission from Moss, Levy & Hartzheim LLP to include the audited financial statements as an appendix to this Official Statement. Accordingly, Moss, Levy & Hartzheim LLP has not performed any post-audit review of the financial condition or operations of the Agency.

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THE PASO ROBLES REDEVELOPMENT PROJECT AREA

General

General. The City Council, on behalf of the Agency, has established one redevelopment project area within the City, the Paso Robles Redevelopment Project Area, which generates Tax Revenues pledged to the repayment of the Bonds and which is referred to herein as the “Redevelopment Project” or the “Project Area”. The redevelopment plan that formed the Project Area was approved by Ordinance No. 540 of the City adopted on November 30, 1987. The redevelopment plan relating to the Project Area is referred to herein as the “Redevelopment Plan.” The Project Area encompasses approximately 1,036 acres, or approximately 8.13% of the 12,739 acres constituting the City.

The following table summarizes the Project Area.

TABLE 2
REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES
Summary of Paso Robles Redevelopment Project

Adoption Date	Size of Area (acres)	Base Year Value ⁽¹⁾	2008-09 Assessed Value	2008-09 Incremental Value	2008-09 Estimated Tax Revenues ⁽²⁾	Incremental Value as % of Total Project Area AV
November 30, 1987	1,039	\$137,543,000	\$576,018,000	\$438,476,000	\$4,613,000	76.12%

(1) Although pursuant to the Redevelopment Law, the base year is determined by statute as the 1987-88 Fiscal Year, the Agency, the County, and all affected taxing agencies, have agreed to use 1986-87, subject to certain adjustments, as the base year for the purpose of calculating tax increment allocations. See “– Tax Sharing Agreements” below.

(2) Includes actual unitary revenue for 2007-08, assumed to remain constant for 2008-09, and prior year adjustments and supplemental roll values provided by the County.

Source: HdL Coren & Cone

Redevelopment Plan Limitations

The Redevelopment Plan limits taxes, as defined in Section 33670 of the Redevelopment Law, that may be divided and allocated to the Agency with respect to the Project Area. In addition, the Redevelopment Plan limits the amount of bonded indebtedness that may be outstanding at any one time. See Table 3 below for a summary of these limitations in the Redevelopment Plan with respect to the Project Area, as well as other limitations required under the Redevelopment Law as discussed further below.

In 1993, the California Legislature enacted AB 1290, Chapter 942, Statutes of 1993, effective January 1, 1994 (“AB 1290”). AB 1290 included (i) provisions enacting a statutory maximum limit on the time period for establishing loans, advances, and indebtedness which are payable from tax increment revenues; (ii) provisions requiring a time limit not to exceed a statutory maximum limit on the effectiveness of a redevelopment plan; and (iii) provisions requiring a time limit not to exceed a statutory maximum limit on redevelopment agency’s receipt of tax increment and payment of indebtedness with tax increment. In order to comply with AB 1290, the City adopted Ordinance No. 683 on January 17, 1995.

In 2001, the California Legislature enacted SB 211, Chapter 741, Statutes of 2001, effective January 1, 2002 (“SB 211”). Among other things, SB 211 provides that at any time after January 1, 2002, the limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1,

1994, may be eliminated by ordinance of the legislative body. However, such elimination will trigger statutory tax sharing with those taxing entities that do not have Tax Sharing Agreements. See “– Tax Sharing Statutes” below. Tax sharing will be calculated based on the increase in assessed valuation after the year in which the limitation would otherwise have become effective. Amounts payable to taxing agencies under the SB 211 formula are to be computed after deducting the Housing Set-Aside Amount attributable to the increase in assessed valuation. On June 15, 2004, the City Council adopted Ordinance No. 876, which eliminated the limitation on incurring indebtedness contained in the Redevelopment Plan pursuant to SB 211.

The California Legislature subsequently enacted Senate Bill 1045, Chapter 260, Statutes of 2003, effective September 1, 2003 (“SB 1045”). SB 1045 required each redevelopment agency to make an allocation of revenue to the applicable county auditor in the 2003-04 fiscal year for deposit in the Educational Revenue Augmentation Fund (“ERAF”) in the applicable county for allocation to school entities, based on a statewide aggregate allocation of \$135,000,000. Section 33683 of the Redevelopment Law provides, for the purpose of determining whether the limit on the tax increment revenue that may be allocated to the Agency has been reached, the aggregate amount of ERAF payments made by the Agency from tax increment revenue in 2003-04 and in a number of prior fiscal years, as required by legislation, may be deducted from the amount of tax increment revenue deemed to have been received by the Agency. SB 1045 also permits a redevelopment plan to be amended to add one year to the duration of the redevelopment plan and to the period for collection of tax increment revenues and the repayment of debt. On June 15, 2004, pursuant to SB 1045, the City Council adopted Ordinance No. 876, which added one year to the period for collection of tax increment revenues and the repayment of debt and one year to the duration of the Redevelopment Plan.

On July 28, 2004, the California Legislature enacted Senate Bill 1096, Chapter 211, Statutes of 2004, effective August 5, 2004 (“SB 1096”). SB 1096 again required a transfer to the ERAF by redevelopment agencies for each of fiscal years 2004-05 and 2005-06, in the aggregate amount of \$250 million per year. SB 1096 permits an agency having to make an ERAF payment thereunder to extend the time limit on the effectiveness of redevelopment plans by ordinance as follows: redevelopment plans with ten years or less of effectiveness remaining from the last day of the fiscal year in which a payment is made can be extended one year for each year an ERAF payment is made; plans with 10 to 20 years remaining from the last day of the fiscal year in which a payment is made can be extended one year for each year an ERAF payment is made if the legislative body finds the agency is in compliance with major housing requirements under the Redevelopment Law; and plans with more than 20 years remaining from the last day of the fiscal year in which a payment is made cannot be extended. As shown in Table 3 below, the Redevelopment Plan is effective until November 30, 2028, which is more than 20 years after the May 10, 2006 due date for the ERAF payment made by the Agency for fiscal year 2005-06. (See “RISK FACTORS – State Budget; ERAF.”) Therefore, the Agency cannot adopt any ordinance extending the duration of the Redevelopment Plan pursuant to SB 1096.

The California Legislature did not require any ERAF transfer in fiscal years 2006-07 and 2007-08, but pursuant to Assembly Bill 1389, Chapter 751, Statutes of 2008 (“AB 1389”), an ERAF transfer from redevelopment agencies was included in the fiscal year 2008-09 budget. The aggregate amount of the required transfer is \$350 million. Unlike SB 1045 and SB 1096, AB 1389 does not include any provision for extensions of plan limitations. For additional discussion about the ERAF and related risk factors, see “RISK FACTORS—State Budget; ERAF” herein.

The Redevelopment Plan authorizes the Agency to employ the power of eminent domain to acquire real property within the Project Area which cannot be acquired by gift, devise, exchange, purchase, or any other lawful method. Pursuant to Ordinance No. 786, adopted on January 4, 2000, the last date on which the Agency may commence an eminent domain proceeding is February 3, 2012. The

Agency may use its power of eminent domain within certain portions of the Project Area to implement redevelopment projects to be financed with the proceeds of the Bonds. See “RISK FACTORS – Eminent Domain Legislation.”

The actions taken by the City Council to date have resulted in the time limitations set forth in Table 3:

TABLE 3
REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES
Paso Robles Redevelopment Project
Redevelopment Plan Limitations

PASO ROBLES REDEVELOPMENT PROJECT AREA			
Plan Adoption Date:	November 30, 1987	Ordinance No.	540
Total Project Area: 1,039 Acres			
Maximum Tax Increment:	\$165,000,000 ⁽¹⁾	Tax Increment Received to Date:	\$[_____]
Maximum Outstanding Bonded Debt:	\$70,000,000	Bonded Debt Currently Outstanding:	\$3,405,000 ⁽²⁾
Last Date to Receive Property Taxes/Pay Debt:	November 30, 2038 ⁽³⁾		
Plan Termination Date:	November 30, 2028 ⁽³⁾		
Last Date to Incur Debt:	Eliminated		

(1) The Redevelopment Plan provides that if reimbursement agreements are entered into with other public agencies and/or private entities, the limitation on tax increment which may be divided and allocated to the Agency under the Redevelopment Law shall be a cumulative total of \$165,000,000 plus the amounts described within and/or resulting from the entering into reimbursement or other agreements with affected taxing agencies or private entities.

(2) Excludes Bonds to be sold.

(3) Includes one-year extension pursuant to SB 1045.

Source: *Redevelopment Agency of the City of El Paso de Robles*

Tax Sharing Agreements

Former Section 33401 of the Redevelopment Law authorized redevelopment agencies to enter into agreements, commonly referred to as “pass-through” or “tax-sharing” agreements, providing for the payment of tax increment revenues to taxing entities in order to alleviate any detriment to the taxing entity resulting from the establishment of a redevelopment project. Pursuant to said Section 33401, the Agency has entered into various pass-through agreements (the “Tax Sharing Agreements”) for allocation and distribution of tax increment funds with respect to the Project Area with local taxing agencies as follows:

- *County of San Luis Obispo, the San Luis Obispo Air Pollution Control District (the “APCD”), and the San Luis Obispo County Flood Control and Water Conservation District (the “Flood Control District”).* Pursuant to its agreement with the County, the APCD, and the Flood Control District, the County shall retain the following percentage of its share (approximately 26.55%) of the basic \$1 per \$100 of assessed value tax levy in the general fund of the County: 0% from fiscal year 1988-89 through fiscal year 1996-97, 25% from fiscal year 1997-98 through fiscal year 2000-01 and 75% thereafter. However, at such time that tax increment received by the Agency and attributable to the County’s tax levy exceeds \$10 million, the County shall be allocated and paid 100% of the tax increment attributable to the County’s levy. Also, under such agreement, the Agency has agreed to pay to APCD, the Flood Control District, and their respective funds (which total together approximately 1.50% of the basic \$1 per \$100 assessed value tax levy in the general fund of the County) 100% of the tax increment attributable to those levies.

- *Paso Robles Cemetery District (the "Cemetery District")*. Pursuant to its agreement with the Cemetery District, the Agency has agreed to pay to the Cemetery District an amount of taxes which would have been received by the Cemetery District had there been no provision for tax increment financing for the Project Area (approximately 0.87% of the basic \$1 per \$100 of assessed value tax levy).
- *Cuesta College San Luis Obispo County Community College District (the "College District") and the San Luis Obispo County Superintendent of Schools (the "County Superintendent")*. Pursuant to separate agreements entered into between the Agency and the College District and the County Superintendent, the Agency has agreed to pay to the College District and the County Superintendent the amount of taxes levied by such agencies on the 2% annual increase on their base year valuations and 50% of the tax increment attributable to property taxes levied by or assessed by such entities (approximately 5.64% and 3.34%, respectively, of the basic \$1 per \$100 of assessed value tax levy) after (i) adjustment for the 2% annual increase described above and (ii) deduction for the portion to be paid to the Agency's Low and Moderate Income Housing Fund. See "SECURITY FOR THE BONDS – Low and Moderate Income Housing Fund" herein.
- *Paso Robles Joint Unified School District (the "School District")*. On May 11, 1988, the Paso Robles Elementary School District and the Paso Robles Joint Union High School District merged to form the School District. Pursuant to a 1988 agreement entered into between the Agency and the School District, which amends a prior agreement with the predecessor school districts, the Agency has agreed to pay to the School District the amount of taxes levied by such agencies on the 2% annual increase on the base year valuation and any future taxes levied by the School District for any purpose whatsoever in addition to the School District's share of the basic \$1 per \$100 assessed value tax levy in the County's general fund. Commencing with the first fiscal year in which there are "Available Net Tax Increment Revenues," the Agency must pay to the School District one third of the Available Net Tax Increment Revenues, which is defined as tax increment less (i) all amounts required to be deposited by the Agency into the Low and Moderate Income Housing Fund, (ii) all amounts the Agency is required to pay all taxing entities pursuant to existing agreements with such entities, (iii) 8.7% of property tax revenues from the Project Area attributable to increases in the assessed value of the taxable property in the Project Area calculated annually pursuant to Section 110.1(f) of the Revenue and Taxation Code ("base year inflationary revenue"), and (iv) \$711,000.

Section 33670 of the Redevelopment Law provides that the base year assessment roll (i.e., "Base Year Amount" – see "SECURITY FOR THE BONDS – Allocation of Taxes") for calculation of tax increment should be the roll last equalized prior to the effective date of the ordinance approving the redevelopment plan. Since Ordinance No. 540 adopting the Redevelopment Plan was adopted on November 30, 1987, the base year should be the assessment roll for fiscal year 1987-88.

Nonetheless, all of the Tax Sharing Agreements include a provision whereby the parties thereto agree that the base year for purposes of calculating the Base Year Amount (as to amounts allocated to the taxing entities) is the assessment roll for fiscal year 1986-87, with certain specified adjustments (the "Adjusted 1986-87 Base Year Amount"). Additionally, in its Tax Sharing Agreement with the County, the APCD, and the Flood Control District, the County also agrees that the annual tax increment for the Agency is calculated using the Adjusted 1986-87 Base Year Amount. In all of the Tax Sharing Agreements, the parties agree that all other affected taxing agencies must agree to the Adjusted 1986-87 Base Year Amount, but if all affected taxing agencies do not agree to use the Adjusted 1986-87 Base Year Amount, the base year shall be fiscal year 1987-88.

The Tax Sharing Agreements with the College District and the County Superintendent further provide that if all affected taxing agencies agree to use the Adjusted 1986-87 Base Year Amount and any legal action subsequently determines that the base year should be fiscal year 1987-88, the Agency shall have no obligation to the College District or the County Superintendent to repay any receipt of tax increment based on the Adjusted 1986-87 Base Year Amount. The Tax Sharing Agreement with the County, the APCD, and the Flood Control District also states that in the event any legal action subsequently determines that the base year should be fiscal year 1987-88, the Agency shall have no obligation to the County to repay any receipt of tax increment based on the Adjusted 1986-87 Base Year Amount, but such receipt of tax increment shall be included in the maximum total allocation of the County's share of tax increment to be paid to the Agency.

The Agency cannot predict and provides no assurance as to whether or not any legal action will be commenced to challenge the agreements among the County, the affected taxing agencies, and the Agency to use the Adjusted 1986-87 Base Year Amount for the purposes of allocating tax increment pursuant to Section 33670 or the outcome of any such legal action. In the event of a successful challenge to the use of the Adjusted 1986-87 Base Year Amount, it is possible, notwithstanding the language in the Tax Sharing Agreements, that the Agency, the County, and the other taxing agencies could be ordered to repay tax increment paid or received in excess of the amount calculated strictly in accordance with Section 33670, which could potentially have an adverse effect upon the Tax Revenues. See "RISK FACTORS – Levy and Collection."

Amounts payable on the Tax Sharing Agreements with the College District, the County Superintendent, and the School District are subordinate to the payment of debt service on the 2000 Bonds and the Bonds, provided that payment of debt service on the 2000 Bonds and the Bonds is not reasonably foreseen to impair the payment obligations of the Agency under such Tax Sharing Agreements. The Agency will confirm, prior to the delivery of the Bonds, that payment of debt service on the Bonds, together with payment of debt service on the outstanding 2000 Bonds, is not reasonably foreseen to impair payment of such obligations. See the discussion and Table 10 under the caption, "THE PASO ROBLES REDEVELOPMENT PROJECT AREA – Projected Taxable Value, Tax Revenues, and Debt Service Coverage."

The following table shows a summary of the distribution of property tax collections per \$100 of assessed valuation to the taxing agencies within the Project Area.

TABLE 4
REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES
Paso Robles Redevelopment Project
Property Tax Levy Distribution
Fiscal Year 2007-08

Taxing Entity	Tax Increment	Pass-Throughs ⁽¹⁾	Net to Agency
County General Fund	\$	\$830,789	\$
Air Pollution Control Board		3,728	
City of Paso Robles		0	
San Luis Obispo Flood Control District		14,087	
Nacimiento Water Service		11,397	
Paso Robles Cemetery		36,308	
Paso Robles Elementary School District		131,035	
Paso Robles High School District		88,612	
Cuesta College		113,332	
County School Services		67,165	
Total	\$	\$1,296,453	\$

(1) Amounts paid to taxing agencies pursuant to Tax Sharing Agreements and Statutory Tax Sharing statutes. See "THE PASO ROBLES REDEVELOPMENT PROJECT AREA – Tax Sharing Agreements" and "– Tax Sharing Statutes" herein.

Source: *HdL Coren & Cohen*.

Payment of Taxes

Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31.

The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the January 1 lien date for property within the boundaries of the Project Area. This results in the reported total current year Project Area taxable value and becomes the basis of determining tax increment revenues due to the Agency. Although adjustments to taxable values for property within the Project Area may occur throughout the fiscal year to reflect escaped assessments, roll corrections, etc., such adjustments are not assumed on the tax increment projection. The County remits tax monies to the redevelopment agencies within the County in nine installments, commencing mid-November through late July of each year. Major payments for secured taxes are typically made in December and April.

The County has adopted an Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), pursuant to Sections 4701 through 4717 of the California Revenue and Taxation Code, which requires the County to pay 100% of secured property taxes due to participating local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met. However, the redevelopment agencies within the County do not participate in the County Teeter Plan.

County Payment of Tax Increment. Although the redevelopment agencies within the County do not participate in the County Teeter Plan, under the current administrative practice of the County, redevelopment agency receipts of tax increment revenues are not subject to variation depending on

delinquency and collection rates. The County currently pays to the Agency property tax payments with respect to properties within the Project Area at 100% of the Agency's share of levied amounts, subject to any Tax Sharing Agreement with the County. Consequently, delinquent property taxes do not currently impact the Agency's tax increment revenues. **The foregoing payment description is an administrative practice of the County that could be subject to change, in which event the Agency's receipts of tax increment revenues could become subject to variation depending on delinquency and collection rates. See "RISK FACTORS – Levy and Collection."** While the current administrative practice continues in existence and is carried out as described above, the County's administrative practice may help protect the Owners of the Bonds from the risk of delinquencies in *ad valorem* taxes.

The table below sets forth the collection rates for tax increment derived from property in the Project Area and paid to the Agency in the year levied.

Appeals of Assessed Values

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

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Appeals may also be filed under Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, 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 it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A 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 XIII A.

Typically, an application is required to initiate a review of an owner's property value by the County Assessor. However, in preparation for determining the assessment rolls for fiscal year 2008-09, the County Assessor reviewed the assessed values of all residential properties purchased between July 2004 and June 2007. Countywide, the Assessor reduced the values of 19,100 residential parcels by a total of \$732,795,867. Within the Project Area, a total of 49 residential parcels were reduced in value by an average of 17.72%. In 2009, the County Assessor announced that his office would be reviewing all residential properties of 10 acres or less that were purchased any time after January 1, 2003 for assessed value reductions. The Agency cannot predict what the outcome will be of the County Assessor's automatic reductions to assessed values in the Project Areas and ultimately, Tax Revenues. If property values continue to decline, the County Assessor could initiate additional automatic assessed value reductions in future years and such additional reductions may adversely affect the Agency's receipt of future tax increment revenues and correspondingly, Tax Revenues. See "RISK FACTORS – Proposition 8" and "APPENDIX G – FISCAL CONSULTANT REPORT."

As reflected in Table 7 herein, the secured and total assessed valuation of property within the Project Area has continued to increase every Fiscal Year for the past 10 years, including Fiscal Year 2008-09. Accordingly, the Agency is unable to predict the effect on Tax Revenues if the County Assessor's reviews and adjustments described above are determined to have continued applicability to properties within the Project Area. A reduction in assessed values for a significant amount of properties within the Project Areas could result in an attendant reduction of Tax Revenues. See "RISK FACTORS – Reduction in Taxable Value" and "– Proposition 8."

The taxable value of unitary property may be contested by utility companies and railroads to the State Board of Equalization. Generally, the impact of utility appeals is on the statewide value of a utility determined by the State Board of Equalization. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area's allocation of unitary property tax revenues. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Unitary Property."

According to the Fiscal Consultant Report, appeals data in the County is not readily available, so determining the number of currently pending appeals is difficult. In addition, historical appeals data is unavailable. As set forth in APPENDIX G, according to the Clerk of the Board of Supervisors who administers assessment appeals for the County, as of June 17, 2009, there are no assessment appeals pending for any properties owned by the top ten taxpayers within the Project Area. In addition there are no recently approved assessment appeals among the top ten taxpayers that have not been reflected within the 2008-09 tax rolls. See "APPENDIX G – FISCAL CONSULTANT REPORT."

Tax Sharing Statutes

The enactment of AB 1290, effective in 1994, amended the Redevelopment Law to establish a statutory formula for the distribution of future tax increments to other taxing agencies who collect taxes from the Project Area ("Statutory Tax Sharing"), to the extent no Tax Sharing Agreement was entered into between the Agency and such taxing agency prior to January 1, 1994. Statutory Tax Sharing applies to, among other things, a redevelopment project area for which a redevelopment plan is adopted on or after January 1, 1994; a redevelopment plan adopted prior to January 1, 1994 that was amended subsequent to that date to increase the limitation on the number of dollars to be allocated to the redevelopment agency; or a redevelopment plan adopted prior to January 1, 1994 that was amended subsequent to that date to increase or eliminate the time limit on establishing loans, advances, and indebtedness. On June 15, 2004, the City Council adopted Ordinance No. 876, which eliminated the limitation on incurring indebtedness pursuant to SB 211. See "THE PASO ROBLES REDEVELOPMENT PROJECT AREA – Redevelopment Plan Limitations" herein. However, the only

taxing agency with which the Agency had not entered into a Tax Sharing Agreement prior to January 1, 1994 was the City. Therefore, the application of the Statutory Tax Sharing statutes have no effect upon the Agency's receipt of tax increment.

The formula is described in Section 33607.5 of the Law is generally, as follows:

(a) commencing in the first fiscal year after the fiscal year in which the limitation being amended would have been reached (or the amendment has been adopted in the case of a post January 1, 1994 plan amendment adding territory to the redevelopment plan), an amount equal to 25% of tax increment generated by the incremental increase of the current year assessed valuation over the assessed valuation in the fiscal year that the limitation being amended would have been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted;

(b) in addition to amounts payable as described in (a) above, commencing in the 11th fiscal year after the limitation being amended would have been reached (or the amendment has been adopted in the case of a post January 1, 1994 plan amendment adding territory to the redevelopment plan), an amount equal to 21% of tax increment generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 10th fiscal year that the limitation being amended would have been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted; and

(c) in addition to amounts payable, as described in (a) and (b) above, commencing in the 31st fiscal year after the limitation being amended would have been reached (or the amendment has been adopted in the case of a post January 1, 1994 plan amendment adding territory to the redevelopment plan), an amount equal to 14% of tax increment generated by the incremental increase of the current year assessed valuation over the assessed valuation in the preceding 30th fiscal year that the limitation being amended would have been reached, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.

The City **[to be finalized when City has made the election . . .** has elected, pursuant to Resolution No. ___, adopted on ___, 2009, to receive a portion of the tax increment generated in (a) above, after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted.]

Under the Redevelopment Law, the Agency may subordinate the amount required to be paid to an affected taxing agency to indebtedness subsequently incurred by the Agency after receiving the consent of the affected taxing agency. **[to be finalized when City has made the election . . .** Pursuant to Resolution No. ___, the City has also agreed to subordinate amounts otherwise due to the City pursuant to Statutory Tax Sharing to the Agency's debt service payments for the Bonds, the 2000 Bonds, and any Parity Debt.]

The Redevelopment Project

As discussed above, the Project Area encompasses approximately 1,036 acres, approximately 8.13% of the 19.9 square miles constituting the City. The purposes of the Redevelopment Plan are to assist the City in the implementation of the goals and objectives of the General Plan, to address the constraints and conditions which preclude the effective utilization of public and private properties, and to eliminate and/or alleviate blighting physical, social, and economic conditions in the Project Area that adversely affect the entire community. Objectives of the Redevelopment Plan include the elimination of existing blighted conditions (properties or structures) and the prevention of recurring blight in and about the Project Area; the development and redevelopment of property within a coordinated land use pattern of commercial, industrial, residential, and public facilities in the Project Area consistent with the City's

General Plan; the development of public services and facilities including, but not limited to, police and fire, city administration, and cultural, recreational, maintenance, and operational services and facilities as necessary and required for the redevelopment of the Project Area; the elimination of environmental deficiencies including inadequate street and freeway improvements, inadequate utility systems, and inadequate public services; the development of a more efficient and effective circulation corridor system free from hazardous vehicular, pedestrian, and bicycle interfaces and designed to their ultimate circulation flow; the implementation of techniques to mitigate blight characteristics resulting from exposure to freeway, railroad and public right-of-way corridor activity and affecting adjacent properties within the Project Area; beautification activities; encouragement and assistance in the development and expansion of local commerce and needed commercial and industrial facilities, increasing local employment, and improving the economic climate within the Project Area and the various isolated vacant and/or undeveloped properties within the Project Area; acquisition, assemblage, and/or disposition of sites of usable and marketable sizes and shapes for commercial and public facility development; provide for very low-, low- and moderate-income housing availability, consistent with applicable legal requirements and goals and objectives of the community; and to encourage community and property owner involvement.

The Paso Robles Redevelopment Project is located generally in the northwest quadrant of the City. On the west side of the Salinas River, it extends between 1st and 38th Streets, from the River to Oak Street (south of 10th Street) and Vine Street (north of 10th Street). This area is the original core of the City and includes its historic downtown (a core of retail, office, and entertainment uses), a variety of commercial uses and centers beyond the downtown core, and single family and multi-family residential neighborhoods. On the east side of the Salinas River, the Project Area includes two large neighborhood commercial centers (Woodland Plazas I and II, located west of South River Road and on either side of Niblick Road), an 80-unit apartment complex (southwest corner of South River Road and Navajo Avenue), and a 22-lot single family residential neighborhood (northwest corner of South River Road and Navajo Avenue).

Major owners in the Woodland Plazas include Wal-Mart Stores, Inc., Kohl's Department Stores, Staples, Albertson's Inc., J.C. Penney Properties Inc., Big 5 Sporting Goods, Big Brand tires, Jiffy Lube, and Long's Drug Store California Inc. Woodland Plaza also contains numerous national retailers, including Hollywood Video, McDonald's, Taco Bell, Wendy's, Panda Express, Jamba Juice, Kragen Auto Parts, Game Stop, UPS Store, Chevron, and ARCO gas stations.

Also located within the downtown core is Park Cinemas Movie Theater, completed in 2001, consisting of 9 movie screens and approximately 8,300 square feet of commercial space.

In recent years, commercial growth has taken place near the center of the Project Area: three new medical buildings (66,000 total square feet), a restaurant/retail building (7,000 square feet), a retail building on Spring Street (7,600 square feet), and another office/retail building on Spring Street (14,500 square feet).

The Flamson Middle School, condemned due to the 2003 earthquake, is being rebuilt at a cost of approximately \$17.0 million. The street improvements in and around the school are budgeted at approximately \$2.5 million.

Some large additional projects that have occurred recently in the Project Area include the following: Adelaide Inn expansion (45 additional rooms), new 80-unit and 18-unit apartment complexes, a new upscale hotel near the central park, a new Heritage Oaks Bank Administration building, a 40-unit senior housing complex, the addition of a full-roof photovoltaic electrical system on Kohl's Department Store, and a new luxury day spa (5,300 square feet) next to the historic Paso Robles Inn. These are in addition to many other projects in the Redevelopment Project.

Not located in the Project Area, but immediately adjacent to the Project Area is the reconstruction of South Vine Street. This arterial road will be completely rebuilt (\$3.0 million) by the spring of 2010. This roadway handles over 5,000 vehicle trips per day and places the vehicles directly into the Project Area.

Land use for Fiscal Year 2008-09 in the Project Area is shown in the following table.

TABLE 5
PASO ROBLES REDEVELOPMENT PROJECT
Land Use Category Summary
Fiscal Year 2008-09

	Number of Parcels	Net Taxable Value	Percentage of Total Value
Residential	636	\$137,210,662	23.82%
Commercial	410	327,813,751	56.91
Industrial	34	18,190,103	3.16
Recreational	6	2,892,033	0.50
Institutional	15	811,862	0.14
Government	5	50,000	0.01
Miscellaneous	5	24,879	0.00
Vacant Land	130	45,676,874	7.93
Exempt	86	0	0.00
Subtotal:	1,327	\$532,670,164	92.47%
SBE Non-Unitary	[8]	\$ 274,428	0.05%
Unsecured	[784]	43,073,588	7.48
Subtotal:		\$ 43,348,588	7.53%
Total:	1,327	\$576,018,180	100.00%

Source: HdL Coren & Cone.

The top 10 taxpayers in the Project Area are as follows:

TABLE 6
PASO ROBLES REDEVELOPMENT PROJECT
Ten Largest Property Tax Payers⁽¹⁾
Fiscal Year 2008-09

<u>Property Owner</u>	<u>Land Use</u>	<u>Assessed Value</u>	<u>% of Total ⁽¹⁾</u>
1. American Commercial Equities Three	Commercial		
2. Zodiac Investment Inc.	Commercial Hotel	\$ 13,142,700	2.28%
3. Kohls Department Store	Retail Dept. Store	12,418,000	2.16
4. Wal Mart Stores Inc.	Retail Dept. Store	11,352,134	1.97
5. Villa Del Rio Apartments LLC	Multi-Family Residential	11,013,807	1.91
6. Martin Hotel Management Co. LLC	Paso Robles Inn	10,781,292	1.87
7. First States Investors 926 LP	Commercial/Office	10,496,198	1.82
8. New Albertsons Inc.	Super Market	9,486,000	1.65
9. Colin G. Weyrick Trust et al	Commercial, Vacant, Residential	9,425,146	1.64
10. Black Hatchery & Turkey Farm	Commercial	8,252,564	1.43
		6,611,069	1.15
Totals		\$102,978,940	17.88%

(1) 2008-09 Local Secured Assessed and Unsecured Valuation: \$576,018,180.

Source: HdL Coren & Cone

Historical Assessed Values and Incremental Values

The following table shows historical assessed values and increment revenues of the taxable property within the Project Area over the past 10 years. See also "APPENDIX G – FISCAL CONSULTANT REPORT" herein. A summary of the historical assessed values and incremental values of the property within the Project Area for Fiscal Years 1999-2000 through 2008-09 is as follows:

TABLE 7
PASO ROBLES REDEVELOPMENT PROJECT
Historical Assessed Values and Incremental Values

Fiscal Year	Secured	Unsecured	Total
1999-2000	\$221,022,490	\$21,023,601	\$242,046,091
2000-01	234,519,516	28,202,426	262,721,942
2001-02	253,657,034	27,267,346	280,924,380
2002-03	273,328,454	27,399,233	300,727,687
2003-04	289,131,045	31,097,702	320,228,747
2004-05	310,669,521	31,521,604	342,191,125
2005-06	358,223,067	28,598,938	386,822,055
2006-07	412,730,554	33,133,861	445,864,415
2007-08	472,326,928	36,554,600	508,881,528
2008-09	532,944,592	43,073,588	576,018,180

Source: HdL Coren & Cone.

Current Debt Structure

Other than the Bonds and the 2000 Bonds, there is no long-term debt payable from Tax Revenues of the Redevelopment Project on a parity with the Bonds and the 2000 Bonds.

Projected Taxable Value, Tax Revenues, and Debt Service Coverage

The Agency has retained the Fiscal Consultant to provide projections of taxable valuation and Tax Revenues from developments in the Project Area. See “APPENDIX G – FISCAL CONSULTANT REPORT.” The Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see “RISK FACTORS”). Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material. Investors should read the complete Projected Tax Revenues Report found in APPENDIX G to this Official Statement. The following tables show the projected taxable valuation and Tax Revenues, together with the estimated debt service coverage of the Bonds, using Fiscal Years 2008-09 through 2037-38 projected Tax Revenues.

TABLE 8
PASO ROBLES REDEVELOPMENT PROJECT
Projected Tax Revenues and Debt Service Coverage

Year Ending July 1	Pledged Tax Revenues ⁽¹⁾	Debt Service on 2000 Bonds	Debt Service on 2009 Series A Bonds	Debt Service on 2009 Series B Bonds	Aggregate 2000 and 2009 (A & B) Bonds Debt Service	Current 2000 and 2009 (A & B) Bonds Coverage ⁽²⁾	Projected 2000 and 2009 (A & B) Bonds Coverage ⁽¹⁾⁽³⁾
	\$	\$	\$	\$	\$	%	%

[to come]

(1) Assumes growth in real property taxable values at the following rates: ___% in Fiscal Year 2008-09, ___% in Fiscal Year 2009-2010, and 2% during each Fiscal Year thereafter.

(2) Current coverage figures are based on reported current Fiscal Year 2008-09 Pledged Tax Revenues.

(3) Projected coverage figures are based on projected Pledged Tax Revenues against future debt service payments.

Source: HdL Coren & Cone and Stone & Youngberg LLC.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the 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 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

To estimate the Tax Revenues available to pay principal and interest on the Bonds, the Agency has made certain assumptions with regard to the assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than the Agency's assumptions, the Tax Revenues available to pay principal and interest on the Bonds will, in all likelihood, be less than those projected.

Reduction in Taxable Value

Tax Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Area allocable to 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 caused by economic factors beyond the Agency's control, such as a relocation out of the Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings, the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances" below), or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Seismic Factors" below), flood (see "Risk of Floods" below), wildfires, or other natural disaster, could cause a reduction in the Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Such a reduction of assessed valuations and the resulting decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds. See "THE PASO ROBLES REDEVELOPMENT PROJECT AREA – Appeals of Assessed Values."

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the California Constitution 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 inflationary rate, not to exceed a 2 percent 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 XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2 percent, there have been years in which the assessed values were adjusted by actual inflationary rates which were less than 2 percent. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2 percent limitation six times: for 1981/82, 1.0%; for 1994/95, 1.0119%; for 1995/96, 1.19%; for 1996/97, 1.11%; for 1998/99, 1.853%; and for 2004/05, 1.867%. The Agency is unable to predict if any adjustments to the full cash value base of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

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 under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this code section, 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 XIII A 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 XIII A.

As a result of declining market value of real property in the County, the County Assessor announced that his office would be reviewing all residential properties of 10 acres or less that were purchased any time after January 1, 2003 for assessed value reductions. Property owners whose property does not meet the criteria above for review and who believe the assessed value of their property should be reduced, have the option of filing a "Decline-in-Value Application (Prop. 8)." The Agency cannot predict what the outcome will be of the County Assessor's automatic reductions to assessed values in the Project Areas and ultimately, Tax Revenues. If property values continue to decline, the County Assessor could initiate additional automatic assessed value reductions in future years and such additional reductions may adversely affect the Agency's receipt of future tax increment revenues and correspondingly, Tax Revenues. See "APPENDIX G – FISCAL CONSULTANT REPORT," "– Reduction in Taxable Value" and "THE PASO ROBLES REDEVELOPMENT PROJECT AREA – Appeals of Assessed Values."

Levy and Collection

The Agency does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the Bonds. Likewise, if the County changes its administrative practice described under the captions "THE PASO ROBLES REDEVELOPMENT PROJECT AREA – Payment of Taxes – County Payment of Tax Increment" and "– Tax Sharing Agreements," delinquencies in the payment of property taxes or such changed administrative practice could have an adverse effect on the Agency's ability to make timely debt service payments.

Unconventional Mortgage Structures

From 2002 through the first half of 2006, the California housing market experienced significant price appreciation with accelerating demand. One factor contributing to the recent housing boom in California was the use of unconventional mortgage structures, such as a cross between a fixed and adjustable rate mortgage, having a low initial (or "teaser") fixed interest rate for several years that converts to an adjustable interest rate determined by an index plus a fixed margin, and interest-only mortgages, where the borrower pays only interest for a set period of time and then pays down the principal plus interest. Homeowners who financed the purchase of their homes with such mortgages can expect their monthly mortgage payments to increase after the initial period. As the initial low-interest or interest-only periods related to such unconventional mortgages have expired, some homeowners have not

been able to maintain payments on their existing loans or to obtain refinancing loans for their homes. Foreclosure proceedings in California have also increased dramatically since 2006 through the present year. In the past three years, there has been a general softening of the California real estate market, as evidenced by a decrease in home sale prices, increasing inventory of new homes, slowing demand, and the tightening of credit by lenders. The Agency has not undertaken to assess the financial condition of the current owners of the residential properties within the Project Area and expresses no view concerning these matters. The Agency cannot predict and expresses no view whether or how such factors may affect appeals of assessed values or delinquencies in the collection of property taxes within the Project Area.

Additional Obligations on Parity with the Bonds

As described in “SECURITY FOR THE BONDS – Parity Debt,” the Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of principal and interest on the Bonds. The existence of and the potential for such obligations increases the risks associated with the Agency’s payment of debt service on the Bonds in the event of a decrease in the Agency’s collection of Tax Revenues.

Eminent Domain Legislation

As discussed above under the caption, “THE PASO ROBLES REDEVELOPMENT PROJECT AREA – Redevelopment Plan Limitations,” the Redevelopment Plan authorizes the Agency to employ the power of eminent domain to acquire real property within the Project Area which cannot be acquired by gift, devise, exchange, purchase, or any other lawful method, and the last date on which the Agency may commence an eminent domain proceeding with respect to the Project Area is February 3, 2012. The Agency may use its power of eminent domain to implement redevelopment projects to be financed with the proceeds of the Bonds.

On June 23, 2005, in *Kelo v. City of New London*, 126 S. Ct. 24 (2005), the U.S. Supreme Court held that the compensated taking of private property for the purpose of economic development satisfies the “public use” requirement of the Fifth Amendment of the U.S. Constitution. Prior to *Kelo* many governmental agencies had used the power of eminent domain for the purpose of assembling property for economic development, but the U.S. Supreme Court had never considered whether the practice was constitutional under the Fifth Amendment. As a reaction to *Kelo*, a number of bills have been introduced in the U.S. Congress and State Legislature that propose to restrict the use of eminent domain by public agencies to varying degrees. A number of voter initiatives in response to *Kelo* also have gathered enough signatures to qualify for the election ballot. For example, Proposition 90, which would have (among other things) severely limited governmental agencies’ use of eminent domain to uses such as public use, abatement of specific public nuisances, and actions under a declared state of emergency, was defeated in the November 2006 election by a vote of 52.4% opposed and 47.6% in favor. Similarly, Proposition 98, which appeared on the June 2008 ballot as an amendment to the California Constitution and would (among other things) bar state and local governments from taking or damaging private property for private uses, prohibit deference to government in takings cases, and define “just compensation,” was defeated with only 39% of the voters approving Proposition 98. On the other hand, Proposition 99, which also appeared on the June 2008 ballot as an amendment to the California Constitution, passed by an approving vote of 62.5% of the voters. In relevant part, Proposition 99 amends Section 19 of Article I of the California Constitution to prohibit state and local governments from acquiring an owner-occupied residence for the purpose of conveying it to a private person (with certain listed exceptions). There may arise in the future additional voter initiatives that propose to restrict the use of eminent domain.

Although the Agency has not previously utilized eminent domain proceedings for redevelopment projects to date, it may consider utilizing eminent domain proceedings in future projects. The Agency is

not able to predict whether any of current or future proposed bills or initiatives restricting the use of eminent domain, will be passed, or if passed, whether such legislation would impact significantly the ability of the Agency to exercise its power of eminent domain or have a material adverse effect on construction of the redevelopment projects to be financed with the proceeds of the Bonds or the Agency's redevelopment activities within the Project Area.

On September 29, 2006, SB 53 and SB 1809, two State redevelopment reform bills relating to the power of eminent domain were enacted. These bills became effective on January 1, 2007. Pursuant to SB 53, a city council that adopted a redevelopment plan prior to January 1, 2007 must adopt an ordinance on or before July 1, 2007 that contains a description of the redevelopment agency's program to acquire real property by eminent domain. SB 53 additionally provides the plan may prohibit the agency from acquiring by eminent domain specified types of real property, including but not limited to owner-occupied residences, single-family residences, or any residential property, and the plan may also prohibit the agency from acquiring by eminent domain real property in specified locations within the project area. In compliance with SB 53, the City Council adopted the Ordinance No. 933 on June 5, 2007, which approved and adopted an eminent domain acquisition plan for the Project Area.

Prior to the enactment of SB 1809, the Law required a statement to be recorded in the office of the county recorder as soon as practicable following the adoption of a redevelopment plan or an amendment adding territory. The recorded statement indicates that proceedings for the redevelopment of the project area have been instituted. SB 1809 imposes a new recordation requirement with respect to redevelopment plans adopted prior to December 31, 2006 that authorize the acquisition of property by eminent domain. The agency must record a revised statement with the office of the county recorder on or before December 31, 2007 that contains certain additional information relating to the provisions of the plan authorizing and limiting the use of the power of eminent domain. SB 1809 further states an agency may not commence an eminent domain action until the above-described statement is recorded. The Agency prepared the documentation required to comply with SB 1809 and recorded the required statement on June 20, 2007 in the Official Records of the County Recorder (Document No. 2007041887).

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Agency may become subject to the following: the federal 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; usual equitable 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; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

State Budget; ERAF

As part of the State budget for fiscal year 1992-93, the State Legislature adopted SB 617, which required redevelopment agencies to transfer an aggregated \$205 million to the Educational Revenue Augmentation Fund (the "ERAF") for the benefit of school districts. Similarly, the State budget for fiscal year 1993-94 required a transfer collectively of \$2.6 billion to school districts from cities, counties and other local governments, including redevelopment agencies. As part of this transfer, the State Legislature

adopted SB 1135, which required redevelopment agencies to transfer an aggregated \$65 million to the ERAF for each of fiscal years 1993-94 and 1994-95. While no such ERAF contribution was required for a number of years after the 1994-95 fiscal year, the State budget package for fiscal year 2002-03 included, under AB 1768, a transfer of an aggregated \$75 million from redevelopment agencies statewide to the ERAF, and the Agency's share of this state-wide ERAF shift was \$60,219. On September 2, 2003, SB 1045 was enacted into law as Chapter 260 of the Statutes of 2003, again imposing an ERAF transfer on redevelopment agencies, for fiscal year 2003-04, in the aggregate amount of \$135 million. Based on this state-wide ERAF shift of \$135 million, the Agency made its ERAF payment of \$87,024 in Fiscal Year 2003-04 by the May 10, 2004 deadline.

On July 28, 2004, the State Legislature passed, and on July 31, 2004 the Governor signed into law, the budget bill (SB 1113) together with a number of trailer bills, including SB 1096 (collectively, the "2004-05 Budget"). SB 1096 required a transfer to the ERAF by redevelopment agencies for each of fiscal years 2004-05 and 2005-06, in the aggregate amount of \$250 million per fiscal year. Similar to AB 1768 and SB 1045, SB 1096 calculates each agency's ERAF payment based on the total amount of tax increment it received in the prior fiscal year, in proportion to the total amount of tax increment received by all agencies in such Fiscal year, with 50% of the payment based on gross tax increment received and 50% based on net tax increment received after pass-through payments to other taxing entities. Based on this state-wide ERAF shift of \$250 million per fiscal year, the Agency made its ERAF payment of \$110,957 in Fiscal Year 2004-05 by the May 10, 2005 deadline and its ERAF payment of \$137,871 in Fiscal Year 2005-06 by the May 10, 2006 deadline.

On September 30, 2008, the California Legislature enacted AB 1389, effective on the same date, which added Sections 33685 through 33689 to the Redevelopment Law. AB 1389 requires a one-time shift of \$350 million from redevelopment agencies to their respective County's ERAF. The basis on which this transfer is calculated is similar to that in AB 1768, SB 1045, and SB 1096. The Agency paid, in February 2009, its share of this \$350 million ERAF shift (approximately \$244,603) from tax increment revenues, which is earlier than the May 10, 2009 deadline.

The validity of AB 1389 has been challenged in litigation pending in the Superior Court for Sacramento County, California Redevelopment Association et al v. Genest et al, Case No. 34-2008-00028334-CU-WM-GDS ("CRA v. Genest"). This case alleges, among other things, that the duties of county auditors under Health and Safety Code Sections 33685(a) and 33687(a) to deposit funds received from redevelopment agencies in County ERAFs are inconsistent with various state and federal constitutional provisions and are therefore unlawful and unenforceable. The lawsuit argues that the State raids of redevelopment funds to balance the State budget are unconstitutional, violating Article XVI, Section 16 of the California Constitution, which states that redevelopment funds can only be used to finance redevelopment projects. The lawsuit contended that taking redevelopment funds to balance the State's budget does not qualify as a constitutionally permitted use of tax increment. On April 30, 2009, the Sacramento Superior Court ruled in favor of the petitioners, holding that petitioners are entitled to declaratory and injunctive relieve invalidating and enjoining Health and Safety Code Section 33685. The court stated that the "distribution of contributions by RDAs to their county ERAFs .. can be expected to regularly result in the use of RDA's tax increment revenues by schools and education programs unrelated to the RDA's redevelopment projects." A judgment was signed by the Sacramento Superior Court on May 7, 2009, forbidding any of the defendants from taking any actions to carry out or enforce any of the payment requirements in Health and Safety Code Sections 33685 through 33689. The State Department of Finance is the principal defendant in the lawsuit and has appealed the decision. It is possible that the Agency may be able to recover its 2008-09 ERAF payment. However, neither the Agency nor the City can predict the outcome of this litigation.

Unlike the legislation providing for ERAF transfers in earlier fiscal years, SB 1096 and AB 1389 expressly provide the obligation of any redevelopment agency to make the ERAF payments for fiscal years 2004-05, 2005-06, and 2008-09 shall be subordinate to the lien of any pledge of collateral securing, directly or indirectly, the payment of the principal or interest on any bonds of the agency including, without limitation, bonds secured by a pledge of taxes allocated to the agency pursuant to Section 33670 of the California Health and Safety Code.

On February 20, 2009, Governor Schwarzenegger signed the adopted State budget for fiscal year 2009-10. The 2009-10 State budget does not require an ERAF transfer of tax increment revenues by redevelopment agencies. The Agency cannot predict whether the State Legislature will enact legislation impacting future tax increment revenues and, correspondingly, Tax Revenues. It is possible that Tax Revenues available for payment of the Bonds may be reduced in the future by actions of the State Legislature.

There can be no assurance that the State Legislature will not require similar or other deposits in the current fiscal year or in future years to deal with its budget deficits, nor can there be any assurance that any obligation to make any such future deposits will be deemed subordinate to a pledge of taxes.

The potential impact of future legislation could be material to the Agency and its ability to finance existing and future obligations and conduct its redevelopment activities. The Agency cannot predict whether the State Legislature will enact additional legislation which shifts tax increment revenues away from redevelopment agencies to the State or to schools (whether through an arrangement similar to ERAF or by any other arrangement), whether any future shifts in tax increment revenue would be limited or affected (such as by an offset of amounts required to be shifted) by pre-existing agreements between redevelopment agencies and school districts, community college districts and county superintendents of schools, or what impact such legislation may have on the Tax Revenues available to pay debt service on the Bonds. Accordingly, the Agency is not able to predict the effect, if any, such a shift, if enacted, would have on future Tax Revenues.

Information about the State budget and State spending is available at various State-maintained websites. Test of the budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." A nonpartisan analysis of the budget is posted by the Office of the Legislative Analyst 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 such websites are in any way incorporated into this Official Statement, and the Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Seismic Factors

The City, like most regions in the State of California, is located in an area of seismic activity and, therefore, could be subject to potentially destructive earthquakes. Numerous active and inactive fault lines pass through, or near, the area in which the City is located. While most of the faults within the County have not been active in recent geological times, movement may occur along one or several of these minor faults and along the major principal faults traversing the County, including the San Andreas and Nacimiento Faults. The Jolon Fault and the Rinconada Fault transect the southwestern portion of the City, but converge to form one fault or fault zone near Mountain Springs Road, and its projection through the City and on the east side of the Salinas River is based on the alignment of warm sulfur springs. According to the Safety Element of the City's General Plan, groundshaking is the primary seismic concern for the City. Portions of the City, especially those areas within or immediately adjacent to the Salinas River and Huerhuero Creek floodplains, are located on alluvial deposits, which can increase the

potential for groundshaking damage. The Safety Element depicts a high risk of ground failure due to liquefaction in City properties along the Salinas River, Huerhuero Creek, and Dry Creek, which run through the City, and considers the terrace deposits on which the major portion of the City is located to have a low to moderate risk of liquefaction. The City's proximity to such regional faults presents a low to moderate risk of landslides for practically all territory within City boundaries; to the west of the City, the weak sandstones and shale of the Monterey Formation, located in steep elevations ranging from less than a mile to 2 miles from City boundaries, present a high potential for landslide risk. Seismic hazards encompass ground rupture, shaking, lurching, blind thrust faults that lack surface breaks, liquefaction, and ground failure. For more information see "El Paso de Robles General Plan - Safety Element" on file with the El Paso de Robles City Clerk.

On December 22, 2003, a 6.5 moment magnitude earthquake struck the coast of central California, approximately 6 miles from the coast village of San Simeon in the County. The earthquake was at a depth of 4.7 miles, originating on the northern end of the San Simeon/Oceanic/HosGri Fault System. A reconnaissance team from Risk Management, Solutions, Inc. ("RMS") surveying the damage in the cities of San Miguel, Paso Robles, Templeton, and Atascadero, as well as some of the Central Coast wineries, observed the most significant structural damage from the 2003 earthquake in the historic downtown area of the City, located approximately 24 miles from the earthquake's epicenter. Significant damage to old, unreinforced masonry buildings was primarily located between 14th and 12th Streets (on the north and south) and Spring and Railroad Streets (on the east and west). 81 buildings reportedly were evacuated in the downtown area, and as of December 31, 2003, the City reported that 33 buildings in the downtown area had been red-tagged (and therefore deemed unsafe to enter by building inspectors), and approximately 20 other buildings were yellow-tagged (indicating restricted access until the questionably unstable structures can be stabilized). The timber roof of the historic, two-story Mastagni building on the corner of Park and 12th Streets (built in 1892) collapsed when the unreinforced brick masonry wall on the west side of the structure fell out-of-plan, causing what RMS deemed to be "the worst damage" from the earthquake. The two deaths recorded in the earthquake were caused by the roof collapse of the Mastagni building. The damage patterns seen in the older residential neighborhoods of the City surrounding the damaged downtown area were mostly chimney damage with a few indications of cracking along foundation lines.

The occurrence of severe seismic activity in the City in the future could result in substantial damage to property located in the Project Area, and could lead to successful appeals for reduction of assessed values of such property. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

Risk of Floods

According to information contained in the Safety Element of the City's General Plan, the City is prone to flooding when storm flows exceed the transport capacity of creek and river channels, especially since the central portion of the City surrounds the Salinas River and encompasses its floodplain. The Federal Emergency Management Agency (FEMA) flood insurance rate maps indicate that several areas within the current City limits are located within a 100-year floodplain. Based on the most recent flood data received by the City from FEMA, approximately 19% (185.6 acres) of the Project Area is located within a flood hazard. For more information see "El Paso de Robles General Plan - Safety Element" on file with the El Paso de Robles City Clerk. As with seismic hazards, the occurrence of flood damage to property located in the Project Area could lead to successful appeals for reduction of assessed values of such property and any reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

Wildfires

According to information contained in the Safety Element of the City's General Plan, the topography, climate, and vegetation of much of the City are conducive to the spread of wildland fires, particularly the hillsides south of Highway 46 East, and the areas of the City north of Highway 46 East. The outbreak and spread of wildland fires within the City is a potential danger, particularly during the dry summer and fall months. For more information see "El Paso de Robles General Plan - Safety Element" on file with the El Paso de Robles City Clerk. As with seismic and flood hazards, the occurrence of wildfire damage to property located in the Project Area could lead to successful appeals for reduction of assessed values of such property and any reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required 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 property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. 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.

Loss of Tax Exemption

Compliance by Agency. In order to maintain the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes, the Agency has covenanted to comply with the applicable requirements of Section 148 and certain other sections of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as private activity bonds, among other things. Interest on the Series A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Series A Bonds as a result of acts or omissions of the Agency in violation of these covenants. See "MISCELLANEOUS — Tax Matters."

Future Legislation or Court Decisions. Legislation affecting the tax exemption of interest on the Bonds may be considered by the United States Congress and the California state legislature. Federal and state court proceedings and the outcome of such proceedings could also affect the tax exemption of interest on the Series A Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series A Bonds will not have an adverse effect on the tax exemption of interest on the Bonds or the market value of the Series A Bonds.

LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS

Property Tax Limitations - Article XIII A

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean “the county assessor’s valuation of real property as shown on the 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”. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2 percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1 percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in August 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the 1 percent limitation.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIII A. Proposition 58 amends Article XIII A to provide that the terms “purchased” and “change of ownership,” for purposes of determining full cash value of property under Article XIII A, 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.

Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Challenges to Article XIII A

There have been many challenges to Article XIII A of the California Constitution. In 1992, the United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIII A did not violate the federal Constitution. The Agency cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Agency’s receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A.

The apportionment of property taxes in fiscal years after 1978/79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State moneys beginning in fiscal year

1978/79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property Tax Revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization which is allocated by a different method discussed herein.

Property Tax Collection Procedures

Classifications. In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured". Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) 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; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the 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 property securing the taxes to the State for the amount of taxes which are delinquent.

Penalties. 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 on or about June 30 of the 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 and a \$15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded in a "Power to Sell" status and is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Delinquencies. The valuation of property is determined as of January 1 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. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment. The County's current administrative practice with respect to tax increment paid to redevelopment agencies results in a 100% payment of the Agency's share of levied amounts, subject to any Tax Sharing

Agreements with the County, without regard to actual delinquencies on properties within the Project Area. See “EL PASO DE ROBLES REDEVELOPMENT PROJECT AREA – Payment of Taxes – County Payment of Tax Increment.”

Supplemental Assessments. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased tax increment revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within a Project Area, Tax Revenues may increase.

Tax Collection Fees. SB 2557 (Chapter 466, Statutes of 1990) authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. Such costs are not included in the Tax Revenues which are pledged to repay the Bonds.

Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988/89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies and herein defined as “Unitary Property”) 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 has been changed to January 1. Railroad property will continue to be assessed and revenues allocated to all tax rate areas where the railroad property is sited.

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. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1 tax rate, each jurisdiction, including redevelopment project areas, receives a percentage up to 102% of its prior year State-assessed unitary revenues; and if county-wide revenues generated for unitary property are greater than 102% of the previous year’s unitary revenues, each jurisdiction receives a percentage share of the excess unitary revenues generated from the application of the debt service tax rate to county-wide unitary taxable value. Further, each jurisdiction will receive a percentage share of revenues based on the jurisdiction’s annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes.

Effective January 1, 2007, AB 2670 changes the method of assessing unitary railroad property. Before AB 2670, the assessed value of unitary railroad property was allocated to individual tax rate areas within a county where the property is located. AB 2670 has converted this method of assessment for railroad property to the countywide system. The new method involves establishing a single countywide tax rate area within each county to which the assessed value of specified unitary property of a regulated railroad company would be allocated. Revenues derived from the tax on this value are allocated among local entities in the county pursuant to a specified formula. AB 2670 also requires, with respect to a

“qualified facility” as defined in Revenue and Taxation Code Section 100.11, that 80% of the value of the facility and the revenues derived from taxing this value be allocated on a countywide basis, while the remaining 20% of this value and resulting revenues be allocated exclusively to the local rate areas in the county in which the property is located.

During the 2007-08 Fiscal Year, the County Auditor-Controller remitted \$_____ in unitary revenues to the Agency for the Project Area. The projections of tax increment revenue in the Project Areas shown in Table 8 assume that the utility tax revenue will remain constant in future years

Proposition 218

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

Future Initiatives

Article XIIA, Article XIIB and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’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.

MISCELLANEOUS

Litigation

There is no litigation pending or, to the Agency’s knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture or any proceedings of the Agency with respect thereto. In the opinion of counsel to the Agency, there are no lawsuits or claims pending against the Agency which will materially affect the Agency’s finances so as to impair its ability to pay principal of and interest on the Bonds when due.

Ratings

Standard & Poor’s Credit Market Services, a Division of the McGraw-Hill Companies (“S&P”), has assigned its municipal bond rating of “___” to the Bonds with the understanding that upon delivery of such Bonds a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by the Bond Insurer. S&P has assigned its underlying municipal bond rating of “___” to the Bonds.

These ratings reflect only the views of such rating agencies and are not a recommendation to buy, sell or hold the Bonds. An explanation of the significance of such ratings should be obtained from such rating agencies at the following address: Standard & Poor’s Ratings Services, 55 Water Street, New York, New York 10041, (212) 438-2774. No assurance can be given that such ratings will be retained for any given period of time or that the same will not be revised or withdrawn entirely by the respective rating agency if, in its judgment, circumstances so warrant. Except as otherwise required in the Continuing Disclosure Agreement, the City undertakes no responsibility either to bring to the attention of

the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the marketability or market price of the Bonds.

Certain Legal Matters

Robert M. Haight, Scotts Valley, California, Bond Counsel, will render an opinion with respect to the Bonds substantially in the form set forth in APPENDIX D to this Official Statement. Copies of this opinion will be available at the time of delivery of the Bonds. Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, is acting as Disclosure Counsel to the Agency. Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon the issuance of the Bonds. Certain legal matters will be passed upon for the Agency and Authority by McDonough, Holland & Allen, a Professional Corporation, Sacramento, California, which currently serves as City Attorney and as legal counsel to the Agency and the Authority, providing general legal services to each.

Tax Matters

Series A Bonds. In the opinion of Robert M. Haight, Scotts Valley, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. In addition, the Series A Bonds are “qualified tax-exempt obligations” within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the “Tax Code”) such that, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution’s interest expense allocable to interest payable on the Series A Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the Agency comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Series A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series A Bonds.

In the further opinion of Bond Counsel, interest on the Series A Bonds is exempt from California personal income taxes.

A copy of the proposed form of opinion of Bond Counsel with respect to the Series A Bonds is set forth in APPENDIX D hereto.

Series B Bonds. In the opinion of Bond Counsel, based upon an analysis of existing statutes, regulations, rulings and court decisions, interest on the Series B Bonds is exempt from State of California personal income tax. **NO ATTEMPT HAS BEEN MADE OR WILL BE MADE TO COMPLY WITH CERTAIN REQUIREMENTS RELATIVE TO THE EXCLUSION FROM GROSS INCOME FOR FEDERAL TAX PURPOSES OF INTEREST ON THE SERIES B BONDS, AND INTEREST ON THE SERIES B BONDS WILL BE SUBJECT TO ALL APPLICABLE FEDERAL TAXATION.** A complete

copy of the proposed form of opinion of Bond Counsel with respect to the Series B Bonds is set forth in APPENDIX D hereto.

IRS Audit of Tax-Exempt Bond Issues

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 Bonds will be selected for audit by the IRS. It is also possible that the market value of such Bonds might be affected as a result of such an audit of such Bonds (or any an audit of similar bonds).

Underwriting

The Bonds are being purchased from the Authority for reoffering by Stone & Youngberg LLC (the “Underwriter”). The Underwriter has agreed to purchase the Bonds for \$_____ (representing the aggregate principal amount of the Bonds less an underwriter’s discount of \$_____ and [plus/less] a net original issue [premium/discount] of \$_____). The purchase contract pursuant to which the Underwriter is purchasing the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in such purchase contract.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

Verification

_____, _____, _____, independent public accountants, upon delivery of the Series A Bonds, will deliver a report verifying the mathematical accuracy of certain computations contained in schedules provided to them relating to the sufficiency of monies and securities deposited into the Escrow Fund to pay, when due, the principal, interest and redemption premium on the 1996 Bonds to be refunded.

The report of _____ will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

The Trustee

The Agency has appointed Union Bank, N.A., a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Agency of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the Agency. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security

for the Bonds, the technical or financial feasibility of the projects financed by the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Financial Advisor

Northcross, Hill & Ach, LLC, San Francisco, California, an independent financial consulting firm, has served as Financial Advisor to the Agency with respect to the sale of the Bonds. The Financial Advisor has advised the Agency as to the financial structure and certain other financial matters relating to the Bonds and has assisted the Agency in the review of this Official Statement. The information set forth herein has been obtained by the Agency from sources which are believed to be reliable, but such information is not guaranteed by the Financial Advisor as to accuracy or completeness, nor has it been independently verified. Fees paid to the Financial Advisor are contingent upon the sale and delivery of the Bonds.

Miscellaneous

All summaries of the Indenture, applicable legislation, agreements and other documents are made subject to the provisions of such documents 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.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not 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 has been duly authorized by the Agency.

REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES

By: _____
Executive Director

APPENDIX A
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX B
SUPPLEMENTAL INFORMATION – THE CITY OF EL PASO DE ROBLES AND
THE COUNTY OF SAN LUIS OBISPO

The following information concerning the City and surrounding areas are included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, the Authority, the County, the State, or any of its political subdivisions (other than the Agency), and none of said City, said Authority, said County, or said State, or any of its political subdivisions (other than the Agency) is liable therefor. See the section in the forepart of this Official Statement entitled “SECURITY FOR THE BONDS.”

General

The City of El Paso de Robles is a general law city incorporated in 1889 and located 27 miles north of the City of San Luis Obispo (the County seat), approximately 150 miles south of San Jose and 220 miles north of Los Angeles. Following an annexation of certain territory in 2005, the City presently consists of an area of approximately 19.9 square miles or 12,739 acres within the coastal mountain range of central California, approximately 17 miles east of the Pacific Ocean, in the County of San Luis Obispo. The City is the second largest city in the County.

Population

The City’s estimated population on January 1, 2009 was 29,949. The following table shows the estimated past population data for the City and the County.

CITY OF EL PASO DE ROBLES

Date	City Population	County Population
Jan. 1, 2001	25,032	250,301
Jan. 1, 2002	25,835	253,759
Jan. 1, 2003	26,842	256,097
Jan. 1, 2004	27,282	258,787
Jan. 1, 2005	28,060	261,558
Jan. 1, 2006	29,027	263,727
Jan. 1, 2007	29,618	265,786
Jan. 1, 2008	29,813	268,290
Jan. 1, 2009	29,949	270,429

Source: Demographic Research Unit, California State Department of Finance.

Climate

The City is located at an elevation of 794 feet, along the Salinas River. The climate is Californian chaparral, which is mainly dry grassland and oak woodland. “El Paso de Robles” means “The Pass of the Oaks.” In summer, the temperature commonly exceeds 100 degrees Fahrenheit, while winters are usually cool and moist. During summer, there may be a temperature difference by as much as 50 degrees Fahrenheit between daytime highs and overnight lows.

Organization

El Paso de Robles, a general law city, was incorporated in 1889. The City has a Council-Manager form of municipal government. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City. Four Councilmembers are elected on a non-partisan basis, at-large for staggered four-year terms (two Councilmembers elected every two years). The Mayor is elected at large every two years. El Paso de Robles employs a staff of approximately 199 full-time employees under the direction of the City Manager.

Employment and Industry

The City is located in the San Luis Obispo-Paso Robles Metropolitan Statistical Area (MSA). The available labor force employment and unemployment figures over the last five years for San Luis Obispo-Paso Robles MSA is as follows.

Industry	2005	2006	2007	2008	2009 ⁽³⁾
Total Farm	4,300	4,300	4,500	4,300	3,900
Natural Resources, Mining, and Construction	7,800	8,200	7,600	6,500	5,700
Manufacturing	6,400	6,300	6,100	6,200	6,300
Trade, Transportation and Utilities	20,100	20,800	20,900	20,400	19,500
Information	1,600	1,500	1,400	1,400	1,300
Financial Activities	4,800	4,900	4,600	4,100	4,000
Professional and Business Services	8,900	9,500	9,800	9,800	9,500
Educational and Health Services	10,800	10,800	11,100	11,400	11,700
Leisure and Hospitality	14,900	15,000	15,700	15,500	14,700
Other Services	4,300	4,300	4,500	4,500	4,400
Government	21,800	22,200	22,300	23,200	24,000
Total All Industries ⁽¹⁾	<u>105,600</u>	<u>107,600</u>	<u>108,500</u>	<u>107,400</u>	<u>105,000</u>
Total Civilian Labor Force ⁽²⁾	132,200	133,700	135,400	138,100	139,000
Total Unemployment	5,700	5,300	5,800	7,900	11,100
Unemployment Rate	4.3%	3.9%	4.3%	5.7%	8.0%

(1) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers and workers on strike. Not seasonally adjusted.

(2) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers and workers on strike. Not seasonally adjusted.

(3) Preliminary figures as of April 2009.

Source: California Employment Development Department, Labor Market Information Division.

Assessed Valuation

A ten year history of the City's assessed valuation is as follows:

	<u>Secured</u> ⁽¹⁾	<u>Unsecured</u> ⁽²⁾	<u>Homeowners Exempt</u> ⁽³⁾	<u>Total Taxable Assessed Value</u>
1998-99	\$1,072,473,209	\$ 73,796,637	(\$27,128,802)	\$1,119,141,044
1999-00	1,156,283,946	82,691,459	(28,132,698)	1,210,842,707
2000-01	1,280,017,282	102,172,032	(29,291,803)	1,352,897,511
2001-02	1,469,498,589	109,356,793	(30,755,791)	1,548,099,591
2002-03	1,676,286,480	108,117,503	(32,338,561)	1,752,065,422
2003-04	1,927,106,815	114,310,291	(33,685,444)	2,007,731,662
2004-05	2,209,220,841	116,769,665	(34,060,600)	2,291,929,906
2005-06	2,602,130,386	120,324,144	(34,826,400)	2,687,628,130
2006-07	3,077,152,015	127,044,894	(36,149,400)	3,168,047,509
2007-08	3,434,872,893	141,592,656	(37,343,600)	3,539,121,949

(1) Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees, and vines.

(2) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.

(3) Homeowners exemption.

Source: *City of El Paso de Robles Comprehensive Annual Financial Report, Fiscal Year 2007-08; San Luis Obispo County Assessor's Office.*

Secured Property Tax Levies and Collections

The collection rates of secured property tax levies within the City for the past ten years are presented in the following table.

<u>Fiscal Year</u>	<u>Total Tax Levy</u> ⁽¹⁾	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
1998-99	\$1,881,563	\$1,804,099	95.88%	\$40,940	\$1,845,039	98.06%
1999-00	1,990,449	1,905,671	95.74	54,018	1,959,689	98.45
2000-01	2,144,660	2,055,452	95.84	46,394	2,101,846	98.00
2001-02	2,404,026	2,310,096	96.09	49,759	2,359,855	98.16
2002-03	2,680,287	2,570,758	95.91	60,113	2,630,871	98.16
2003-04	3,019,732	2,893,105	95.81	77,729	2,970,834	98.38
2004-05	3,396,708	3,266,913	96.18	79,978	3,346,891	98.53
2005-06	3,918,826	3,750,938	95.72	130,612	3,881,550	99.05
2006-07	4,497,234	4,306,515	95.76	144,667	4,451,182	98.98
2007-08	4,922,828	4,527,838	91.98	268,297	4,796,135	97.43

(1) Collections do not include supplemental roll revenues (secured or unsecured) and are net of the distribution to the Agency under the Redevelopment Law.

Source: *City of El Paso de Robles Comprehensive Annual Financial Report, Fiscal Year 2007-08; San Luis Obispo County Assessor's Office.*

Taxable Transactions

The valuation of number of sales permits and taxable transactions subject to sales tax within the City is presented in the following table.

Valuation of Taxable Transactions⁽¹⁾

Year	# of Permits (Retail)	Retail Stores	# of Permits (Total)	Total All Outlets
2003	519	\$471,418	1,320	\$540,360
2004	555	524,801	1,397	603,850
2005	561	590,765	1,386	681,878
2006	599	600,187	1,409	719,733
2007	605	588,822	1,432	692,867
2008 ⁽²⁾	630	128,000	1,493	150,373

(1) In thousands of dollars ('000s).

(2) As of first quarter 2008.

Source: California State Board of Equalization.

A summary of historic taxable sales within the City, by type of business, during the past five years for which data is available is shown in the following table.

**CITY OF PASO DE ROBLES
Taxable Transactions⁽¹⁾**

Business	2004	2005	2006	2007	2008⁽²⁾
Apparel stores	\$ 9,567	\$ 23,967	\$ 23,876	\$ 24,370	\$10,216
General merchandise stores	116,159	116,890	119,408	120,222	55,113
Food stores	25,367	28,043	28,199	28,104	13,910
Eating and drinking places	61,173	65,732	72,032	84,866	42,054
Home furnishings and appliances	15,505	17,822	18,600	18,847	7,297
Building material and farm implements	68,461	73,467	71,223	53,815	19,256
Auto dealers and auto supplies	107,746	120,630	116,796	113,185	43,678
Service stations	51,342	65,046	68,292	78,326	45,489
Other retail stores	69,481	79,168	81,761	67,087	33,478
Retail Stores Total	524,801	590,765	600,187	588,822	270,491
All Other Outlets	79,049	91,113	119,546	104,045	50,404
TOTAL ALL OUTLETS	\$603,850	\$681,878	\$719,733	\$692,867	\$320,895

(1) In thousands of dollars ('000s).

(2) As of second quarter 2008.

Source: California Board of Equalization.

Public Utilities

The City provides its own sewer, water, and landfill services to the general public. Electricity is provided by Pacific Gas & Electric, natural gas is provided by The Gas Company, and telephone service is supplied by AT&T.

Transportation

- Highways:** The City is located at the confluence of State Highway 101, a major northwest-southeast corridor, and State Highway 46, an east-west highway.
- Rail:** Amtrak's Coast Starlight train provides service to the City in each direction between Seattle, Washington and Los Angeles, California. Amtrak's Pacific Surfliner operates between San Diego, California and the City, connecting by bus transfer from the San Luis Obispo Train Station.
- Air:** The Paso Robles Municipal Airport is located within the City. Charter services and flight schools provide services out of the municipal airport. There is no scheduled commercial airline service.

Services and Community Facilities

The City provides police and fire protection, library and recreation services. The City's public works department maintains all City facilities, streets, parks, airport, and utility operations (sewer, water, and landfill), transit, and development and planning services.

The Paso Robles Police Department has 55 full-time personnel including 43 sworn officers and 12 non-sworn full-time personnel serving the community. The Paso Robles Fire Department has 28 full-time personnel, including 27 firefighters.

Located on the Salinas River north of San Luis Obispo, California, the City is known for its hot springs and local lakes, its abundance of wineries, and for hosting the California Mid-State Fair. There are over 200 wineries and approximately 300 vineyards in the Paso Robles area.

Other special events held in the City include the Wine Festival, Paderewski Festival, Pioneer Day, Vine Street Christmas Showcase, Western Region Bicycle Rally, Concerts in the Park, and a stop in the 2009 Amgen Tour of California Bike Race. The operations of the state fairgrounds and its related facilities typically attract events nearly every weekend during the course of the year. The Paso Robles Event Center is again sponsoring this year the Pacific Coast Cutting Horse Association Derby, which draws horse and rider teams from a half dozen states and Canada during this spring event.

APPENDIX C

**AUDITED FINANCIAL STATEMENTS OF THE AGENCY
FOR FISCAL YEAR ENDED JUNE 30, 2008**

APPENDIX D
FORM OF BOND COUNSEL OPINION

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

BOOK ENTRY ONLY SYSTEM

The information in this Appendix F 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 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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 Bonds. The 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 Bond certificate will be issued for each maturity of the 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 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 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 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 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 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 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 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 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, Bond certificates 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, Bond certificates will be printed and delivered in accordance with the provisions of the Indenture.

The information in this Appendix F 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 G
FISCAL CONSULTANT REPORT

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

APPENDIX I
TABLE OF ACCRETED VALUES