

**FIRST SUPPLEMENTAL
INDENTURE OF TRUST**

Dated as of _____ 1, 2017

by and between

SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY

and

MUFG UNION BANK, N.A.,

as Trustee

Relating to

**\$ _____
Successor Agency to the San Marcos Redevelopment Agency
Taxable Tax Allocation Refunding Bonds, Series 2017**

TABLE OF CONTENTS

Page

ARTICLE I AUTHORITY AND AMENDMENT OF INDENTURE; DEFINITIONS

Section 1.01.	Authority for this First Supplemental Indenture	3
Section 1.02.	Amendment of Indenture	3
Section 1.03.	Definitions	3

ARTICLE II AUTHORIZATION AND TERMS OF SERIES 2017 BONDS

Section 2.01.	Authorization and Purpose of Series 2017 Bonds	6
Section 2.02.	Terms of the Series 2017 Bonds	6
Section 2.03.	Redemption of Series 2017 Bonds	7
Section 2.04.	Form of Series 2017 Bonds	9
Section 2.05.	Authentication and Delivery of Series 2017 Bonds	10
Section 2.06.	Transfer of Series 2017 Bonds	10
Section 2.07.	Exchange of Series 2017 Bonds	10
Section 2.08.	Registration Books	11
Section 2.09.	Temporary Bonds	11
Section 2.10.	Series 2017 Bonds Mutilated, Lost, Destroyed or Stolen	11
Section 2.11.	Book Entry Form	12

ARTICLE III DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 2017 BONDS

Section 3.01.	Issuance of Series 2017 Bonds	14
Section 3.02.	Deposit and Application of Proceeds	14
Section 3.03.	Series 2017 Reserve Sub-Account	14
Section 3.04.	Series 2017 Costs of Issuance Fund	14
Section 3.05.	Provisions Relating to Series 2017 Reserve Policy	15

ARTICLE IV

Section 4.01.	Amendment to Section 4.01 of the Indenture	16
Section 4.02.	Amendment to Section 4.02 of the Indenture	16

ARTICLE V

Section 5.01.	Amendment to Section 5.01 of the Indenture	19
---------------	--	----

TABLE OF CONTENTS
(continued)

	Page
Section 5.02.	Continuing Disclosure 19
Section 5.03.	Amendment to Section 5.03 of the Indenture 19
Section 5.04.	Amendment to Section 5.10 of the Indenture 19
Section 5.05.	Amendment to Section 5.11 of the Indenture 20
Section 5.06.	Amendment to Section 5.13 of the Indenture 21
ARTICLE VI	
MISCELLANEOUS	
Section 6.01.	Benefit of First Supplemental Indenture 23
Section 6.02.	Waiver of Personal Liability 23
Section 6.03.	Amendment to Section 9.07 of the Indenture 23
Section 6.04.	Partial Invalidity 23
Section 6.05.	Governing Law 23
Section 6.06.	Execution in Counterparts 23
EXHIBIT A	FORM OF SERIES 2017 BOND 1

FIRST SUPPLEMENTAL INDENTURE OF TRUST

This FIRST SUPPLEMENTAL INDENTURE OF TRUST, dated as of _____ 1, 2017 (the “First Supplemental Indenture”), by and between the SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY, a public entity existing under the laws of the State of California (the “Successor Agency”), as successor to the San Marcos Redevelopment Agency, and MUFG UNION BANK, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), pursuant to and in order to amend and supplement that Indenture of Trust, dated as of July 1, 2015 (the “Indenture”) by and between the Successor Agency and the Trustee, to provide for the issuance of Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017.

WITNESSETH:

WHEREAS, the Successor Agency and the Trustee executed and delivered the Indenture relating to the Successor Agency’s Tax Allocation Refunding Bonds, Series 2015A which were issued in the aggregate principal amount of \$84,710,000 on July 14, 2015 (the “Series 2015A Bonds”) and the Successor Agency’s Taxable Tax Allocation Refunding Bonds, Series 2015B which were issued in the aggregate principal amount of \$139,285,000 on July 14, 2015 (the “Series 2015B Bonds” and together with the Series 2015A Bonds, the “Series 2015 Bonds”); and

WHEREAS, pursuant to Section 3.04 of the Indenture, the Successor Agency may issue or incur additional Parity Debt for purposes of refunding any existing debt of the Successor Agency so long as Section 34117.5(a) of the Redevelopment Law has been satisfied; and

WHEREAS, the San Marcos Redevelopment Agency (the “Former Agency”) entered into a Trust Indenture, dated as of December 1, 2010 (the “Prior Indenture”) with Union Bank, N.A., currently known as MUFG Union Bank, N.A., as trustee (the “Prior Trustee”), pursuant to which the Former Agency issued its Housing Set-Aside Tax Allocation Bonds, Series 2010 (Taxable) (the “Housing Bonds”); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*, the Former Agency was dissolved on February 1, 2012, in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 (as amended, the “Dissolution Act”), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to the Dissolution Act, assumed the duties and obligations of the Former Agency as provided in the Dissolution Act, including, without limitation, the obligations of the Former Agency under the Prior Indenture and related documents to which the Former Agency was a party; and

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

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

WHEREAS, the Successor Agency has determined that it will achieve debt service savings within such parameters by the issuance pursuant to the Redevelopment Law and the Refunding Law of its Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017 (the “Series 2017 Bonds”) in an aggregate principal amount not to exceed \$_____ in order to refund the Housing Bonds; and

[WHEREAS, the Successor Agency will cause the delivery of the Series 2017 Reserve Policy (as defined in Section 1.03 hereto) by _____ (as defined in Section 1.01 hereto) to the Trustee on the Closing Date (as defined in Section 1.03 hereto) to satisfy the Reserve Requirement (as defined in Section 1.03 hereto) for the Series 2017 Bonds; and]

WHEREAS, in order to provide for the authentication and delivery of the Series 2017 Bonds, to establish and declare the terms and conditions upon which the Series 2017 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and redemption premium (if any) thereon, the Successor Agency and the Trustee have duly authorized the execution and delivery of this First Supplemental Indenture; and

WHEREAS, the Indenture provides that it may be modified or amended at any time by a Supplemental Indenture (as such term is defined in the Indenture), but without the consent of any Owners to provide for the issuance of Parity Debt (as such term is defined in the Indenture) and to provide the terms and conditions under which such Parity Debt may be issued; and

WHEREAS, all acts and proceedings required by law necessary to make the Series 2017 Bonds when executed by the Successor Agency, and authenticated and delivered by the Trustee, the valid, binding and legal special obligations of the Successor Agency, and to constitute this Indenture a legal, valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done or taken;

NOW, THEREFORE, in order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Series 2017 Bonds and any other Outstanding Bonds issued under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Series 2017 Bonds and any other 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 Series 2017 Bonds and any other Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Successor Agency and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Series 2017 Bonds and any other Bonds, as follows:

ARTICLE I

AUTHORITY AND AMENDMENT OF INDENTURE; DEFINITIONS

Section 1.01. Authority for this First Supplemental Indenture. This First Supplemental Indenture is entered into pursuant to the provisions of the Indenture, the Refunding Law and the Redevelopment Law.

Section 1.02. Amendment of Indenture. This First Supplemental Indenture amends and supplements the Indenture for the purpose of providing for the issuance, execution, authentication and delivery of the Series 2017 Bonds as Parity Debt (as defined in Section 1.01 of the Indenture). Regardless of the specific provisions of the Indenture, and except as specifically provided in Article II hereof, the terms “Bonds” as used in the Indenture shall refer and be applicable, to the same extent and with the same effect, to the Series 2015 Bonds and the Series 2017 Bonds and the term “Owner” shall refer and be applicable, to the same extent and with the same effect, to the Owners of the Series 2015 Bonds and the Owners of the Series 2017 Bonds. Unless specifically defined herein, words and terms used herein with initial letters capitalized have the meanings given to them in the Indenture. Except as provided below, the definitions of words and terms set forth in Section 1.01 of the Indenture are applicable for all purposes of this First Supplemental Indenture. If a word or term used herein and in the Indenture with initial letters capitalized is defined both herein and in the Indenture, the definition contained herein shall amend and supersede the definition contained in the Indenture.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Bond Year” means, with respect to the Series 2017 Bonds, any twelve-month period beginning on October 2 in any year and extending to the next succeeding October 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on October 1, 2018.

“Closing Date” means, with respect to the Series 2017 Bonds, the date on which the Series 2017 Bonds are delivered by the Successor Agency to the Original Purchaser.

“Credit Facility” is amended to mean (i) the Reserve Policy, [(ii) the Series 2017 Reserve Policy] or (iii) 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 the provisions of the Indenture, provided that all of the following requirements are met by the Successor Agency at the time of delivery thereof to the Trustee: (a) the long-term credit rating of such bank or insurance company is in one of the three highest rating categories by 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 the provisions of the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments

required pursuant to the provisions of the Indenture; and (e) prior written notice is given to the Trustee before the effective date of any such Credit Facility.

“Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____ 1, 2017, by and between the Successor Agency and the Escrow Bank pertaining to the Housing Bonds.

“Escrow Bank” means MUFG Union Bank, N.A., acting in its capacity as the escrow bank pursuant to the Escrow Agreement.

“First Supplemental Indenture” means this First Supplemental Indenture, dated as of _____ 1, 2017, by and between the Successor Agency and the Trustee, pursuant to and in order to amend and supplement the Indenture.

“Interest Payment Date” means, with respect to the Series 2017 Bonds, each April 1 and October 1, commencing April 1, 2018, for so long as any of the Series 2017 Bonds remain unpaid.

“Office” is amended to mean, with respect to the Trustee, the corporate trust office of the Trustee at 445 S. Figueroa Street, Suite 401, Los Angeles, California 90071, or at such other or additional offices as may be specified by the Trustee in writing to the Successor Agency, provided that for the purposes of maintenance of the Registration Books and presentation of Bonds for transfer, exchange or payment such term shall mean the office of the Trustee at which it conducts its corporate agency business.

“Original Purchaser” means, with respect to the Series 2017 Bonds, Stifel, Nicolaus & Company, Incorporated, as the original purchasers of the Series 2017 Bonds.

“Parity Debt” is amended to mean any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor Agency on parity with the Series 2015 Bonds and the Series 2017 Bonds pursuant to Section 3.04 of the Indenture.

“Reserve Requirement” means, with respect to the Series 2017 Bonds, as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Series 2017 Bonds, (ii) Maximum Annual Debt Service with respect to the Series 2017 Bonds, or (iii) 125% of average Annual Debt Service on the Series 2017 Bonds; provided that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Credit Facility meeting the requirements of Section 4.03(d) of the Indenture.

“RPTTF Disbursement Period” means the six month fiscal period beginning each January 2 and June 1 of each year.

“Series 2017 Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate executed and delivered by the Successor Agency for the benefit of the Owners of the Series 2017 Bonds and any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2017 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Series 2017 Bonds for federal income tax purposes, and in order to assist the

Original Purchaser in complying with Rule 15c2 12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Series 2017 Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Successor Agency and related to the authorization, sale and issuance of the Series 2017 Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Trustee including its first annual administration fee, expenses incurred by the Successor Agency in connection with the issuance of the Series 2017 Bonds, fees and charges of the Trustee for paying and redeeming the Housing Bonds, underwriter’s discount, original issue discount, legal fees and charges, including Bond Counsel and financial consultant’s fees, costs of cash flow verification, premiums for any reserve policy the Successor Agency may purchase, rating agency fees, charges for execution, transportation and safekeeping of the Series 2017 Bonds and other costs, charges and fees in connection with the original issuance of the Series 2017 Bonds.

“Series 2017 Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.04 hereto.

“Series 2017 Reserve Sub-Account” means the sub-account by that name established and held by the Trustee pursuant to Section 4.03(d) of the Indenture.

[“Series 2017 Reserve Policy” means the municipal bond debt service reserve insurance policy issued by _____ deposited into the Series 2017 Reserve Sub-Account securing the Series 2017 Bonds.]

“Series 2017 Bonds” the Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017, issued in the initial principal amount of \$_____.

[“Series 2017 Term Bonds” means the Series 2017 Bonds maturing on October 1, 20____, and October 1, 20____ .]

ARTICLE II

AUTHORIZATION AND TERMS OF SERIES 2017 BONDS

Section 2.01. Authorization and Purpose of Series 2017 Bonds. The Successor Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2017 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Successor Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Series 2017 Bonds in the manner and form provided in the Indenture as modified and supplemented by this First Supplemental Indenture.

The Series 2017 Bonds in the aggregate principal amount of _____ Dollars (\$_____) are hereby authorized to be issued by the Successor Agency under the Refunding Law and the Redevelopment Law as Parity Debt for the purpose of providing funds to refund the Housing Bonds. The Series 2017 Bonds shall be authorized and issued under, and shall be subject to the terms of, the Indenture as modified and supplemented by this First Supplemental Indenture and the Redevelopment Law. The Series 2017 Bonds shall be designated the “Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017.”

Section 2.02. Terms of the Series 2017 Bonds. The Series 2017 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no Series 2017 Bond shall have more than one maturity date. The Series 2017 Bonds shall mature on October 1 in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360 day year comprised of twelve 30-day months) at the rates, as follows:

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2018	\$	%
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		

Interest on the Series 2017 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books as of the preceding Record Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any Owner of Series 2017 Bonds of the same series in the aggregate amount of \$1,000,000 or more who shall furnish written instructions to the Trustee before the applicable Record Date. Any such written instructions shall remain in effect until rescinded in writing by the Owner. Principal of and premium (if any) on any Series 2017 Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Office of the Trustee and shall be payable in lawful money of the United States of America.

Each Series 2017 Bond shall be dated as of the Closing Date and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before March 15, 2018, in which event it shall bear interest from the Closing Date; *provided, however,* that if, as of the date of authentication of any Series 2017 Bond, interest thereon is in default, such Series 2017 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Section 2.03. Redemption of Series 2017 Bonds.

(a) Optional Redemption. The Series 2017 Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to maturity. The Series 2017 Bonds maturing on and after October 1, 20__, are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 20__, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Series 2017 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Successor Agency shall be required to give the Trustee written notice of its intention to redeem Series 2017 Bonds under this Section 2.03(a) at least 60 days prior to the date to be fixed for redemption or such later date as shall be permitted by the Trustee and the Successor Agency shall deposit all amounts required for any redemption pursuant to this Section 2.03(a) at least one Business Day prior to the date fixed for such redemption.

(b) [Mandatory Sinking Account Redemption]. The Series 2017 Bonds maturing on October 1, 20__, and October 1, 20__, shall also be subject to redemption in whole, or in part by lot, on October 1 in each of the years as set forth in the following tables, from Sinking Account payments made by the Successor Agency pursuant to Section 4.03(c) of the Indenture, 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 2017 Bonds have been redeemed pursuant to subsection (a) above, the total amount of all future Sinking Account payments pursuant to this subsection (b) with respect to such Series 2017 Bonds shall be reduced by the aggregate principal amount of such Series 2017 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 Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

Series 2017 Term Bonds Maturing October 1, 20__

Sinking Account Redemption Date <u>(October 1)</u> (maturity)	Principal Amount <u>To Be Redeemed</u> \$
--	---

Series 2017 Term Bonds Maturing October 1, 20__

Sinking Account Redemption Date <u>(October 1)</u> (maturity)	Principal Amount <u>To Be Redeemed</u> \$
--	---

In lieu of redemption of the Series 2017 Bonds pursuant to the preceding paragraph, amounts on deposit in the Debt Service Fund (to the extent not required to be transferred by the Trustee pursuant to Section 4.03 during the current Bond Year) may also be used and withdrawn at the direction of the Successor Agency at any time for the purchase of such Series 2017 Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of such Series 2017 Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of such Series 2017 Bonds required to be redeemed pursuant to this subsection (b) on the next succeeding October 1.]

(c) Notice of Redemption, Rescission. Subject to Section 2.03(d), the Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Series 2017 Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Successor Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); *provided, however*, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect

therein shall affect the validity of the proceedings for the redemption of such Series 2017 Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall, if applicable, designate the CUSIP number of the Series 2017 Bonds to be redeemed, shall state the individual number of each Series 2017 Bond to be redeemed or state that all Series 2017 Bonds between two stated numbers (both inclusive) or shall state that all of the Series 2017 Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Series 2017 Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Series 2017 Bonds to be redeemed will not accrue from and after the date fixed for redemption.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2017 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

(d) Partial Redemption of Series 2017 Bonds. In the event only a portion of any Series 2017 Bond is called for redemption, then upon surrender thereof the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Series 2017 Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Series 2017 Bond to be redeemed.

(e) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Series 2017 Bonds so called for redemption shall have been duly deposited with the Trustee, such Series 2017 Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

(f) Manner of Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the maturity of the Series 2017 Bonds, the Trustee shall select the Series 2017 Bonds of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Series 2017 Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Series 2017 Bonds that may be separately redeemed.

Section 2.04. Form of Series 2017 Bonds. The Series 2017 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 attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.05. Authentication and Delivery of Series 2017 Bonds. The Series 2017 Bonds shall be executed on behalf of the Successor Agency by the signature of its Chairman, Executive Director or the Finance Director of the City and the signature of its Secretary who are in office on the date of execution and delivery of this Indenture or at any time thereafter. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Series 2017 Bond ceases to be such officer before the Closing Date, such signature shall nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Series 2017 Bond may be signed and attested on behalf of the Successor Agency by such persons as at the actual date of the execution of such Series 2017 Bond shall be the proper officers of the Successor Agency, duly authorized to execute debt instruments on behalf of the Successor Agency, although on the date of such Series 2017 Bond any such person shall not have been such officer of the Successor Agency.

Only such of the Series 2017 Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this First Supplemental Indenture, and such certificate of the Trustee shall be conclusive evidence that such Series 2017 Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this First Supplemental Indenture.

Section 2.06. Transfer of Series 2017 Bonds. Subject to the limitations set forth below, any Series 2017 Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2017 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Transfer of any Series 2017 Bond shall not be permitted by the Trustee during the fifteen (15) day period preceding the selection of Series 2017 Bonds for redemption or if such Series 2017 Bond has been selected for redemption pursuant to Section 2.03 of the Indenture. Whenever any Series 2017 Bonds shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall authenticate and shall deliver a new Series 2017 Bond for a like aggregate principal amount and of like series and maturity. The Trustee may require the Series 2017 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Series 2017 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

Section 2.07. Exchange of Series 2017 Bonds. Any Series 2017 Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2017 Bonds of other authorized denominations and of like series and maturity. Exchange of any Series 2017 Bond shall not be permitted during the fifteen (15) day period preceding the selection of Series 2017 Bonds for redemption or if such Series 2017 Bond has been selected for redemption pursuant to Section 2.03 of the Indenture. The Trustee may require the Series 2017 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Series 2017 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

Section 2.08. Registration Books. The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Series 2017 Bonds, which shall at all times during normal business hours, and upon reasonable notice, be open to inspection by the Successor Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Series 2017 Bonds as hereinbefore provided.

Section 2.09. Temporary Bonds. The Series 2017 Bonds may be initially issued in temporary form exchangeable for definitive Series 2017 Bonds when ready for delivery. The temporary Series 2017 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Successor Agency, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Series 2017 Bond shall be executed by the Successor Agency upon the same conditions and in substantially the same manner as the definitive Series 2017 Bonds. If the Successor Agency issues temporary Series 2017 Bonds it will execute and furnish definitive Series 2017 Bonds without delay, and thereupon the temporary Series 2017 Bonds shall be surrendered, for cancellation, in exchange therefor at the Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Series 2017 Bonds an equal aggregate principal amount of definitive Series 2017 Bonds of authorized denominations. Until so exchanged, the temporary Series 2017 Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Series 2017 Bonds authenticated and delivered hereunder.

Section 2.10. Series 2017 Bonds Mutilated, Lost, Destroyed or Stolen. If any Series 2017 Bond shall become mutilated, the Successor Agency, at the expense of the Owner of such Series 2017 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series 2017 Bond of like series and tenor in exchange and substitution for the Series 2017 Bond so mutilated, but only upon surrender to the Trustee of the Series 2017 Bond so mutilated. Every mutilated Series 2017 Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Successor Agency. If any Series 2017 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory and indemnity satisfactory to the Trustee shall be given, the Successor Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Series 2017 Bond of like series and tenor in lieu of and in substitution for the Series 2017 Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Series 2017 Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Series 2017 Bond issued under the provisions of this Section in lieu of any Series 2017 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Successor Agency whether or not the Series 2017 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 First Supplemental Indenture with all other Series 2017 Bonds issued pursuant to this First Supplemental Indenture.

Notwithstanding any other provision of this Section 2.10, in lieu of delivering a new Series 2017 Bond for which principal has become due for a Series 2017 Bond which has been

mutilated, lost, destroyed or stolen, the Trustee may make payment of such Series 2017 Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

Section 2.11. Book Entry Form.

(a) Original Delivery to Depository. The Series 2017 Bonds shall be initially delivered to DTC in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Series 2017 Bonds. Upon initial delivery, the ownership of each such Series 2017 Bond shall be registered on the Registration Books in the name of Cede & Co., as nominee (the “Nominee”) of the Depository Trust Company (“Depository”). Except as provided in subsection (c), the ownership of all of the Outstanding Series 2017 Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Series 2017 Bonds the ownership of which shall be registered in the name of the Nominee, the Successor Agency and the Trustee shall have no responsibility or obligation to any Depository participant (“Depository System Participant”) or to any person on behalf of which the Successor Agency holds an interest in the Series 2017 Bonds. Without limiting the generality of the immediately preceding sentence, the Successor Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series 2017 Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series 2017 Bond Owner as shown in the Registration Books, of any notice with respect to the Series 2017 Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series 2017 Bonds to be redeemed in the event the Successor Agency elects to redeem the Series 2017 Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Series 2017 Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Series 2017 Bonds or (v) any consent given or other action taken by the Depository as Owner of the Series 2017 Bonds. The Successor Agency and the Trustee may treat and consider the person in whose name each Series 2017 Bond is registered as the absolute owner of such Series 2017 Bond for the purpose of payment of principal of and premium, if any, and interest on such Series 2017 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2017 Bond, for the purpose of registering transfers of ownership of such Series 2017 Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Series 2017 Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Series 2017 Bonds to the extent of the sum or sums so paid. No person other than a Series 2017 Bond Owner shall receive a Series 2017 Bond evidencing the obligation of the Successor Agency to make payments of principal, interest and premium, if any, pursuant to this Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Successor Agency shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Series 2017 Bonds for the Depository's book-entry system, the Successor Agency shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Series 2017 Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Successor Agency or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2017 Bonds other than the Series 2017 Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the Successor Agency may take any other actions, not inconsistent with this Indenture, to qualify the Series 2017 Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Series 2017 Bonds, or (ii) the Successor Agency determines to terminate the Depository as such, then the Successor Agency shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Successor Agency and the Trustee in the issuance of replacement Series 2017 Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Series 2017 Bonds, and by surrendering the Series 2017 Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Series 2017 Bonds are to be issued. The Depository, by accepting delivery of the Series 2017 Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Successor Agency fails to identify another Securities Depository to replace the Depository, then the Series 2017 Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Series 2017 Bonds shall designate, in accordance with the provisions hereof.

In the event the Successor Agency determines that it is in the best interests of the beneficial owners of the Series 2017 Bonds that they be able to obtain certificated Series 2017 Bonds, the Successor Agency may notify the Depository System Participants of the availability of such certificated Series 2017 Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Series 2017 Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Successor Agency shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Series 2017 Bonds to any Depository System Participant having Series 2017 Bonds credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Series 2017 Bonds, all at the Successor Agency's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Series 2017 Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Series 2017 Bond and all notices with respect to such Series 2017 Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF SERIES 2017 BONDS

Section 3.01. Issuance of Series 2017 Bonds. Upon the execution and delivery of this First Supplemental Indenture, the Successor Agency shall execute and deliver the Series 2017 Bonds in the aggregate principal amount of \$_____ to the Trustee, and the Trustee shall authenticate and deliver the Series 2017 Bonds to the Original Purchaser upon receipt of a Request of the Successor Agency therefor.

Section 3.02. Deposit and Application of Proceeds. On the Closing Date, the Original Purchaser shall purchase the Series 2017 Bonds for a purchase price of \$_____ (being the initial aggregate principal amount of the Series 2017 Bonds of \$_____ *plus/less* original issue premium/discount of \$_____, and *less* Original Purchasers' discount of \$_____). The Trustee shall forthwith set aside, pay over and deposit such proceeds, [*less* the amount of \$_____ paid to _____ by the Original Purchaser], as follows (provided that the details of the receipt and deposit of such proceeds shall be set forth in a closing instruction from the Successor Agency to the Trustee):

(a) Transfer the amount of \$_____ to the Escrow Bank for deposit in the Escrow Fund established pursuant to the Escrow Agreement;

(b) Deposit the amount of \$_____ in the Series 2017 Costs of Issuance Fund.

The Trustee may establish one or more temporary funds or accounts to facilitate such deposits and transfers.

Section 3.03. Series 2017 Reserve Sub-Account. Pursuant to Section 4.03(d) of the Indenture, there is hereby created and established in the Reserve Account to be maintained by the Trustee, the Series 2017 Reserve Sub-Account. The Reserve Requirement for the Series 2017 Bonds will be satisfied by the delivery of the Series 2017 Reserve Policy by _____ on the Closing Date with respect to the Series 2017 Bonds. The Successor Agency will have no obligation to replace the Series 2017 Reserve Policy or to fund the Series 2017 Reserve Sub-Account with cash if, at any time that the Series 2017 Bonds are Outstanding amounts are not available under the Series 2017 Reserve Policy other than in connection with a draw on the Series 2017 Reserve Policy. The Series 2017 Reserve Policy will be held in the Series 2017 Reserve Sub-Account as security solely for the Series 2017 Bonds.

Section 3.04. Series 2017 Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Series 2017 Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Series 2017 Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Series 2017 Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date six months following the Closing Date, or upon the earlier Written Request of the Successor Agency stating that all known Series

2017 Costs of Issuance have been paid, all amounts, if any, remaining in the Series 2017 Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account of the Debt Service Fund and the Series 2017 Costs of Issuance Fund shall be closed.

Section 3.05. Provisions Relating to Series 2017 Reserve Policy. [To be inserted upon receipt of commitment for a reserve policy and acceptance by the Successor Agency.]

ARTICLE IV

AMENDMENTS TO SECTIONS 4.01 AND 4.02 OF THE INDENTURE

Section 4.01. Amendment to Section 4.01 of the Indenture. Section 4.01 of the Indenture is hereby amended in its entirety to read as follows:

“Section 4.01. Pledge of Pledged Tax Revenues. Except as provided in Section 6.06, the Series 2015 Bonds, the Series 2017 Bonds and all other Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues. In addition, the Series 2015 Bonds, the Series 2017 Bonds and any other Parity Debt, shall, subject to Section 8.02, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Series 2015 Bonds and the Series 2017 Bonds by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Series 2015 Bonds and the Series 2017 Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Series 2015 Bonds and the Series 2017 Bonds without preference, priority or distinction as to security or otherwise of any of the Series 2015 Bonds or the Series 2017 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. Amendment to Section 4.02 of the Indenture. Section 4.02 of the Indenture is hereby amended in its entirety to read as follows:

“Section 4.02. Redevelopment Obligation Retirement Fund; Deposit of Pledged Tax Revenues. There has been established a special trust fund known as the “Redevelopment Obligation Retirement Fund,” which shall be held by the Successor

Agency pursuant to Section 34170.5(b) of the California Health and Safety Code. There is hereby established a special trust fund known as the "Debt Service Fund" and the accounts therein referred to below which shall be held by the Trustee in accordance with this Indenture.

The Successor Agency shall take all actions required under the Dissolution Act to include on each ROPS to be submitted after the effective date of this Indenture and prior to _____, 2017, so as to enable the County Auditor-Controller to distribute from the RPTTF to the Successor Agency, for deposit into the Redevelopment Obligation Retirement Fund on each RPTTF disbursement date, the following amounts: (i) the interest payment coming due with respect to the Outstanding Bonds during such RPTTF Disbursement Period, (ii) for ROPS which covers payment from January through June of any calendar year, at least one-half of the principal amount coming due with respect to the Bonds on October 1st of such calendar year (the "Principal Reserve"), (iii) for ROPS which covers payments from July through December of any calendar year, an amount equal to the principal amount coming due on October 1st of such calendar year, less the Principal Reserve already received in connection with the immediately prior RPTTF disbursement and deposited with the Trustee, and (iv) any amount required under this Indenture to replenish the Reserve Account, if required pursuant to Section 4.03(d) or Section 4.06 of this Indenture (and any provision amendatory thereto as set forth in supplement indentures).

The Successor Agency shall take all actions required under the Dissolution Act to include on each ROPS to be submitted after the effective date of this Indenture, so as to enable the County Auditor-Controller to distribute from the RPTTF to the Successor Agency, for deposit into the Redevelopment Obligation Retirement Fund on each RPTTF disbursement date, the following amounts: (i) the interest payment coming due with respect to the Outstanding Bonds during such RPTTF Disbursement Period, (ii) for ROPS which covers payment from January through June of any calendar year, at least one-half of the principal amount coming due with respect to the Bonds on October 1st of such calendar year (the "Principal Reserve"), (iii) for ROPS which covers payments from July through December of any calendar year, an amount equal to the principal amount coming due on October 1st of such calendar year, less the Principal Reserve already received in connection with the immediately prior RPTTF disbursement and deposited with the Trustee, and (iv) any amount required under this Indenture to replenish the Reserve Account, if required pursuant to Section

4.03(d) or Section 4.06 of this Indenture (and any provision amendatory thereto as set forth in supplement indentures).

The Successor Agency shall deposit all of the Pledged Tax Revenues received from each distribution of Pledged Tax Revenues in any Bond Year commencing on the first day of such Bond Year from the RPTTF in accordance with the Dissolution Act for the purpose of paying debt service on the Series 2015 Bonds, the Series 2017 Bonds and any other Parity Debt in the Redevelopment Obligation Retirement Fund immediately upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts therein to the Trustee for deposit in the Debt Service Fund established and held under this Indenture until such time that the aggregate amounts on deposit in such Debt Service Fund equal the aggregate amounts required to be deposited into the Interest Account, the Principal Account and the Reserve Account in each six month period of such Bond Year pursuant to Section 4.03 of this Indenture and for deposit in each such six month period of each Bond Year in the funds and accounts established with respect to other Parity Bonds, as provided in any Supplemental Indenture.”

ARTICLE V

AMENDMENT TO OTHER COVENANTS OF THE SUCCESSOR AGENCY

Section 5.01. Amendment to Section 5.01 of the Indenture. Section 5.01 of the Indenture is hereby amended in its entirety to read as follows:

“Section 5.01. Punctual Payment. The Successor Agency shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Series 2015 Bonds, the Series 2017 Bonds and Parity Debt in strict conformity with the terms of the Series 2015 Bonds, the Series 2017 Bonds and of this Indenture. The Successor Agency shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures. Nothing herein contained shall prevent the Successor Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.

Section 5.02. Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Series 2017 Continuing Disclosure Certificate, if any, executed and delivered by the Successor Agency. Notwithstanding any other provision hereof, failure of the Successor Agency to comply with such Series 2017 Continuing Disclosure Certificate shall not constitute an Event of Default under the Indenture; provided, however, that the Original Purchaser or any Owner or beneficial owner of the Series 2017 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under this Section 4.02.

Section 5.03. Amendment to Section 5.03 of the Indenture. Section 5.03 of the Indenture is hereby amended in its entirety to read as follows:

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

Section 5.04. Amendment to Section 5.10 of the Indenture. Section 5.10 of the Indenture is hereby amended in its entirety to read as follows:

“Section 5.10. Maintenance of Pledged Tax Revenues. The Successor Agency shall comply with all requirements of the

Redevelopment Law to ensure the allocation and payment to it of the Pledged Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State of California. The Successor Agency shall not enter into any agreement with the County or any other governmental unit which would have the effect of reducing the amount of Pledged Tax Revenues available to the Successor Agency for payment of the Bonds. The Successor Agency shall not undertake proceedings for amendment of the Redevelopment Plans or any one or more of the Redevelopment Plans if such amendment shall result in payments to one of more taxing entities pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law unless the Successor Agency shall first obtain a written opinion of an Independent Redevelopment Consultant that such payments will not adversely impair the Successor Agency's ability to pay the Series 2015 Bonds, the Series 2017 Bonds and all other Parity Debt. Nothing herein is intended or shall be construed in any way to prohibit or impose any limitations on the entering into by the Successor Agency of any such agreement, amendment or supplement which by its term is subordinate to the payment of the Series 2015 Bonds, the Series 2017 Bonds and all other Parity Debt.

Section 5.05. Amendment to Section 5.11 of the Indenture. Section 5.11 of the Indenture is hereby amended in its entirety to read as follows:

“Section 5.11. Compliance with the Redevelopment Law; Recognized Obligation Payment Schedules. The Successor Agency shall comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants hereunder. Further, it will take all actions required under the Dissolution Act to include scheduled debt service on the Series 2015 Bonds, the Series 2017 Bonds and any other Parity Debt, as well as any amount required under this Indenture to replenish the Reserve Accounts of the Debt Service Fund, in Recognized Obligation Payment Schedules so as to enable the San Diego County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective RPTTF Disbursement Period. These actions will include, without limitation, placing on the periodic Recognized Obligation Payment

Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with this Indenture and to provide for the payment of principal and interest under this Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under this Indenture for the next payment due thereunder and hereunder in the following six-month period.”

Section 5.06. Amendment to Section 5.13 of the Indenture. Section 5.13 of the Indenture is hereby amended in its entirety to read as follows:

“Section 5.13. Plan Limitations; Annual Review of Pledged Tax Revenues. The Successor Agency shall manage its fiscal affairs in a manner which ensures that it will have sufficient Pledged Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Successor Agency to pay the principal of and interest and premium (if any) on the Series 2015 Bonds, the Series 2017 Bonds and any other Parity Debt when due.

Additionally, the Successor Agency hereby covenants that, if it is determined that the Plan Limitations apply to the Successor Agency, it will annually review, no later than December 1 of each year, the total amount of tax increment revenue remaining available to be received by the Successor Agency under the Plan Limitations, as well as future cumulative Annual Debt Service, any obligations of the Successor Agency payable from tax increment revenues that are senior to the Series 2015 Bonds, and payments on obligations that are subordinate to the Series 2015 Bonds, the Series 2017 Bonds and any other Parity Debt. If, based on such review, the allocation of tax increment revenues to the Successor Agency in any of the next three succeeding Fiscal Years will cause an amount equal to ninety-five (95%) of the amount remaining under the Plan Limitations to fall below the sum of (i) remaining cumulative Annual Debt Service, (ii) any obligations of the Successor Agency payable from tax increment revenues that are senior to the Series 2015 Bonds and the Series 2017 Bonds, and (iii) payments on obligations that are subordinate to the Series 2015 Bonds, the Series 2017 Bonds and any other Parity Debt, the Successor Agency shall either (1) defease Series 2015 Bonds, Series 2017 Bonds or other Parity Debt by depositing an amount of Pledged Tax Revenues equal to the amount that is required to ensure continuing compliance with the first paragraph of this Section 5.13 in a defeasance escrow to be held by the Trustee and

to be pledged solely to the payment of debt service on the Series 2015 Bonds, the Series 2017 Bonds or other Parity Debt, which escrow shall be invested in Defeasance Obligations and used for the payment of interest on and principal of and redemption premiums, if any, on the Series 2015 Bonds, the Series 2017 Bonds or other Parity Debt or (2) adopt a plan approved by an Independent Redevelopment Consultant which demonstrates the Successor Agency's continuing ability to pay debt service on the Series 2015 Bonds, the Series 2017 Bonds and other Parity Debt. In determining the amount to be deposited in escrow with the Trustee, the Successor Agency may consider actual interest earnings on the amounts so deposited.

The Trustee shall not be responsible for monitoring or enforcing the requirements of this Section 5.13.”

ARTICLE VI

MISCELLANEOUS

Section 6.01. Benefit of First Supplemental Indenture. Nothing in this First Supplemental Indenture, expressed or implied, is intended to give any person other than the Successor Agency, the Trustee and the Owners of the Series 2017 Bonds, any right, remedy or claim under or by reason of this First Supplemental Indenture. Any covenants, stipulations, promises or agreements in this First Supplemental Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Owners of the Series 2017 Bonds and Trustee.

Section 6.02. Waiver of Personal Liability. No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Series 2017 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 6.03. Amendment to Section 9.07 of the Indenture. Section 9.07 of the Indenture is hereby amended in its entirety to read as follows:

“Section 9.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Successor Agency of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.”

Section 6.04. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this First Supplemental Indenture shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this First Supplemental Indenture. The Successor Agency and the Trustee hereby declare that they would have entered into this First Supplemental Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Series 2017 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this First Supplemental Indenture may be held illegal, invalid or unenforceable.

Section 6.05. Governing Law. This First Supplemental Indenture shall be construed and governed in accordance with the laws of the State.

Section 6.06. Execution in Counterparts. This First Supplemental 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.

IN WITNESS WHEREOF, the SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY has caused this First Supplemental Indenture to be signed in its name by its Executive Director and attested to by its Secretary, and MUFG UNION BANK, N.A., in token of its acceptance of the trusts created hereunder, has caused this First Supplemental Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____
Executive Director

ATTEST:

Secretary

MUFG UNION BANK, N.A.,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF SERIES 2017 BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

**SUCCESSOR AGENCY TO THE
SAN MARCOS REDEVELOPMENT AGENCY
TAXABLE TAX ALLOCATION REFUNDING BOND, SERIES 2017**

RATE OF INTEREST: MATURITY DATE: ORIGINAL ISSUE [CUSIP:]
DATE:
[Closing Date]

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY, a public entity duly existing under the laws of the State of California (the "Successor Agency"), for value received, hereby promises to pay (but only out of the Pledged Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like lawful money from the date hereof, which date shall be the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Series 2017 Bond, as defined herein (unless this Series 2017 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 Series 2017 Bond is authenticated on or prior to March 15, 2018, in which event it shall bear interest from the Original Issue Date identified above; *provided, however*, that if, at the time of authentication of this Series 2017 Bond, interest is in default on this Series 2017 Bond, this Series 2017 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 April 1 and October 1 in each year, commencing April 1, 2018 (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 MUFG 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 2017 Bonds, which written request is on file with the Trustee prior to any Record Date, interest on such Series 2017 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 Series 2017 Bond is one of a duly authorized issue of bonds of the Successor Agency designated as the “Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017” (the “Series 2017 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 on parity with the Successor Agency’s Series 2015 Bonds (defined below) pursuant to the provisions of the Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “Refunding Law”) and the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the “Redevelopment Law”), and pursuant to an Indenture of Trust, dated as of July 1, 2015 (the “Original Indenture”), by and between the Successor Agency and the Trustee, as modified and supplemented by a First Supplemental Indenture of Trust, dated as of _____ 1, 2017 (the “First Supplemental Indenture” and together with the Original Indenture, the “Indenture”). The Successor Agency may issue or incur additional Parity Debt, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Successor Agency) and all supplements thereto and to the Refunding Law and the Redevelopment Law for a description of the terms on which the Series 2017 Bonds are issued, the provisions with regard to the nature and extent of the Pledged Tax Revenues, as that term is defined in the Indenture, and the rights thereunder of the owners of the Series 2017 Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Successor Agency thereunder, to all of the provisions of which the Registered Owner of this Series 2017 Bond, by acceptance hereof, assents and agrees. All capitalized terms used herein and not defined herein shall have the meanings given such terms in the Indenture.

The Series 2017 Bonds have been issued by the Successor Agency to refinance redevelopment activities of the Successor Agency. This Series 2017 Bond and the interest hereon and all other parity obligations and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on the Pledged Tax Revenues derived by the Successor Agency from the Project Areas, duly designated redevelopment projects under the laws of the State of California, under and in accordance with the Indenture. As and to the extent set forth in the Indenture, all of the Pledged Tax Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, to the payment of the principal of and interest and premium (if any) on the Series 2017 Bonds, the Successor Agency’s Tax Allocation Refunding Bonds, Series 2015A (the “Series 2015A Bonds”), the Successor Agency’s Taxable Tax Allocation Refunding Bonds, Series 2015B Bonds (the “Series 2015B Bonds” and, together with the Series 2015A Bonds, the “Series 2015 Bonds”) and any such parity obligations. The Series 2017 Bonds, the Series 2015 Bonds and any such parity obligations are secured by a pledge on, security interest in and lien on the Pledged Tax Revenues which is subordinate to or on a parity with the pledge, security interest and lien on the Pledged Tax Revenues in favor of certain outstanding obligations

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

This Series 2017 Bond is not a debt of the County of San Diego, the State of California, or any of its political subdivisions, other than the Successor Agency, and neither said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Series 2017 Bond be payable out of any funds or properties other than the Pledged Tax Revenues.

The rights and obligations of the Successor Agency and the owners of the Series 2017 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 Series 2017 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 Series 2017 Bond, or shall reduce the percentages of the Series 2017 Bond owners required to effect any such modification or amendment.

The Series 2017 Bonds maturing on or before October 1, 20__, are not subject to optional redemption prior to maturity. The Series 2017 Bonds maturing on and after October 1, 20__ are subject to redemption, at the option of the Successor Agency on any date on or after October 1, 20__, as a whole or in part, by such maturities as shall be determined by the Successor Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the Series 2017 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

[The Series 2017 Bonds maturing on October 1, 20__, and October 1, 20__ are subject to mandatory sinking account redemption in part by lot, on October 1 in each of the years as set forth in the following tables, 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 2017 Bonds have been optionally redeemed pursuant to the preceding paragraph, the total amount of all Series 2017 Bonds to be redeemed thereafter from mandatory sinking account payments shall be reduced on a pro rata basis in integral multiples of \$5,000.

Term Series 2017 Bonds Maturing October 1, 20__

Sinking Account Redemption Date (October 1) (maturity)	Principal Amount To be Redeemed or Purchased \$
---	--

Term Series 2017 Bonds Maturing October 1, 20__

Sinking Account
Redemption Date
(October 1)

Principal Amount
To be Redeemed
or Purchased

\$

(maturity)

]

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 2017 Bonds designated for redemption at their addresses appearing on the Series 2017 Bond registration books of the Trustee, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

The Successor Agency has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2017 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

If this Series 2017 Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

In lieu of redemption of Series 2017 Bonds, amounts on deposit in the Debt Service Fund (as defined in the Indenture) may be withdrawn and used at the direction of the Successor Agency at any time to purchase such Series 2017 Bonds at public or private sale at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any such Series 2017 Bonds so purchased by the Successor Agency in any twelve-month period ending on July 1 will be credited toward, and will reduce the par amount of, Series 2017 Bonds required to be redeemed pursuant to the Indenture on the next succeeding October 1 of such year.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Series 2017 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 Series 2017 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 or such other place as designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and

cancellation of this Series 2017 Bond. Upon registration of such transfer a new Series 2017 Bond or Series 2017 Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Series 2017 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 Series 2017 Bond, together with all other indebtedness of the Successor 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 2017 Bonds permitted to be issued under the Indenture.

This Series 2017 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 SUCCESSOR AGENCY TO THE SAN MARCOS REDEVELOPMENT AGENCY has caused this Series 2017 Bond to be executed in its name and on its behalf with the facsimile signature of its Chair and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

SUCCESSOR AGENCY TO THE SAN
MARCOS REDEVELOPMENT AGENCY

By: _____
Chair

ATTEST:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Series 2017 Bonds described in the within-mentioned Indenture.

Dated: _____

MUFG UNION BANK, N.A., *as Trustee*

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

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

the within Series 2017 Bond and do(es) hereby irrevocably constitute and appoint

_____ attorney,
to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

NOTICE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Series 2017 Bond in every particular without alteration or enlargement or any change whatsoever.