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ARMY DEPOT ADVANCE REPAYMENT AGREEMENT

Dated as of June 1, 2006

by and between the

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

and the

CITY OF SACRAMENTO

Relating to

$_____
Sacramento City Financing Authority
2006 Capital Improvement Revenue Bonds, Series A
(Community Reinvestment Capital Improvement Program)

$_____
Sacramento City Financing Authority
2006 Taxable Capital Improvement Revenue Bonds, Series B
(Community Reinvestment Capital Improvement Program)

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ARMY DEPOT ADVANCE REPAYMENT AGREEMENT

THIS ARMY DEPOT ADVANCE REPAYMENT AGREEMENT (the "Advance Agreement") is made and entered into as of June 1, 2006, by and among the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, a public body corporate and politic duly organized and existing under and by virtue or the laws of the State of California (the "Agency"), and the CITY OF SACRAMENTO, a municipal corporation duly organized and existing under the Constitution and laws of the State of California (the "City");

W I T N E S S E T H:

WHEREAS, the Agency is authorized pursuant to the Community Redevelopment Law, being Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "Law") to undertake redevelopment activities within and of benefit to its Army Depot Sacramento Redevelopment Project (the "Redevelopment Project");

WHEREAS, the Agency desires to undertake certain of such redevelopment activities and the City is willing to advance funds to the Agency (the "2006 Advance") to finance such redevelopment activities;

WHEREAS, in order to obtain funds to make the 2006 Advance, the City is leasing certain City-owned properties (together, the "City-owned Property") to the Sacramento City Financing Authority (the "Authority") and using a portion of the proceeds of the Authority's purchase of the Sixth Amendment to Master Project Lease to fund the 2006 Advance to the Agency;

WHEREAS, the Authority will fund the purchase with a portion of the proceeds of its 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program) (the "Series A 2006 Bonds") and 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) (the "Series B 2006 Bonds" and, together with the Series A 2006 Bonds, the "2006 Bonds");

WHEREAS, debt service on the 2006 Bonds will be paid in part with the proceeds of certain lease payments (the "Lease Payments") to be paid by the City in consideration of the leaseback of certain City-owned Property by the Authority to the City pursuant to a Master Project Lease, dated as of December 1, 1999, between the City and the Authority, as amended (the "Master Project Lease");

WHEREAS, the Agency desires to repay the 2006 Advance to the City in installments sufficient to meet the City's Lease Payment obligations under the Master Project Lease attributable to the portion of the proceeds of the 2006 Bonds used by the City to fund the 2006 Advance to the Agency;

WHEREAS, in order to establish and declare the terms and conditions upon which the 2006 Advance is to be made, secured and repaid, the Agency and the City wish to enter into this Advance Agreement;

WHEREAS, additional advances (such advances, together with the 2006 Advance, are referred to herein as the "Advances") may be made and secured pursuant to amendments to this Advance Agreement; and

WHEREAS, all acts and proceedings required by law necessary to make this Advance Agreement, when executed by the Agency and the City, the valid, binding and legal obligation of the Agency and to constitute this Advance Agreement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Advance Agreement have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires or unless otherwise defined herein, the capitalized terms in this Advance Agreement shall have the respective meanings which such terms have in the 2006 Indenture or any Supplemental Indenture, as applicable. In addition, the following terms defined in this Section 1.01 shall, for all purposes of this Advance Agreement, have the respective meanings herein specified.

"Additional Bonds" means any additional revenue bonds issued by the Authority, any of the proceeds of which are to be used as the source of funds for financing or refinancing the Advances.

"Additional Revenues" means, as of the date of calculation, the amount of Tax Revenues which, as shown in the Report of an Independent Redevelopment Consultant, are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made, as a result of increases in the assessed valuation of taxable property in the Project Area due to construction which has been completed but which is not then reflected on the tax rolls.

"Advances" means the 2006 Advance and any additional advances made by the City to the Agency pursuant to Section 2.06 of this Advance Agreement.

"Advance Agreement" means this Army Depot Advance Repayment Agreement by and between the Agency and the City, as originally entered into or as amended or supplemented pursuant to the provisions hereof.

"Agency Tax Certificate" means Exhibit _ attached to the Tax Certificate (as defined in the 2006 Indenture) executed by the Agency.

"Agreement Parity Debt" means any bonds, notes, loans, Advances (other than the 2006 Advance) or other indebtedness issued or incurred by the Agency on a parity with the 2006 Advance pursuant to Section 2.06.

"Agreement Parity Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement, loan agreement or other instrument authorizing the issuance or incurrence of any Agreement Parity Debt that otherwise complies with all of the terms and conditions of this Advance Agreement, including, without limitation, the provisions of Section 2.06.

"Allocable Share" means a percentage allocable to this Advance Agreement in relation to the entire issue of the applicable Bonds, which allocation may be made on any reasonable basis and may be different than the Proportionate Share.

"Authority" means the Sacramento City Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State.

"Bonds" means the 2006 Bonds and all Additional Bonds.

"Bond Year" means each twelve-month period extending from December 2 in one calendar year to December 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year related to the applicable Bonds shall begin on the Closing Date, and end on the first December 1 thereafter.

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

"City" means the City of Sacramento, a chartered city and municipal corporation organized and existing under the Constitution and laws of the State.

"Closing Date" means the date of delivery of the applicable Bonds to the first purchaser thereof pursuant to the 2006 Indenture or any Supplemental Indenture, as applicable.

"County" means the County of Sacramento, a county duly organized and existing under the Constitution and laws of the State.

"Event of Default" means any of the events described in Section 5.01.

"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 TGRS), or obligations the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period extending from January 1 to December 31 of a calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period.

"Independent Financial Consultant" means any financial consultant or fiscal consultant or firm of such consultants, appointed and paid by the Agency, and who, or each of whom-

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

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

(c) is not connected with the City or the Agency as an officer or employee of the City or the Agency but who may be regularly retained by the City or the Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Agency, and who, or each of whom:

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

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

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

(d) 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.

"Interest Payment Date" means, with respect to the 2006 Advance, June 1 and December 1 of each year that any 2006 Bonds are Outstanding, commencing ____, 2006, and with respect to any Agreement Parity Debt, the meaning provided in the Agreement Parity Debt Instrument.

"Lease Payments" means the semiannual rental payments to be made by the City to the Authority pursuant to the Master Project Lease.

"Low and Moderate Income Housing Fund" means the fund of the Agency by that name established pursuant to Section 33334.3 of the Redevelopment Law.

"Master Project Lease" means that certain Master Project Lease, dated as of December 1, 1999, by and between the Authority, as lessor, and the City, as lessee, as amended.

"Master Site Lease" means that certain Master Site Lease, dated as of December 1, 1999, by and between the City, as lessor, and the Authority, as lessee, as amended.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount obtained by totaling, for the current or any future Bond Year, the sum of (a) the amount of interest payable on the 2006 Advance and any Senior Debt and Agreement Parity Debt to be Outstanding in such Bond Year, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments are made as scheduled, and (b) the amount of principal payable on the 2006 Advance and any Senior Debt and Agreement Parity Debt to be Outstanding in such Bond Year, including any principal required to be prepaid by operation of mandatory sinking fund payments. For purposes of such calculation, there shall be excluded the principal of and interest on the 2006 Advance and any Senior Debt and Agreement Parity Debt to the extent the proceeds thereof are then deposited in a fully self-supporting escrow fund (the fully self-

supporting nature of which is evidenced by a report prepared by an Independent Redevelopment Consultant or Independent Financial Consultant and delivered to the City) from which amounts may not be released to the Agency unless the amount of Tax Revenues then to be received is not less than the percentage of Maximum Annual Debt Service required by the terms of Section 2.06(b).

"Plan Limit" means the limitation 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 33333.4 of the Redevelopment Law.

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

"Proportionate Share" means, with respect to the 2006 Advance, _____%, being the percentage of the original principal amount of the proceeds of the 2006 Bonds used to make the 2006 Advance to the Agency pursuant to this Advance Agreement and, with respect to any other Advances, the meaning provided in the Agreement Parity Debt Instrument.

"Redevelopment Fund" means the fund by that name established and held by the Agency pursuant to Section 2.05.

"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 Army Depot Redevelopment Project, approved and adopted by the City by Ordinance No. 95-034 and includes any amendment thereof heretofore or hereafter made pursuant to the Redevelopment Law.

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

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

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

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

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

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

"Reserve Account" means the account by that name established under the 2006 Indenture.

"Senior Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency pursuant to Section 2.07, which are secured by a pledge of or lien upon the Tax Revenues which is senior to the pledge of and lien upon the Tax Revenues hereunder for the security of the 2006 Advance and any Agreement Parity Debt.

"Senior Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement, loan agreement or other instrument authorizing the issuance or incurrence of any Senior Debt that otherwise complies with all of the terms and conditions of this Advance Agreement, including, without limitation, the provisions of Section 2.07.

"Series A 2006 Bonds" means the Authority's 2006 Capital Improvement Revenue Bonds, Series A (Community Reinvestment Capital Improvement Program).

"Series B 2006 Bonds" means the Authority's 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program).

"Series A Redevelopment Account" means the account by that name within the Redevelopment Fund established pursuant to Section 2.05.

"Series B Redevelopment Account" means the account by that name within the Redevelopment Fund established pursuant to Section 2.05.

"Sixth Amendment to Master Project Lease" means the Sixth Amendment to Master Project Lease, dated as of June 1, 2006, by and between the Authority and the City, relating to the 2006 CRCIP Projects, as defined therein.

"Special Fund" means the fund by that name established and held hereunder by the Agency pursuant to Section 3.02.

"Subordinate Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency pursuant to Section 2.08, 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 2006 Advance and any Agreement Parity Debt.

"Supplemental Indenture" means any indenture under which Additional Bonds are issued.

"Tax Revenues" means all taxes annually allocated and paid to the Agency within the Plan Limit 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 other applicable State laws and as provided in the Redevelopment Plan, including (a) all 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, and (b) 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, but only to the extent permitted under the Redevelopment Law to be applied to the payment of the principal of, premium (if any) and interest on the 2006 Advance and any Agreement Parity Debt; but excluding (i) all other amounts required to be deposited in the Low and Moderate Income Housing Fund, (ii) amounts payable by the State to the Agency under and pursuant to the provisions of Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the Government Code of the State, (iii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the 2006 Advance and to the payment of any Agreement Parity Debt, and (iv) amounts payable by the Agency pursuant to the Tax Sharing Agreements, except and to the extent that any such tax revenues are released from the pledge contained therein, or are payable on a basis subordinate to the Advances and any Agreement Parity Debt.

"Tax Sharing Agreements" means any future agreements between the Agency and any taxing entity for the pass-through or sharing of Tax Revenues. As of the date hereof, there are no Tax Sharing Agreements.

"2006 Advance" means the advance made by the City to the Agency in the aggregate principal amount of $_____ pursuant to Section 2.01.

"2006 Bonds" means, collectively, the Series A 2006 Bonds and the Authority's 2006 Taxable Capital Improvement Revenue Bonds, Series B (Community Reinvestment Capital Improvement Program) issued and at any time Outstanding under the 2006 Indenture.

"2006 Indenture" means the indenture, dated as of June 1, 2006, by and between the Authority and the Trustee, authorizing the issuance of the 2006 Bonds.

"Trustee" means The Bank of New York Trust Company, N.A., as trustee under the 2006 Indenture, and any successor trustee thereunder.

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 Advance Agreement, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Advance Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE 2006 ADVANCE; ESTABLISHMENT OF FUNDS; AGREEMENT PARITY DEBT

Section 2.01. Authorization. The City hereby agrees to lend to the Agency an amount equal to the Proportionate Share of the proceeds of the 2006 Bonds, being the aggregate principal amount of _____ Dollars ($_____) under and

subject to the terms of this Advance Agreement and the Redevelopment Law. This Advance Agreement constitutes a continuing agreement with the City to secure the full and final repayment of the 2006 Advance, subject to the covenants, agreements, provisions and conditions herein contained.

Section 2.02. Terms of 2006 Advance. The principal of the 2006 Advance shall be payable in installments on December 1 in each of the years and in the amounts, and interest on the 2006 Advance shall be payable in installments on December 1 and June 1 in each of the years and in the amounts, as follows:

Date	Principal (December 1)	Interest	Total Debt Service

In the event principal of the 2006 Advance shall be prepaid pursuant to Section 2.03, the foregoing schedule of principal installment payments shall be reduced pro rata by installment as provided in Section 2.03.

Interest on each installment of principal of the 2006 Advance has been calculated on the basis of a 360-day year of twelve 30-day months, and shall accrue on each installment of principal from and including the Closing Date to but not including the Interest Payment Date with respect to which such installment of principal is payable. Any installment of principal or interest which is not paid when due shall continue to accrue interest at the interest rate payable on the 2006 Bonds from and including the Interest Payment Date with respect to which such principal or interest is payable to but not including the date of actual payment.

Principal of and interest on the 2006 Advance shall be payable by the Agency directly to the City in immediately available funds which constitute lawful money of the United States of America. Payment of such principal and interest shall be secured, and amounts for the payment thereof shall be deposited with the City at the times, as set forth in Article III.

Any portion of the 2006 Advance deposited on the Closing Date into the Reserve Account established by the 2006 Indenture, shall be credited to the final installment payments payable pursuant to this Section 2.02; provided that this sentence shall not apply to any portion of the 2006 Advance or other amounts in the Reserve Account used to purchase a surety bond or similar credit instrument for deposit in the Reserve Account. In addition, investment earnings on any portion of the 2006 Advance deposited in said Reserve Account shall be credited annually to the installment payments payable pursuant to this Section 2.02. In the event the Agency shall

determine to transfer a portion of the 2006 Advance for use in another redevelopment project area of the Agency, or in the event that the Agency shall determine to transfer to the Project Area a portion of an advance made by the City, with respect to another redevelopment project area of the Agency and such Advance was funded with the proceeds of the Authority's purchase of the Master Project Lease (or similar financing provided by the City), the foregoing schedule of installment payments shall be recalculated by an Independent Financial Consultant in order to take into account the amount of any such transfer in a manner that does not change the aggregate annual installment payments with respect to the 2006 Advance and such other Advance. The schedule set forth in this Section 2.02 shall be deemed to be amended accordingly. Copies of any such recalculated schedule shall be provided promptly to the City.

Section 2.03. Optional Prepayment. [The 2006 Advance shall not be subject to optional prepayment prior to December 1, 20__. The principal of the 2006 Advance shall be subject to optional prepayment on or after December 1, 20__, in whole or in part on any date, by such principal installments or portions thereof as shall be determined by the Agency (which determination shall not be inconsistent with any requirement for the selection of the allocable 2006 Bonds under the 2006 Indenture), from any available source of funds, at a prepayment price equal to the principal amount of the 2006 Bonds to be redeemed from the proceeds of such prepayment pursuant to Section 2.03(b) of the 2006 Indenture, without premium, but with accrued interest thereon to the redemption date of the 2006 Bonds so to be redeemed.]

The Agency shall be required to give the City written notice of its intention to prepay the 2006 Advance under this Section and of the principal installments or portions thereof to be prepaid not less than sixty (60) days prior to the proposed prepayment date (or on such later date as may be acceptable to the City), and shall transfer to the City all amounts required for such prepayment in accordance with the further requirements of the 2006 Indenture.

In the event that a portion of the principal of the 2006 Advance shall have been prepaid by the Agency pursuant to this Section, the amount of all future annual principal installments set forth in Section 2.02 shall be reduced in the aggregate amount of such principal so prepaid, based on calculations to be provided to the City by an Independent Financial Consultant.

Section 2.04. Application of 2006 Advance Proceeds. On the Closing Date the total proceeds of the 2006 Advance (which equals the principal amount of the 2006 Advance ($_____), [plus/less the net original issue premium/discount associated with the 2006 Advance ($_____),] shall be disbursed as follows:

(a) The City shall cause the Trustee to deposit into the Series A Costs of Issuance Account and Series B Costs of Issuance Account, each established and held under the 2006 Indenture, the amount of $_____ and $_____, respectively.

(b) The City shall cause the Trustee to transfer to the Agency for deposit in the Series A Redevelopment Account and the Series B Redevelopment Account the amount of $_____ and $_____, respectively.

In addition to the foregoing, the City shall be deemed to have distributed to the Agency on the Closing Date the Allocable Share of the amount of the bond insurance premium

($_____), the Allocable Share of the Underwriters' discount ($_____) and the Allocable Share of deposit for the Series A Reserve Subaccount ($_____) and in the Series B Reserve Subaccount ($_____), each subaccount established and held under the 2006 Indenture), which amounts were paid for and on behalf of the Agency from the total proceeds of the 2006 Advance.

Section 2.05. Redevelopment Fund; Low and Moderate Income Housing.

(a) There is hereby established a known as the "Army Depot Redevelopment Fund", which is held and maintained by the Agency as a fund separate and apart from other moneys of the Agency; provided, however, that this fund may be one and the same as any other fund created pursuant to any Senior Debt Instrument or Agreement Parity Debt Instrument for the purposes described in this paragraph. There is hereby created within the Redevelopment Fund a Series A Redevelopment Account and a Series B Redevelopment Account. The moneys deposited in the Redevelopment Fund pursuant to Section 2.04(b) shall be used solely in the manner provided by the Redevelopment Law, the Redevelopment Plan and, with respect to the Series A Redevelopment Account, in accordance with the Agency Tax Certificate. The Agency shall pay moneys from the Redevelopment Fund upon receipt of claims thereon and signed by at least one duly authorized officer or member of the Agency. The Agency shall be authorized to pay its Allocable Share of any Costs of Issuance not paid with moneys in the Cost of Issuance Fund from moneys in the Redevelopment Fund. The Agency warrants that no withdrawal shall be requested from the Redevelopment Fund for any purpose not authorized by law and shall be for payment or reimbursement for costs incurred with respect to the Redevelopment Project.

(b) There is established and held by the Agency pursuant to Section 33334.3 of the Redevelopment Law a special trust fund designated as the "Low and Moderate Income Housing Fund". The moneys deposited in the Low and Moderate Income Housing Fund shall be used solely in the manner and for the purposes as provided by Sections 33334.2 and 33334.3 of the Redevelopment Law, the Redevelopment Plan; provided, however, that this fund may be one and the same as any other fund heretofore or hereafter created pursuant to any Senior Debt Instrument or Agreement Parity Debt Instrument for the purposes described in this paragraph.

Section 2.06. Agreement Parity Debt. In addition to the 2006 Advance, the Agency may, with the approval of the City, issue or incur Agreement Parity Debt in such principal amount as shall be determined by the Agency. The Agency may issue and deliver any Agreement Parity Debt subject to the following specific conditions which are hereby made conditions precedent to the issuance or incurrence and delivery of such Agreement Parity Debt issued under this Section:

(a) No Event of Default shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in this Advance Agreement.

(b) Except as provided in Section 2.06(h), the Tax Revenues received or estimated to be received for the then current Fiscal Year (i) calculated using a tax rate of one percent (1%), (ii) based on the most recent taxable valuation of property in the Project Area as evidenced by the records of the Agency and (iii) inclusive of Additional Revenues, but exclusive of investment earnings and payments, subventions and other amounts described under clause (a) of the

definition of Tax Revenues, shall be at least equal to one hundred percent (100%) of Maximum Annual Debt Service, including within such Maximum Annual Debt Service, the amount of Maximum Annual Debt Service on the Agreement Parity Debt then proposed to be issued or incurred.

(c) The aggregate amount of the principal of and interest on the 2006 Advance and any Senior Debt, Agreement Parity Debt and Subordinate Debt coming due and payable following the issuance or incurrence of such Agreement Parity Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated to the Agency following the issuance or incurrence of such Agreement Parity Debt.

(d) Unless the Agency shall first determine that other payment dates will not impair the Agency's ability to make such payment, the Agreement Parity Debt Instrument providing for the issuance or incurrence of such Agreement Parity Debt shall provide that interest thereon shall be payable on June 1 and December 1 and principal thereof shall be payable on December 1 in any year in which principal is payable.

(e) The Agreement Parity Debt Instrument providing for the issuance or incurrence of such Agreement Parity Debt may provide for the establishment of separate funds, accounts and subaccounts.

(f) The Agreement Parity Debt Instrument providing for the issuance or incurrence of such Agreement Parity Debt shall provide that an Event of Default under this Advance Agreement shall constitute an event of default under such Agreement Parity Debt Instrument.

(g) The Agency shall deliver to the City a Certificate of the Agency certifying that the conditions precedent to the issuance or incurrence of such Agreement Parity Debt set forth in subsections (a), (b), (c), (d) and (f) of this Section 2.06 have been satisfied.

(h) Section 2.06(b) shall not apply to the issuance or incurrence of any Agreement Parity Debt the net proceeds of which will be used solely to refund all or any portion of the 2006 Advance or any Agreement Parity Debt, provided that debt service payable in each year with respect to the proposed Agreement Parity Debt is less than the debt service otherwise payable in each year with respect to the 2006 Advance or any Agreement Parity Debt, or portion thereof, proposed to be refunded.

Section 2.07. Issuance or Incurrence of Senior Debt. Nothing herein shall prohibit the Agency, with the approval of the City, from issuing or incurring Senior Debt.

Section 2.08. Issuance or Incurrence of Subordinate Debt. The Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency, subject to the following specific conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in this Advance Agreement;

(b) The aggregate amount of the principal and interest on the 2006 Advance and any Senior Debt, Agreement Parity Debt and Subordinate Debt coming due and payable following

the issuance or incurrence of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance or incurrence of such Subordinate Debt; and

(c) The Agency shall deliver to the City a Certificate of the Agency certifying that the conditions precedent to the issuance or incurrence of such Subordinate Debt set forth in subsections (a) and (b) of this Section 2.08 have been satisfied.

Section 2.09. Validity of 2006 Advance or Agreement Parity Debt. The validity of the 2006 Advance 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. The validity of any Agreement Parity Debt is not required to 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 pursuant to this Advance Agreement.

ARTICLE III

PLEDGE OF TAX REVENUES; APPLICATION OF FUNDS

Section 3.01. Pledge of Tax Revenues. The 2006 Advance and any Agreement Parity Debt shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery, subject, in all respects, to the prior and superior pledge, security interest and lien created in favor of any Senior Debt. The Tax Revenues are hereby allocated to the payment of the principal of and interest on the 2006 Advance and any Agreement Parity Debt as provided herein. Except for the Tax Revenues no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or premium (if any) on the 2006 Advance or any Agreement Parity Debt.

Section 3.02. Special Fund; Deposit of Tax Revenues. There is hereby established a fund known as the "Special Fund", which is held and maintained by the Agency as a fund separate and apart from other moneys of the Agency; provided, however, that this fund may be one and the same as any other fund created pursuant to any Senior Debt Instrument or Agreement Parity Debt Instrument for the purposes described in this paragraph. 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 (if any) during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the City (or any other payee of Agreement Parity Debt) pursuant to Section 3.03; and (except as may be otherwise provided in any Agreement Parity Debt Instrument or in Section 4.14) any Tax Revenues received during such Bond Year in excess of such amounts shall be released from the pledge and lien hereunder and may be used for any lawful purposes of the Agency. Prior to the payment in full of the principal of and interest and prepayment premium (if any) on the 2006 Advance and any Agreement Parity Debt and the payment in full of all other amounts payable hereunder and under any Agreement Parity Debt Instrument, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except only as provided in this Advance Agreement and in any Agreement Parity Debt Instrument, and such moneys shall be used and applied as set forth herein and in any Agreement Parity Debt Instrument.

Section 3.03. Transfer of Tax Revenues. The Agency shall withdraw from the Special Fund and transfer to the City (or any other payee of Agreement Parity Debt) the following amounts at the following times and in the following order of priority, but only after all amounts payable in such Bond Year pursuant to Senior Debt shall have been transferred to the payee of the related Senior Debt:

(a) Interest and Principal Deposits. No later than the fifth (5th) Business Day preceding each Interest Payment Date, the Agency shall withdraw from the Special Fund and transfer to the City (or any other payee of Agreement Parity Debt) an amount equal to the aggregate amount of principal of and interest becoming due and payable on such Interest Payment Date pursuant to Section 2.02 and pursuant to any Agreement Parity Debt Instrument.

(b) Surplus. Except as may be otherwise provided in any Agreement Parity Debt Instrument, the Agency shall not be obligated to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the City (or any other payee of Agreement Parity Debt) in such Bond Year pursuant to this Section 3.03. In the event that for any reason whatsoever any amounts shall remain on deposit in the Special Fund on any June 2 or December 2 after making all of the transfers theretofore required to be made pursuant to any Senior Debt Instrument, the preceding clause (a) and any Agreement Parity Debt Instrument, the Agency may, subject to Section 4.14 hereof, withdraw such amounts from the Special Fund, to be used for any lawful purpose of the Agency.

Section 3.04. Investment of Moneys; Valuation of Investments. All moneys in the Redevelopment Fund, the Low and Moderate Income Housing Fund and the Special Fund shall be invested by the Agency solely in investments which are authorized under law, maturing not later than the respective dates on which such moneys are estimated by the Agency to be required for application to the Redevelopment Project or required to be deposited with the City (or any other payee of Agreement Parity Debt) pursuant to Section 3.03, as applicable.

All interest, profits and other income received from the investment of moneys in any fund or account held under this Advance Agreement shall be deposited in such fund or account, provided that the Agency may, in its discretion, deposit investment earnings on moneys in the Redevelopment Fund into the Special Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment shall be credited to the fund from which such accrued interest was paid.

ARTICLE IV

OTHER COVENANTS OF THE AGENCY

Section 4.01. Punctual Payment. The Agency will punctually pay or cause to be paid the principal of and interest on the Advances together with any prepayment premiums thereon in strict conformity with the terms of this Advance Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Advance Agreement.

Section 4.02. Limitation on Superior Debt. The Agency hereby covenants that, so long as the Advances remains unpaid, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or other indebtedness, which is in any case secured by a lien on all or any part of the Tax Revenues which is superior to or on a parity with the lien established hereunder for the security of the 2006 Advance, excepting only any Senior Debt and Agreement Parity Debt issued pursuant to Section 2.06. Nothing in this Section 4.08 is intended or shall be construed in any way to prohibit or impose any limitations upon the issuance or incurrence by the Agency of any Subordinate Debt pursuant to Section 2.08.

Section 4.03. Payment of Claims. The Agency will 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 in the hands of the City, or which might impair the security of the Advances. Nothing contained in this Section 4.03 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 4.04. Books and Accounts; Financial Statement. The Agency will 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, the Special Fund, the Redevelopment Fund, the Low and Moderate Income Housing Fund and the Reserve Account. Such books of record and accounts shall at all times during business hours be subject, upon prior written request, to the reasonable inspection of the City, or its representatives authorized in writing.

Section 4.05. Protection of Security and Rights. The Agency will preserve and protect the security of the Advances and the rights of the City with respect to the Advances. From and after the Closing Date, Advances shall be incontestable by the Agency.

Section 4.06. 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 contained in this Section 4.06 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 4.07. Taxation of Leased Property. All amounts derived by the Agency pursuant to Section 33673 of the Redevelopment Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of this Advance Agreement, and shall be paid to the Agency for deposit in the Special Fund.

Section 4.08. 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 (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State of California. The 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 Tax Revenues available to the Agency for payment of the Advances. Nothing in this Section 4.08 is intended or shall be construed in any way to prohibit or impose any limitations upon the issuance or incurrence by the Agency of any Subordinate Debt pursuant to Section 2.08.

Section 4.09. Tax Covenants related to the 2006 Advance.

(a) The Agency shall not use or permit the use of any proceeds of the Advances or any funds of the Agency allocable to the Series A 2006 Bonds, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause this Advance Agreement allocable to the Series A 2006 Bonds or any of the Series A 2006 Bonds to be treated as an obligation not described in Section 103(a) of the Code.

(b) The Agency specifically covenants to comply with the provisions and procedures of the Agency Tax Certificate.

(c) Notwithstanding any provisions of this Section, if the Agency shall provide to the Trustee an opinion of nationally recognized bond counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest with respect to the Series A 2006 Bonds, the Agency may conclusively rely on such opinion in complying with the requirements of this section, and, notwithstanding any provisions hereof, the covenants hereunder shall be deemed to be modified to that extent.

(d) Any proceeds of the Advances or any funds of the Agency allocable to the Series B 2006 Bonds shall not be subject to this Section 4.09.

Section 4.10. Plan Limit; Annual Review of Tax Revenues. The Agency shall annually review the total amount of Tax Revenues remaining available to be received by the Agency under the Plan Limit, as well as future cumulative annual payments on the 2006 Advance, any Agreement Parity Debt and any other obligation of the Agency payable from Tax Revenues. The Agency will not accept Tax Revenues greater than the aggregate annual debt service payable by the Agency in any year if such acceptance will cause the amount remaining under the Plan Limit to fall below the remaining cumulative debt service payable from Tax Revenues, except for the

purpose of depositing such Tax Revenues in escrow for future payments or prepayments of the 2006 Advance or any Senior Debt or Agreement Parity Debt.

Section 4.11. Redevelopment of Project Area. The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Redevelopment Law. Without limiting the generality of the foregoing, the Agency covenants that it shall deposit or cause to be deposited in the Low and Moderate Income Housing Fund all amounts when, as and if required to be deposited therein pursuant to the Redevelopment Law.

Section 4.12. Disposition of Property in Project Area. The Agency will not authorize the disposition of any 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 for public ownership or use contemplated by the Redevelopment Plan in effect on the date of execution and delivery hereof, or property to be used for public streets or public off-street parking facilities or easements or rights of way for public utilities, or other similar uses) if such dispositions, together with all similar prior dispositions on or subsequent to the effective date hereof, shall comprise more than ten percent (10%) of the assessed value in the Project Area, based on the most recently equalized tax rolls of the County. If the Agency proposes to make any such disposition which, together with all similar dispositions on or subsequent to the effective date hereof, shall comprise more than ten percent (10%) of the assessed value in the Project Area, it shall appoint an Independent Redevelopment Consultant and direct such consultant to submit a report (the "Disposition Report") on the effect of such proposed disposition. If the Disposition Report concludes that the taxes from the Project Area eligible for allocation to the Agency under the Redevelopment Law will not be materially reduced by such proposed disposition, the Agency may make such proposed disposition. If the Disposition Report concludes that the taxes from the Project Area eligible for allocation to the Agency under the Redevelopment Law will be materially reduced by such proposed disposition, the Agency shall either not make such proposed disposition, or shall require that such new owner or owners either:

(1) Pay to the Agency, so long as any of the Outstanding Bonds allocable to the acquisition of the related Advances are Outstanding, an amount equal to the amount that would have been received by the Agency as Tax Revenues if such property were assessed and taxed in the same manner as privately-owned non-exempt property, which payment shall be made within thirty (30) days after taxes for each year would become payable to the taxing agencies for non-exempt property and in any event prior to the delinquency date of such taxes established by law; or

(2) Pay to the Agency a single sum equal to the amount estimated by the Agency to be receivable from taxes on such property from the date of such payment to the last maturity date of all Outstanding Bonds allocable to the acquisition of the related Advances, less a reasonable discount value.

All such payments to the Agency in lieu of taxes shall be treated as Tax Revenues and shall be deposited by the Agency as required by this Advance Agreement.

For purposes of this section, "materially reduced" means reduced to an extent that would result in an inability to satisfy the test set forth in Section 2.06(b) taking into account the proposed disposition.

Section 4.13. Amendment of Redevelopment Plan. If the Agency proposes to amend the Redevelopment Plan, it shall appoint an Independent Redevelopment Consultant and direct such consultant to submit a report (the "Amendment Report") on the effect of such proposed amendment. If the Amendment Report concludes that the taxes from the Project Area eligible for allocation to the Agency under the Redevelopment Law will not be materially reduced by such proposed amendment, the Agency may make such amendment. If the Amendment Report concludes that the taxes from the Project Area eligible for allocation to the Agency under the Redevelopment Law will be materially reduced by such proposed amendment, the Agency shall not make such proposed amendment. For purposes of this section, "materially reduced" means reduced to an extent that would result in an inability to satisfy the test set forth in Section 2.06(b) taking into account the proposed amendment.

Section 4.14. Subordinate Debt Payments. Before withdrawing any funds from the Special Fund for the purpose of making any payments or deposits with respect to Subordinate Debt in any Bond Year, the Agency shall prepare a projection of the Tax Revenues available in such Bond Year to make all of the transfers required in such Bond Year pursuant to any Senior Debt Instrument and pursuant to clause (a) of Section 3.03. The Agency further covenants that it will not withdraw any funds from the Special Fund for the purpose of making any payments or deposits with respect to Subordinate Debt in such Bond Year, except to the extent such projected Tax Revenues are sufficient to make the transfers required pursuant to any Senior Debt Instrument and under said clause (a) in such Bond Year.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default hereunder:

(a) Failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the 2006 Advance or any Agreement Parity Debt when and as the same shall become due and payable.

(b) Failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Advance Agreement, other than as referred to in the preceding clause (a), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Agency by the City; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such thirty (30) day period, the City shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Agency within such thirty (30) day period and diligently pursued until such failure is corrected.

(c) If the Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any part of its property.

(d) An event of default shall have occurred under any Agreement Parity Debt Instrument.

If an Event of Default has occurred and is continuing, the City may (a) declare the principal of the Advances, together with the accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Advance Agreement to the contrary notwithstanding, and (b) exercise any other remedies available to the City in law or at equity. This provision, however, is subject to the condition that if, at any time after the principal of the Advances 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 City a sum sufficient to pay all installments of principal of the Advances matured prior to such declaration and all accrued interest thereon, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Outstanding Bonds allocable to the acquisition of the related Advances, and the reasonable expenses of the City (including but not limited to attorneys fees), and any and all other defaults known to the City (other than in the payment of principal of and interest on the Advances due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the City or provision deemed by the City to be adequate shall have been made therefor, then, and in every such case, the City may, by written notice to the Agency, 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 5.02. Application of Funds Upon Default. All amounts received by the City pursuant to any right given or action taken by the City under the provisions of this Advance Agreement shall be applied by the City in the following order:

First, to the payment of the fees, costs and expenses of the City in declaring such Event of Default and in carrying out the provisions of this Article V, including reasonable compensation to its agents, attorneys and counsel; and

Second, to the payment of the whole amount of interest on and principal of the Advances then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds allocable to the acquisition of the related Advances; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Advances then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full,

(b) second, to the payment of principal of all installments of the Advances then due and unpaid, other than principal having come due and payable solely by reason of acceleration pursuant to Section 5.01, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full,

(c) third, to the payment of principal of the Advances then due and unpaid and having come due and payable solely by reason of acceleration pursuant to Section 5.01, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full, and

(d) fourth, to the payment of interest on overdue installments of principal and interest, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

Section 5.03. No Waiver. Nothing in this Article V or in any other provision of this Advance Agreement, 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 premium (if any) on the Advances to the City as of the respective Interest Payment Dates, as herein provided.

A waiver of any default by the City shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the City 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 City by the Redevelopment Law or by this Article V may be enforced and exercised from time to time and as often as shall be deemed expedient by the City.

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

Section 5.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the City 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.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Benefits Limited to Parties. Nothing in this Advance Agreement, expressed or implied, is intended to give to any person other than the Agency and the City, any right, remedy or claim under or by reason of this Advance Agreement. All covenants, stipulations, promises or agreements in this Advance Agreement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the City.

Section 6.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Advance Agreement either the Agency or the City 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 Advance Agreement contained by or on behalf of the Agency or the City shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 6.03. Discharge of Advance Agreement. If the Agency shall pay or cause to be paid, or shall have made provision to pay and discharge the indebtedness on the Advances or any portion thereof, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Advance Agreement or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with a trustee or otherwise, moneys sufficient for the payment of the principal of and interest and prepayment premiums (if any) on the Advances or any such portion thereof, as and when the same become due and payable, including, but not limited to, interest earned or to be earned on Federal Securities, then the lien provided for in this Advance Agreement, including, without limitation, the pledge of the Tax Revenues, and all other rights granted hereby, shall thereupon cease, terminate and become void and be discharged and satisfied, and the principal of, premium, if any, and interest on the Advances or any such portion thereof shall no longer be deemed to be outstanding and unpaid.

Any funds thereafter held by the City hereunder, which are not required for the purposes of this Section 6.03, shall be paid over to the Agency.

Section 6.04. Amendment. This Advance Agreement may be amended by the parties hereto but only if such amendment will not impair the ability of the Agency to repay the Advances. Nothing contained in this Section 6.04 is intended or shall be construed in any way to prohibit or impose any limitations on the issuance or incurrence by the Agency of any Senior Debt, Agreement Parity Debt or Subordinate Debt pursuant to Sections 2.07, 2.06 and 2.08, respectively.

Section 6.05. 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 on the Advances; but nothing contained in this Section 6.05 shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 6.06. Notices. All written notices to be given under this Advance Agreement 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 upon receipt after deposit in the United States mail, postage prepaid or, in the case of any notice to the City or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the City:

City of Sacramento
c/o City Treasurer
915 I Street
HCH, 3rd Floor #0900
Sacramento, California 95814-2704

with a copy to:

City Attorney
City of Sacramento
915 I Street, 4th Floor
Sacramento, California 95814-2704

If to the Agency:

Redevelopment Agency of the City of Sacramento
630 "I" Street
Sacramento, California 95814
Attention: Executive Director

Section 6.07. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Advance Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Advance Agreement. The Agency hereby declares that it would have adopted this Advance Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the Advance irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Advance Agreement may be held illegal, invalid or unenforceable.

Section 6.08. Governing Law. This Advance Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 6.09. Execution in Counterparts. This Advance Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Agency and the City shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO and the CITY OF SACRAMENTO, have caused this Advance Agreement to be signed by their respective officers, all as of the day and year first above written.

CITY OF SACRAMENTO

By_____
Thomas P. Friery
City Treasurer

REDEVELOPMENT AGENCY
OF THE CITY OF SACRAMENTO

By_____
Executive Director