

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO**

RECEIVED

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CITY CLERK, FRESNO CA

Oversight Board to the
Successor Agency to the Redevelopment Agency
of the City of Fresno

Executive Director
Marlene Murphey

Chair
Alan Hofmann

Members
Jeff Becker
Larry Hodges
Debbie Poochigian
Doug Vagim
Rene Watahira
Larry Westerlund

AGENCY BRIEFING REPORT

Date: January 24, 2017
To: Oversight Board Members
From: Debbie Barletta
Through: Marlene Murphey
Subject: Agenda Item VI. - Line 30 – 2001 Merger 2 Tax Allocation Bonds (formerly SW Fresno Line 2, pg 15)

Pursuant to that certain Official Statement for the \$10,000,000 Fresno Joint Powers Authority Tax Allocation Revenue Bonds Series 2001 dated March 2, 2001 and the Trust Agreement between the Fresno Joint Powers Financing Authority and BNY Western Trust Company, as Trustee, which were approved by the JPA and Agency Board on January 9, 2001, the Agency is to pay principal annually and interest semi-annually commencing on August 2001 and terminating on August 1, 2018.

Bond proceeds were used to fund Southwest Fresno Area Projects including Kearney Palms Shopping Center.

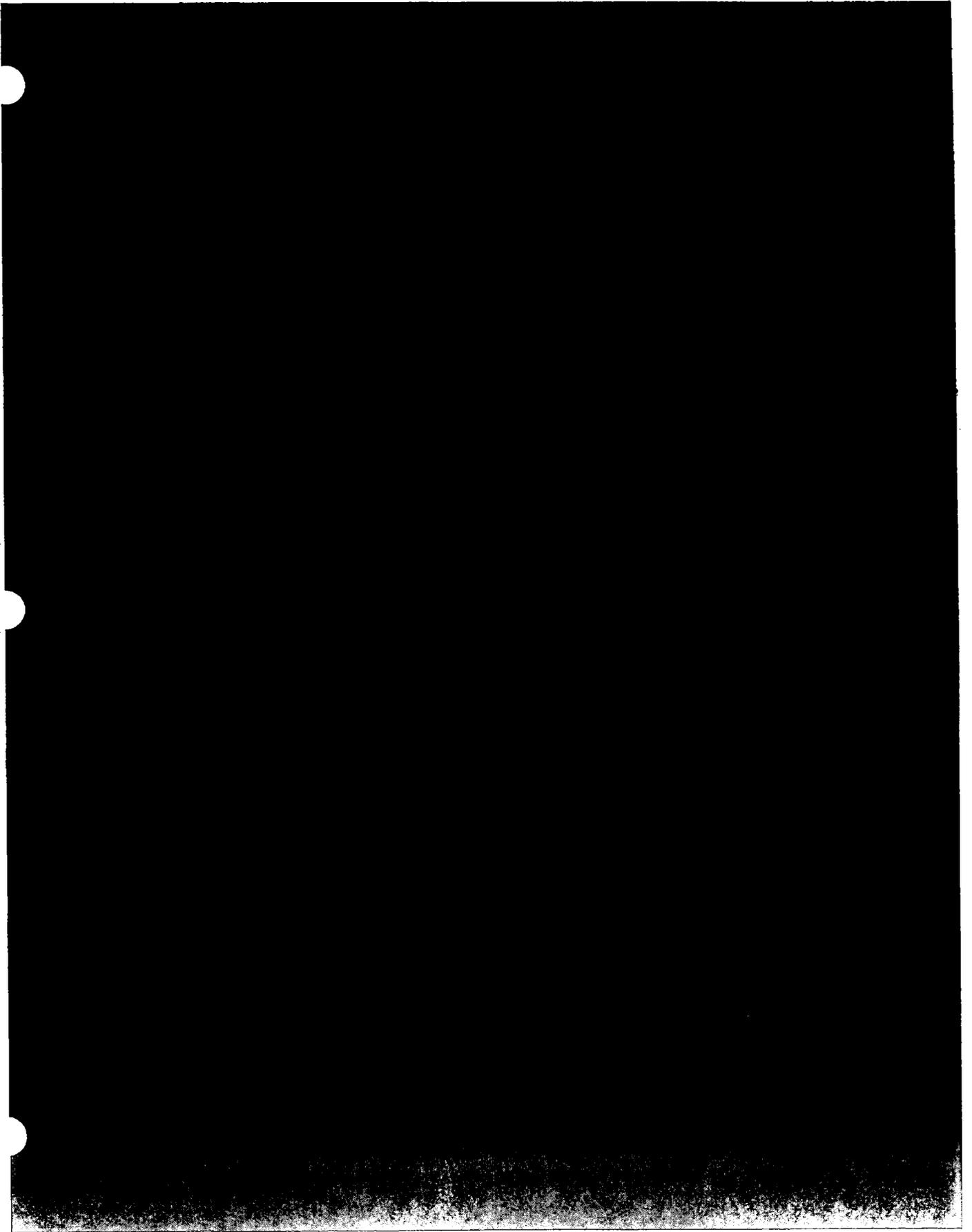
\$10,000,000
FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2001

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Tab No.	<u>Document</u>
1.	Resolution No. 10, a Resolution of the Fresno Joint Powers Financing Authority Authorizing the Issuance, Sale and Delivery of Tax Allocation Bonds; Authorizing the Procurement of Bond Insurance; Approving the Forms of a Trust Agreement, Loan Agreement, Bond Purchase Contract and an Official Statement; Authorizing the Execution and Delivery Thereof; and Authorizing the Taking of All Necessary Actions Relating to the Issuance of the Bonds adopted by the Fresno Joint Powers Financing Authority on January 9, 2001.
2.	Resolution No. 1575, a Resolution of the Redevelopment Agency of the City of Fresno Approving the Issuance by the Fresno Joint Powers Financing Authority of Not To Exceed \$10,000,000 Original Aggregate Principal Amount of Tax Allocation Bonds, Series 2001; Authorizing Execution and Delivery of a Loan Agreement; Approving the Form of Official Statement; and Authorizing Execution of Documents and the Taking of All Necessary Actions Relating to the Financing with the Fresno Joint Powers Financing Authority adopted by the Redevelopment Agency of the City of Fresno on January 9, 2001.
3.	Resolution No. 2001-29, a Resolution of the City Council of the City of Fresno Authorizing the Redevelopment Agency of the City of Fresno to enter into a Loan Agreement with the Fresno Joint Powers Financing Authority adopted by the City of Fresno on January 30, 2001.
4.	Trust Agreement between the Fresno Joint Powers Financing Authority and BNY Western Trust Company, dated as of March 1, 2001.
5.	Tax Allocation Loan Agreement between the Redevelopment Agency of the City of Fresno and the Fresno Joint Powers Financing Authority, dated as of March 1, 2001.
6.	Bond Purchase Contract between the Authority and the Underwriter and approved by the Agency, dated March 2, 2001.
7.	Preliminary Official Statement dated February 15, 2001.
8.	Agreement between the City and the Agency for the Repayment of a Portion of Certain Promissory Notes.

9. 15c2-12 Certificates.
10. Official Statement dated March 2, 2001.
11. DTC Blanket Letter of Representations.
12. Certificate of the Authority, together with Uniform Facsimile Signature Certificates of the Chairperson and Secretary of the Authority, as filed with the California Secretary of State.
13. Certified copy of Joint Exercise of Powers Agreement, dated October 25, 1988, and Amendment and Supplement Number One to Joint Exercise of Powers Agreement, by and between the City and the Agency, certified by the Secretary of the Authority, together with Notices to Secretary of State.
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FRESNO JOINT POWERS FINANCING AUTHORITY

RESOLUTION NO. 10

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION BONDS; AUTHORIZING THE PROCUREMENT OF BOND INSURANCE; APPROVING THE FORMS OF A TRUST AGREEMENT, LOAN AGREEMENT, BOND PURCHASE CONTRACT AND AN OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; AND AUTHORIZING THE TAKING OF ALL NECESSARY ACTIONS RELATING TO THE ISSUANCE OF THE BONDS

WHEREAS, the City of Fresno (the "City") and the Redevelopment Agency of the City of Fresno (the "Agency") have heretofore executed a Joint Exercise of Powers Agreement, dated October 25, 1988, as amended (the "Joint Powers Agreement"), by and between the City and the Agency, which Joint Powers Agreement creates and establishes the Fresno Joint Powers Financing Authority (the "Authority"); and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Marks-Roos Local Bond Pooling Act of 1985") and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing public capital improvements, working capital, liability and other insurance needs or projects whenever there are significant public benefits; and

WHEREAS, the Authority has determined that it is desirable and furthers the public purpose to assist in the financing and refinancing of public capital improvements within the Agency's Merger No. 2 Project Area (the "Project"), in that the Agency will benefit from demonstrable savings in the cost of financing the Project as a result of such assistance by the Authority; and

WHEREAS, in order to achieve such public purpose, the Authority desires to authorize the issuance and sale of its Fresno Joint Powers Financing Authority Tax Allocation Bonds, Series 2001, in an original aggregate principal amount not to exceed \$10,000,000 (the "Bonds"); and

WHEREAS, in order to finance and refinance the Project, the Authority desires to enter into a Loan Agreement (Merger No. 2 Project Area) (the "Loan Agreement") between the Authority and the Agency; and

WHEREAS, pursuant to the Marks-Roos Local Bond Pooling Act of 1985 and the Joint Powers Agreement, the Authority is further authorized to sell the Bonds at a negotiated sale; and

Adopted _____
Approved 11/9/01
Efflux _____

WHEREAS, the Authority desires to enter into a purchase contract for the Bonds with Sutro & Co. Incorporated (the "Underwriter"); and

WHEREAS, the Authority desires to enter into a Trust Agreement (the "Trust Agreement") with BNY Western Trust Company, as trustee (the "Trustee"), for the purpose of securing the Bonds; and

WHEREAS, there have been presented to this meeting a proposed form of preliminary official statement describing the Bonds;

NOW THEREFORE, BE IT RESOLVED by the governing board of the Fresno Joint Powers Financing Authority, as follows:

Section 1. The issuance and sale of the Fresno Joint Powers Financing Authority Tax Allocation Bonds, Series 2001, in an original aggregate principal amount not to exceed \$10,000,000, is hereby approved.

Section 2. The officers of the Authority may, if it is determined to be necessary and desirable, obtain bond insurance for the Bonds.

Section 3. The proposed form of Trust Agreement, by and between the Authority and BNY Western Trust Company, as trustee, on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The Chairperson and Vice-Chairperson of the Authority, or their designees, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver to the Trustee a trust agreement in substantially said form, with such changes therein (including, but not limited to, changes necessary to obtain bond insurance) as such officer may require or approve, subject to approval by the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof. The date, maturity date or dates (not to exceed February 1, 2019), interest rate or rates (not to exceed a true interest cost of seven percent (7%) per annum), interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in said trust agreement, as finally executed.

Section 4. The proposed form of Loan Agreement (Merger No. 2 Project Area), by and between the Authority and the Agency, on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The Chairperson and Vice-Chairperson of the Authority, or their designees, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver a loan agreement in substantially said form, with such changes therein as such officer may require or approve, subject to approval by the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The proposed form of Bond Purchase Contract with Sutro & Co. Incorporated on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The Chairperson and Vice-Chairperson of the Authority, or their designees, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver a bond purchase contract in substantially said

form, with such changes therein as such officer may require or approve, subject to approval of the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, the underwriting discount (not including original issue discount) shall not exceed two and one-quarter percent (2.25%) of the original aggregate principal amount of the Bonds.

Section 6. The proposed form of Official Statement relating to the Bonds (the "Official Statement"), on file with the Secretary of the Authority and incorporated into this Resolution by reference, is hereby approved. The Chairperson and Vice-Chairperson of the Authority, or their designees, are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver an Official Statement in substantially said form, with such changes therein as such officer may require or approve, subject to approval of the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby directed to distribute copies of the Official Statement to all actual purchasers of the Bonds. Distribution by the Underwriter of a preliminary Official Statement relating to the Bonds is hereby approved and the Chairperson and Vice-Chairperson of the Authority, or their designees, are hereby authorized and directed, jointly and severally, to execute a certificate confirming that the preliminary Official Statement has been "deemed final" by the Authority for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 7. The Bonds in an original aggregate principal amount not to exceed \$10,000,000 shall be executed by the facsimile signature of the Chairperson of the Authority and shall be countersigned by the facsimile signature of the Secretary of the Authority in the forms set forth and otherwise in accordance with the Trust Agreement.

Section 8. The officers and directors of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 9. This Resolution shall take effect upon its final passage.

PASSED AND ADOPTED this 9th day of January, 2001.

FRESNO JOINT POWERS FINANCING
AUTHORITY

By: 
Chairperson
MAYOR ALAN AUTRY

ATTEST:

REBECCA E. KLISCH
CITY CLERK


Secretary

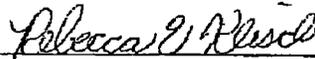
**CERTIFICATE OF THE SECRETARY OF THE
FRESNO JOINT POWERS FINANCING AUTHORITY**

I, REBECCA E. KLISCH, Secretary of the Fresno Joint Powers Financing Authority (the "Authority"), hereby certify that the foregoing Resolution No. 10 is a full, true and correct copy of a resolution duly adopted at a meeting of the Authority duly held in Fresno, California, on January 9, 2001 of which meeting all of the members of said Authority had due notice.

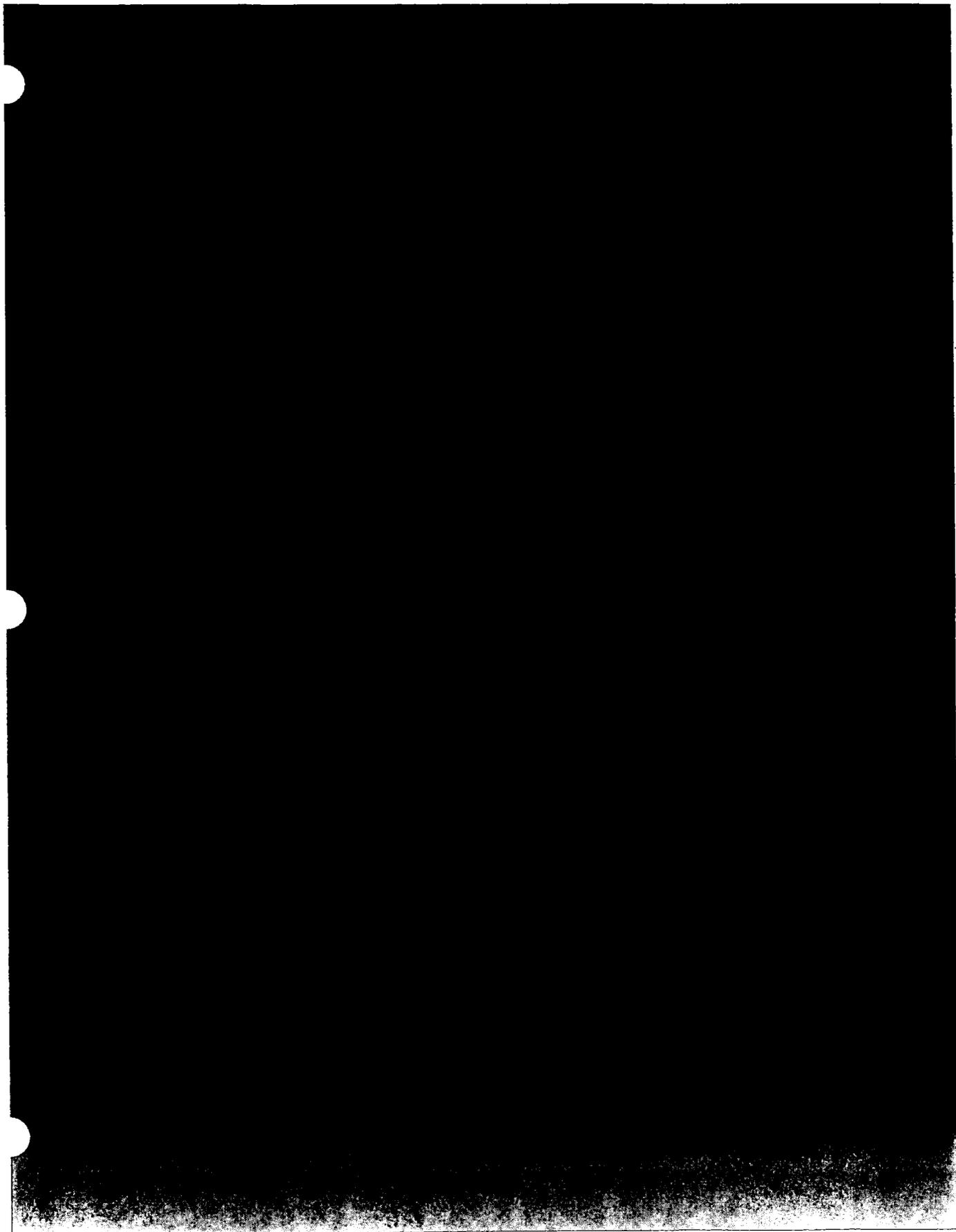
I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, correct and complete copy of the original resolution adopted at said meeting and entered in said minutes; that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption; and the same is now in full force and effect.

I further certify that an agenda of said meeting was posted at least seventy-two (72) hours before said meetings at a location freely accessible to members of the public in Fresno, California, and a brief general description of said resolution appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate this 14th day of March, 2001.



REBECCA E. KLISCH
Secretary of the Fresno
Joint Powers Financing Authority



REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

RESOLUTION NO. 1575

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO APPROVING THE ISSUANCE BY THE FRESNO JOINT POWERS FINANCING AUTHORITY OF NOT TO EXCEED \$10,000,000 ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF TAX ALLOCATION BONDS, SERIES 2001; AUTHORIZING EXECUTION AND DELIVERY OF A LOAN AGREEMENT; APPROVING THE FORM OF OFFICIAL STATEMENT; AND AUTHORIZING EXECUTION OF DOCUMENTS AND THE TAKING OF ALL NECESSARY ACTIONS RELATING TO THE FINANCING WITH THE FRESNO JOINT POWERS FINANCING AUTHORITY

WHEREAS, the City of Fresno (the "City") and the Redevelopment Agency of the City of Fresno (the "Agency") have heretofore executed a Joint Exercise of Powers Agreement, dated October 25, 1988, as amended (the "Joint Powers Agreement"), by and between the City and the Agency, which Joint Powers Agreement creates and establishes the Fresno Joint Powers Financing Authority (the "Authority"); and

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Marks-Roos Local Bond Pooling Act of 1985") and the Joint Powers Agreement, the Authority is authorized to issue bonds for financing public capital improvements, working capital, liability and other insurance needs or projects whenever there are significant public benefits; and

WHEREAS, the Agency desires to approve the Authority's issuance of not to exceed \$10,000,000 in original aggregate principal amount of Fresno Joint Powers Financing Authority Tax Allocation Bonds, Series 2001 (the "Bonds") for the purpose of financing and refinancing (including the partial repayment of loans from the City) the acquisition and construction of capital improvements in Merger No. 2 Project Area (the "Project"); and

WHEREAS, there have been submitted and are on file with the Clerk of the Agency proposed forms of the Loan Agreement (Merger No. 2 Project Area), an Official Statement with respect to not to exceed \$10,000,000 original aggregate principal amount of Bonds proposed to be sold by the Authority, a Trust Agreement by and between the Authority and BNY Western Trust Company (the "Trust Agreement") and a purchase contract for the Bonds with Sutro & Co. Incorporated; and

Adopted _____
Approved 11/9/01
Effective _____

WHEREAS, the issuance of the Bonds by the Authority and the execution and delivery of the Loan Agreement (Merger No. 2 Project Area) will result in significant public benefits through demonstrable savings in the effective interest rates and bond issuance costs expected to be paid for the bonds issued to finance the Project, and that it furthers the public purpose to assist in such financing;

NOW THEREFORE, the Redevelopment Agency of the City of Fresno hereby finds, determines, declares and resolves as follows:

Section 1. All of the recitals set forth above are true and correct, and the Agency so finds and determines.

Section 2. The Agency hereby approves the issuance of the Bonds by the Authority, in an original aggregate principal amount not to exceed \$10,000,000 to finance or refinance (including the partial repayment of loans from the City) the Project in Merger No. 2 Project Area.

Section 3. The proposed form of Loan Agreement (Merger No. 2 Project Area), by and between the Agency and the Authority, on file with the Clerk of the Agency, is hereby approved. The Executive Director or his designee is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver a loan agreement in substantially said form, with such changes therein as such officer may require or approve, subject to review by the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed form of Bond Purchase Contract with Sutro & Co. Incorporated, on file with the Clerk of the Agency, is hereby approved. The Executive Director or his designee is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver a bond purchase contract in substantially said form, with such changes therein as such officer may require or approve, subject to review by the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The proposed form of Official Statement relating to the Bonds (the "Official Statement"), on file with the Clerk of the Agency is hereby approved. The Executive Director, or his designee, is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver an Official Statement in substantially said form, with such changes therein as such officer may require or approve, subject to approval of the City Attorney's Office, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby directed to distribute copies of the Official Statement to all actual purchasers of the Bonds. Distribution by the Underwriter of a preliminary Official Statement relating to the Bonds is hereby approved and the Executive Director of the Agency, or his designee, is hereby authorized and directed to execute a certificate confirming that the preliminary Official Statement has been "deemed final" by the Agency for purposes of Securities and Exchange Commission Rule 15c2-12.

Section 6. The officers and staff of the Agency are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the

execution and delivery of the documents mentioned herein and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby, including but not limited to obtaining bond insurance and providing for convertible capital appreciation bonds (if any).

Section 7. The Executive Director or his designee is hereby authorized on behalf of the Agency to execute a Continuing Disclosure Certificate containing such covenants of the Agency as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate.

Section 8. All actions heretofore taken by the officers and agents of the Agency with respect to the financing or refinancing of the Project are hereby ratified, confirmed and approved.

Section 9. This Resolution shall take effect upon its final passage.

PASSED AND ADOPTED this 9th day of January, 2001 by the following vote:

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, REBECCA E. KLISCH, City Clerk of the City of Fresno and Ex-Officio Clerk of the Redevelopment Agency of the City of Fresno, certify that the foregoing resolution was adopted by the Redevelopment Agency of the City of Fresno, at a regular meeting held on the 9th day of January, 2001.

AYES : Boyajian, Calhoun, Castillo, Duncan, Quintero, Ronquillo, Perea
NOES : None
ABSENT : None
ABSTAIN : None

REBECCA E. KLISCH
City Clerk and Ex-Officio Clerk of the
Redevelopment Agency of the City of Fresno

By: Rebecca E. Klisch
Deputy

APPROVED AS TO FORM
CITY ATTORNEY'S OFFICE

By: [Signature]
Deputy

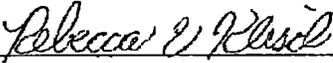
CERTIFICATE OF THE EX-OFFICIO CLERK OF THE
REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

I, REBECCA E. KLISCH, City Clerk of the City of Fresno and Ex-Officio Clerk of the Redevelopment Agency of the City of Fresno (the "Agency"), hereby certify that the foregoing is a full, true and correct copy of Resolution No. 1575, adopted by the Agency on January 9, 2001.

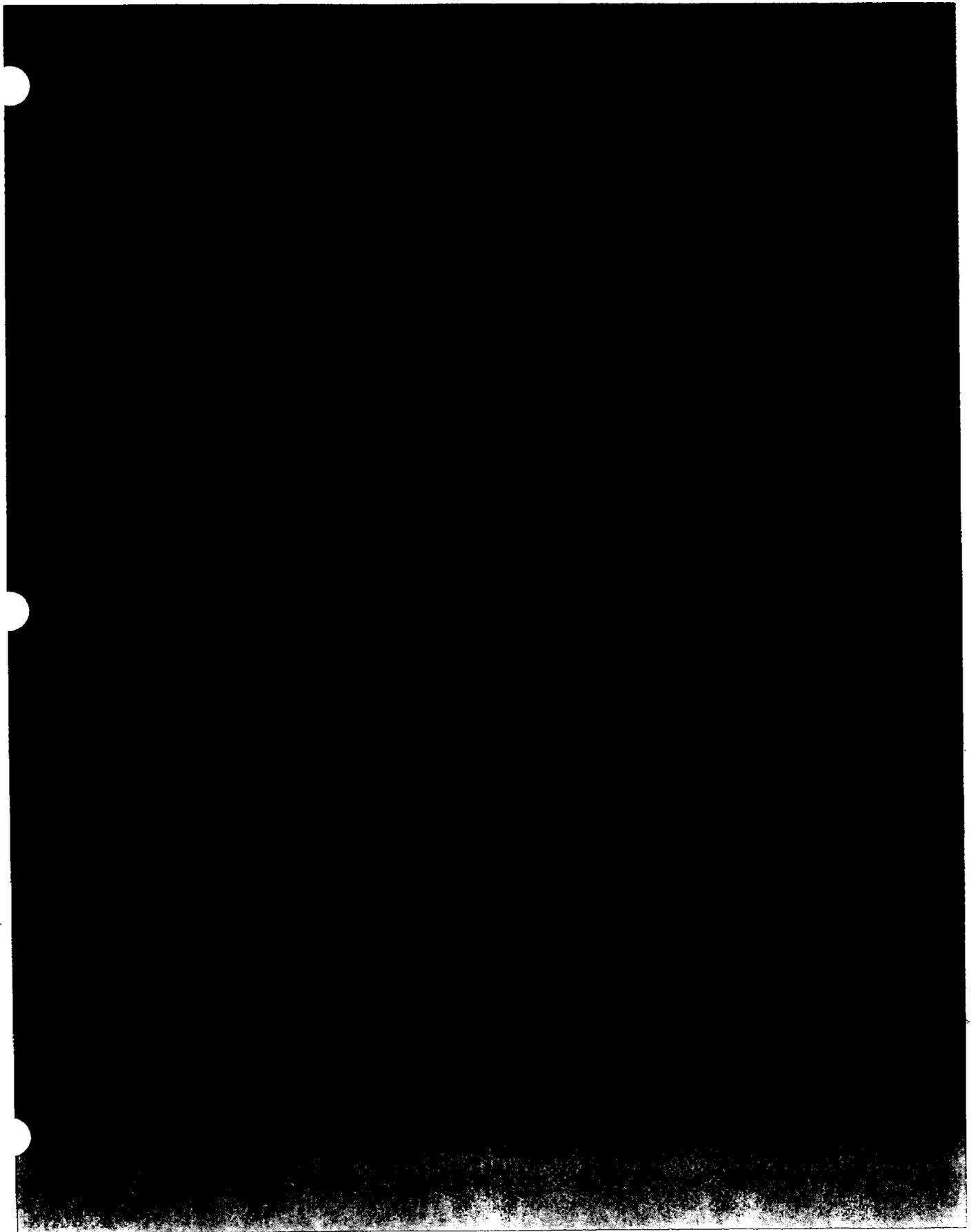
I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, correct and complete copy of the Resolution adopted at said meeting and entered in said minutes; that the Resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption; and that the Resolution is now in full force and effect.

I further certify that an agenda of said meeting was posted at least seventy-two (72) hours before said meeting at a location fully accessible to members of the public in Fresno, California, and a brief general description of the Resolution appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate this 14th day of March, 2001.



REBECCA E. KLISCH
City Clerk and Ex-Officio Clerk of the
Redevelopment Agency of the City of Fresno



CITY COUNCIL OF THE CITY OF FRESNO

RESOLUTION NO. 2001-29

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRESNO
AUTHORIZING THE REDEVELOPMENT AGENCY OF THE CITY OF
FRESNO TO ENTER INTO A LOAN AGREEMENT WITH THE FRESNO
JOINT POWERS FINANCING AUTHORITY**

WHEREAS, the City Council finds and determines that there will be significant public benefits for the Redevelopment Agency of the City of Fresno (the "Agency") to obtain a loan from the Fresno Joint Powers Financing Authority (the "Authority") in an amount not to exceed \$10,000,000 to finance or refinance the redevelopment activities within the Merger No. 2 Project Area (the "JPA Loan"); and

WHEREAS, for the purpose of repaying the JPA Loan, the Agency has proposed to enter into a Tax Allocation Loan Agreement (Merger No. 2 Project Area) with the Authority, (the "JPA Loan Agreement"), under the terms and conditions of which the Agency shall repay the JPA Loan from tax increment revenues generated from its Merger No. 2 Project Area;

WHEREAS, there have been submitted and are on file with the City Clerk a proposed form of the Tax Allocation Loan Agreement (Merger No. 2 Project Area);

NOW THEREFORE, the City Council of the City of Fresno hereby finds, determines, declares and resolves as follows:

Section 1. All of the recitals set forth above are true and correct, and the City Council so finds and determines.

Section 2. The City Council hereby authorizes the Agency to enter into the Tax Allocation Loan Agreement (Merger No. 2 Project Area) with the Authority for the repayment of the JPA Loan.

Section 3. This Resolution shall take effect upon its final passage.

PASSED AND ADOPTED this 30th day of January, 2001 by the following
vote:

Adopted _____
moved 1/30/01
Effective _____

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the City Council of the City of Fresno, at a regular meeting held on the 30th day of January, 2001.

AYES : Boyajian, Castillo, Duncan, Quintero, Ronquillo, Perea
NOES : None
ABSENT : Calhoun
ABSTAIN : None

Mayor Approval: _____ N/A _____, 2001
Mayor Approval/No Return: _____ N/A _____, 2001
Mayor Veto: _____ N/A _____, 2001
Council Override Vote: _____ N/A _____, 2001

REBECCA E. KLISCH
City Clerk

By: Rebecca E. Klisch
Deputy

APPROVED AS TO FORM
CITY ATTORNEY'S OFFICE

By: [Signature]
Deputy

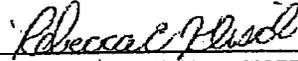
CERTIFICATE OF THE CITY CLERK OF THE CITY OF FRESNO

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2001-29, adopted by the City Council on January 30, 2001.

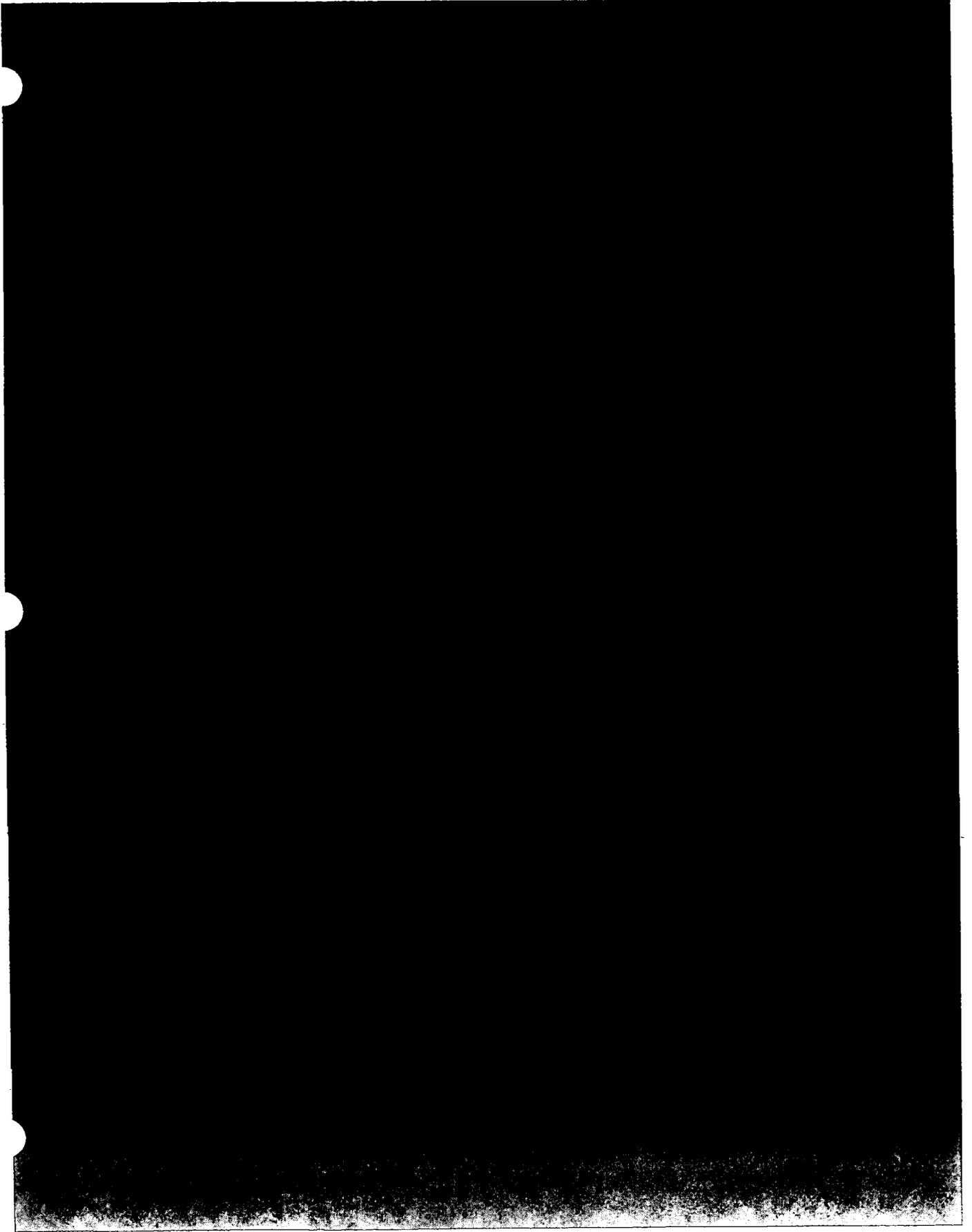
I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, correct and complete copy of the original resolution adopted at said meeting and entered in said minutes; ~~that~~ said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption; and that said resolution is now in full force and effect.

I further certify that an agenda of said meeting was posted at least seventy-two (72) hours before said meeting at a location fully accessible to members of the public in Fresno, California, and a brief general description of said resolution appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate this 14th day of March, 2001.



REBECCA E. KLISCH,
City Clerk of the City of Fresno



TRUST AGREEMENT

between the
FRESNO JOINT POWERS FINANCING AUTHORITY
and
BNY WESTERN TRUST COMPANY,
as Trustee

Dated as of March 1, 2001

relating to

**\$10,000,000 Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds,
Series 2001**

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THIS TRUST AGREEMENT made and entered into as of March 1, 2001 (the "Trust Agreement") by and between BNY WESTERN TRUST COMPANY, a banking corporation duly organized and existing under and by virtue of the laws of the State of California, as Trustee (the "Trustee") and the FRESNO JOINT POWERS FINANCING AUTHORITY (the "Authority"), a public entity and agency, duly organized and existing pursuant to an Agreement entitled "Joint Exercise of Powers Agreement by and between the City of Fresno and the Redevelopment Agency of the City of Fresno,"

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to issue bonds to assist local agencies in financing public capital improvements whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the Redevelopment Agency of the City of Fresno (the "Agency") has determined that the consummation of the transactions contemplated in the Loan Agreement (as hereinafter defined) and this Trust Agreement will result in significant public benefits;

WHEREAS, the Agency and the Authority have agreed to enter into the Loan Agreement to assist in financing or refinancing certain public capital improvements for the Agency; and

WHEREAS, the Authority is empowered pursuant to the Loan Agreement and the aforementioned Article 4 to finance said improvements through the issuance of its bonds;

WHEREAS, the Authority has authorized the issuance of its Tax Allocation Revenue Bonds, Series 2001 in an aggregate principal amount of ten million dollars (\$10,000,000) (the "Bonds");

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement;

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Authority payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto 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 Trust Agreement have been in all respects duly authorized;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

Act

The term "Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

Agency

The term "Agency" means the Redevelopment Agency of the City of Fresno, a public body, corporate and politic, organized and existing pursuant to the Law.

Annual Debt Service; Average Annual Debt Service; Maximum Annual Debt Service.

The term "Annual Debt Service" means, for each Bond Year, the sum of (1) the interest (including any compound interest) payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled, (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year (together with the redemption premiums, if any, thereon), and (3) the minimum amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

The term "Average Annual Debt Service" means the average Bond Year Annual Debt Service over all Bond Years.

The term "Maximum Annual Debt Service" means the largest Annual Debt Service during the period from the date of such determination through the final maturity date of any Outstanding Bonds.

Authority

The term "Authority" means the Fresno Joint Powers Financing Authority created pursuant to the Act and its successors and assigns in accordance herewith.

Bonds, Serial Bonds, Term Bonds

The term "Bonds" means all bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article II.

The term "Serial Bonds" means Bonds for which no sinking fund payments are provided.

The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Insurer

The term "Bond Insurer" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

Bond Insurance Policy

The term "Bond Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

Bond Year

The term "Bond Year" means the twelve-month period ending on August 1 of each year to which reference is made.

Business Day

The term "Business Day" means any day other than a Saturday or Sunday or day upon which the Trustee is authorized by law to remain closed.

Certificate of the Authority

The term "Certificate of the Authority" means an instrument in writing signed by or on behalf of the Authority by its Chairperson, Secretary or Treasurer, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf hereunder.

City

The term "City" means the City of Fresno, a charter city municipal corporation duly organized and existing pursuant to its Charter and the Constitution of the State.

Code

The term "Code" means the Internal Revenue Code of 1986, as amended.

Continuing Disclosure Certificate

The term "Continuing Disclosure Certificate" means the Continuing Disclosure Certificate dated March 14, 2001, executed by the Agency on behalf of the Authority, as originally executed as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Costs of Issuance

The term "Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency or the Authority and related to the authorization, execution and delivery of the Loan Agreement, the Trust Agreement, the Continuing Disclosure Certificate and the sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriter, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other cost, charge or fee in connection with the original execution and delivery of the Bonds.

Costs of Issuance Fund

The term "Costs of Issuance Fund" means the fund by that name established pursuant to Section 2.11(b).

Financial Newspaper

The term "Financial Newspaper" means The Wall Street Journal or The Bond Buyer, or any other newspaper or journal printed in the English language, publishing financial news and selected by the Trustee, who shall be under no liability by reason of such selection.

Fiscal Year

The term "Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with applicable law.

Holder

The term "Holder" means any person who shall be the registered owner of any Outstanding Bond.

Independent Certified Public Accountant

The term "Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom --

- (1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and
- (3) is not connected with the Authority as a member, officer or employee of the Authority, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority.

Information Services

The term "Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 17302, Attention: Editor; Kenny Information Services' "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's Investors Service's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard & Poor's "Called Bond Service," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

Interest Payment Date

The term "Interest Payment Date" means a date on which interest is due on the Bonds, being February 1 and August 1 of each year to which reference is made, commencing on August 1, 2001.

Joint Powers Agreement

The term "Joint Powers Agreement" means the Joint Exercise of Powers Agreement by and between the City of Fresno and the Redevelopment Agency of the City of Fresno, dated October 25, 1988, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Law

The term "Law" means the Community Redevelopment Law, being Division 24 (commencing with Section 33000) of the Health and Safety Code of the State.

Loan Agreement

The term "Loan Agreement" means the Loan Agreement (Merger No. 2 Project Area), dated as of March 1, 2001, by and between the Authority and the Agency, as originally executed as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Loan Payments

The term "Loan Payments" means payments designated as "Loan Payments" under the Loan Agreement.

Opinion of Counsel

The term "Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

Outstanding

The term "Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds except

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

Permitted Investments

The term "Permitted Investments" means any of the following obligations if and to the extent that, at the time of making such investment, they are permitted by applicable law:

- (1) Direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America;
- (2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
 - Export-Import Bank
 - Farm Credit System Financial Assistance Corporation
 - Rural Economic Community Development Administration (formerly the Farmers Home Administration)

- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates and subsidiaries) which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" by S&P, including such funds for which the Trustee or an affiliate of the Trustee acts as an investment advisor or provides other services;

(7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated based on an irrevocable escrow account or fund (the "escrow") in the highest rating category of S&P and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of at least "A2/A" or higher by both Moody's and S&P;

(9) Investment agreements approved in writing by the Bond Insurer; and

(10) Other forms of investment (including repurchase agreements) approved in writing by the Bond Insurer.

The value of the above investments shall be determined as follows:

"Value", which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) For securities:

- (1) the closing bid price quoted by Interactive Data Systems, Inc.; or
- (2) a valuation performed by a nationally recognized and accepted pricing service acceptable to the Bond Insurer whose valuation method consists of the composite average of various bid price quotes on the valuation date; or
- (3) the lower of two dealer bids on the valuation date. The dealers or their parent holding companies must be rated at least investment grade by Moody's and S&P and must be market makers in the securities being valued.

(b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest;

(c) As to any investment not specified above: the value thereof established by prior agreement between the Authority, the Trustee and the Bond Insurer; and

(d) Alternatively, the value of the above investments shall be determined as of the end of each month by the manner currently employed by the Trustee or any other manner consistent with industry standard.

Rating Agency

"Rating Agency" means Standard & Poor's Ratings Services or, in the event that Standard & Poor's Ratings Services no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Standard & Poor's Ratings Services or other nationally recognized rating agency then maintains a rating on the Bonds.

Record Date

The term "Record Date" means, with respect to an Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date.

Representation Letter

The term "Representation Letter" means the blanket letter of representations of the Authority to The Depository Trust Company, New York, New York.

Reserve Account Requirement

The term "Reserve Account Requirement" means, as of any date of calculation by the Authority, an amount equal to the lesser of (i) ten percent (10%) of the initial aggregate principal amount of the Bonds (ii) one hundred twenty-five percent (125%) of the Average Annual Debt Service on all Outstanding Bonds, or (iii) Maximum Annual Debt Service on all Outstanding Bonds.

Revenue Fund

The term "Revenue Fund" means the fund by that name established and maintained by the Trustee pursuant to Section 4.02, together with all funds and accounts established therein.

Revenues

The term "Revenues" means all Loan Payments received by the Trustee pursuant to the Loan Agreement (but not Additional Payments) and all interest or other income from any investment, pursuant to Section 4.05, of any money in the Revenue Fund.

Securities Depositories

The term "Securities Depositories" means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; or such other addresses and/or such other securities depositories as the Authority may designate to the Trustee.

State

The term "State" means the State of California.

Supplemental Trust Agreement

The term "Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

Tax Certificate

The term "Tax Certificate" means the Tax Certificate delivered by the Agency and the Authority at the time of the issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with its terms.

Trust Agreement

The term "Trust Agreement" means this Trust Agreement, dated as of March 1, 2001, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

Trustee

The term "Trustee" means BNY Western Trust Company, or any other association or corporation which may at any time be substituted in its place as provided in Section 6.01.

Written Request of the Authority

The term "Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its Chairperson, Secretary or Treasurer, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf hereunder.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Holders thereof, the Trust Agreement shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of all the Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Holders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of

the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

ISSUANCE OF BONDS; GENERAL BOND PROVISIONS

SECTION 2.01. Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to issue the Bonds in the form and manner provided herein for the purpose of providing funds to finance the Project, and that the Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

SECTION 2.02. Terms of the Bonds.

(a) The Bonds shall be designated "Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001" and shall be in the aggregate principal amount of ten million dollars (\$10,000,000). The Bonds shall be dated as of March 14, 2001, shall be issued only in fully registered form in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time), and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the following schedule:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2001	\$ 115,000	4.00%
2002	300,000	4.00
2003	315,000	4.00
2004	475,000	4.00
2005	495,000	4.00
2006	510,000	4.00
2007	530,000	4.00
2008	555,000	4.00
2009	575,000	4.00
2010	595,000	4.00
2011	625,000	4.10
2012	645,000	4.20
2013	675,000	4.30
2015	Term Bond 1,445,000	5.50
2018	Term Bond <u>2,145,000</u>	5.25
	<u>\$10,000,000</u>	

(b) The principal of the Bonds shall be payable in lawful money of the United States of America at the corporate trust office of the Trustee in Los Angeles, California or such other place as designated by the Trustee. The Bonds shall bear interest at the rates (based on a 360-day year of twelve 30-day months) set forth above, payable on August 1, 2001, and semiannually thereafter on February 1 and August 1 in each year. The Bonds shall bear interest from the interest payment date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such interest payment date, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event they shall bear interest from March 14, 2001; provided, however, that if at the time of authentication of any Bond interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the Bonds registration books kept by the Trustee pursuant to Section 2.08 as the registered owner thereof as of the close of business on the Record Date for an interest payment date, whether or not such day is a Business Day, such interest to be paid by check mailed on the Interest Payment Date by first-class mail to such registered owner at the address as it appears in such books; provided that upon the written request of a Holder of \$1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds to an account within the United States. Payment of the principal of the Bonds shall be made upon the surrender thereof at maturity or on redemption prior to maturity at the corporate trust office of the Trustee in Los Angeles, California or such other place as designated by the Trustee.

SECTION 2.03. Redemption of Bonds.

(a) Optional Redemption of Bonds. Bonds maturing on or after August 1, 2011 are subject to optional redemption prior to their respective stated maturities at the written direction of the Authority, from funds derived by the Authority from any source as a whole or in part on any date (in such maturities as are designated in writing by the Authority to the Trustee) on or after August 1, 2010, at the following redemption prices (expressed as percentages of the principal amount of Bonds), together with accrued interest to the date fixed for redemption:

<u>Redemption Period</u> <u>(dates inclusive)</u>	<u>Redemption Price</u>
August 1, 2010 through July 31, 2011	102%
August 1, 2011 through July 31, 2012	101
August 1, 2012 and thereafter	100

In the event of redemption of Bonds, the Trustee shall mail a notice of redemption upon receipt of a Written Request of the Authority but only after the Authority shall file a Certificate of the Authority with the Trustee that on or before the date set for redemption, the Authority shall have deposited with or otherwise made available to the Trustee for deposit in the Principal Account the money required for payment of the redemption price, including accrued

interest, of all Bonds then to be called for redemption (or the Trustee determines that money will be deposited with or otherwise made available to it in sufficient time for such purpose), together with the estimated expense of giving such notice.

(b) Mandatory Sinking Fund Redemption of Bonds. Term Bonds maturing on August 1, 2015 and August 1, 2018 shall also be subject to mandatory sinking fund redemption prior to maturity, in part on August 1 of each year on and after August 1, 2014 and August 1, 2016, respectively, by lot, from and in the amount of the Mandatory Sinking Account payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

Series 2001 Term Bonds of August 1, 2015

<u>Date</u> <u>(August 1)</u>	<u>Mandatory Sinking</u> <u>Account Payment</u>
2014	\$705,000
2015 (Maturity)	740,000

Series 2001 Term Bonds of August 1, 2018

<u>Date</u> <u>(August 1)</u>	<u>Mandatory Sinking</u> <u>Account Payment</u>
2016	\$785,000
2017	825,000
2018 (Maturity)	535,000

If some but not all of either the 2015 Term Bonds or the 2018 Term Bonds have been redeemed pursuant to Section 2.03(a), the total amount of all future mandatory sinking fund payments relating to the 2015 Term Bonds or the 2018 Term Bonds, respectively, shall be reduced by the aggregate principal amount of the 2015 Term Bonds or the 2018 Term Bonds, respectively, so redeemed, to be allocated among the related mandatory sinking fund payments on a pro rata basis in integral multiples of \$5,000.

(c) Selection of Bonds for Redemption. If less than all Outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption. For purposes of such selection, Bonds shall be deemed to be composed of \$5,000 multiples and any such multiple may be separately redeemed.

(d) Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and

(iii) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services shall be given by registered mail, e-mail, first class mail or overnight delivery or facsimile transmission. Each notice of redemption shall state the date of such notice, the redemption price, if any, (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price, if any, thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect therein shall not invalidate any of the proceedings taken in connection with such redemption.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

(e) Cancellation of Redeemed Bonds. All Bonds redeemed pursuant to the provisions of this section shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Authority, if it so requests, and shall not be reissued.

(f) Right to Rescind Optional Redemption. The Authority (at the direction of the Agency) shall have the right to rescind any optional redemption by written notice of rescission. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Trustee shall mail notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

SECTION 2.04. Form of Bonds. The Bonds and the authentication endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto attached and by this reference herein incorporated.

SECTION 2.05. Execution of Bonds. The Chairperson of the Authority is hereby authorized and directed to execute each of the Bonds on behalf of the Authority and the Secretary of the Authority is hereby authorized and directed to countersign each of the Bonds on behalf of the Authority. The signatures of such Chairperson and Secretary may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Bonds.

Only those Bonds bearing thereon a certificate of authentication in the form hereinbefore recited, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

SECTION 2.06. Transfer and Payment of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bonds for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same maturity for a like aggregate principal amount. The Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

The Authority and the Trustee may deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bonds shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bonds shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bonds to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of or exchange any Bond during the period established by the Trustee for selection of Bonds for redemption or any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 2.03.

SECTION 2.07. Exchange of Bonds. Bonds may be exchanged at the corporate trust office of the Trustee or such other place as designated by the Trustee for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Trustee shall require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority.

SECTION 2.08. Bond Registration Books. The Trustee will keep at its corporate trust office sufficient books for the registration and transfer of the Bonds which shall during normal business hours with reasonable notice be open to inspection by the Authority, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Bonds. If any Bond shall become mutilated the Trustee at the expense of the Holder shall thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Holder, shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued under this Section 2.09 and of the expenses which may be incurred by the Authority and the Trustee relating thereto. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Bonds of the same series secured by this Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

SECTION 2.10. Temporary Bonds. The Bonds issued under this Trust Agreement may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the Authority, in accordance with the terms of the Act. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the corporate trust office of the Trustee in Los Angeles, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Trust Agreement as definitive Bonds delivered hereunder.

SECTION 2.11. Procedure for the Issuance of Bonds. At any time after the sale of the Bonds in accordance with the Act, the Authority shall execute the Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the Authority and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Bonds from the purchaser thereof, the Trustee shall set aside and deposit the proceeds received from such sale in the following respective accounts or funds or with the following respective persons, in the following order of priority. The Bond proceeds shall be deposited as follows:

(a) The Trustee shall deposit in the Reserve Account within the Revenue Fund established pursuant to Section 4.03 a sum of \$899,227.50, equaling the Reserve Account Requirement.

(b) The Trustee shall deposit \$175,386.16 in the Costs of Issuance Fund, which account and fund are hereby created and which the Authority hereby agrees to maintain with the Trustee until July 1, 2001. All money in the Costs of Issuance Fund shall be used and withdrawn by the Authority to pay the Costs of Issuance of the Bonds upon receipt of a Written Request of the Authority filed with the Trustee, each of which shall be sequentially numbered and shall state 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 July 1, 2001, or upon the earlier Written Request of the Authority, any remaining balance in the Costs of Issuance Fund shall be transferred to the Agency.

(c) The Trustee shall transfer to the Agency the sum of \$8,854,483.14 to be deposited in the Project Account (Merger No. 2 Project Area) pursuant to the Loan Agreement.

SECTION 2.12. Validity of Bonds. The validity of the issuance of the Bonds shall not be dependent on or affected in any way by the proceedings taken by the Authority for the financing of the Project or by any contracts made by the Authority or its agents in connection therewith, and shall not be dependent upon the completion of the Project or upon the performance by any person, firm or corporation of his or its obligation with respect thereto. The recital contained in the Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

SECTION 2.13. Special Covenants as to Book-Entry Only System for Bonds.

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.13, all of the Bonds initially issued shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Bond registered in the name of Cede & Co. shall be made on each interest payment date for such Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of such Bonds, representing the aggregate principal amount of the Bonds of such maturity. Upon initial issuance, the ownership of all such Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.08 hereof in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders hereunder, registering the transfer of Bonds, obtaining any

consent or other action to be taken by Bondholders of the Bonds and for all other purposes whatsoever, and neither the Trustee nor the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor the Authority nor any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.13, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Bondholder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds, (iii) any notice which is permitted or required to be given to Holders of Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by DTC as Holder of Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 2.13.

(c) In the event that the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain bond certificates, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.13. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.13. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Bonds then Outstanding. In such event, the Bonds will be transferable to such securities depository in accordance with subsection (f) of this Section 2.13, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Trustee is hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor

depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Trust Agreement.

(f) In the event that any transfer or exchange of Bonds is authorized under subsection (b) or (c) of this Section 2.13, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07 hereof. In the event Bond certificates are issued to Holders other than Cede & Co., its successor as nominee for DTC as holder of all the Bonds, another securities depository as holder of all the Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 hereof shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal of, premium, if any, and interest on the Bonds.

ARTICLE III

NO ADDITIONAL BONDS

SECTION 3.01. No Additional Bonds. The Authority covenants that it will not issue any additional bonds or other indebtedness hereunder or otherwise secured by any of the payments made under the Loan Agreement; provided that nothing herein shall prevent the Authority or the Agency from issuing or otherwise incurring additional obligations as permitted by the Loan Agreement.

ARTICLE IV

REVENUES

SECTION 4.01. Pledge of Revenues. All Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in the Revenue Fund are hereby irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided herein, and the Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a first pledge of and charge and lien upon the Revenues and all other moneys on deposit in the Revenue Fund for the payment of the interest on and principal of the Bonds in accordance with the terms hereof and thereof. In Section 5.07 hereof, the Authority assigned to the Trustee all of the Authority's rights and remedies under the Loan Agreement; such assignment shall confer no duties or obligations of the Authority upon the Trustee and shall be subject to the provisions of this Trust Agreement.

SECTION 4.02. Receipt and Deposit of Revenues in the Revenue Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, the Authority agrees and covenants as follows:

(a) All Revenues when and as received shall be received by the Authority in trust hereunder for the benefit of the Holders of the Bonds and shall be transferred when and as

received by the Authority to the Trustee for deposit in the Revenue Fund (the "Revenue Fund"), which fund is hereby created and which fund the Authority hereby agrees and covenants to maintain with the Trustee so long as any Bonds shall be Outstanding hereunder.

(b) All Revenues shall be accounted for through and held in trust in the Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided.

(c) All Revenues, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

SECTION 4.03. Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. Subject to Section 5.03, all money in the Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Revenue Fund (each of which is hereby created and each of which the Trustee hereby covenants and agrees to cause to be maintained) in the following order of priority:

- (a) Interest Account,
- (b) Principal Account, and
- (c) Reserve Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section.

(a) **Interest Account.** On each February 1 and August 1, commencing on August 1, 2001, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on such February 1 or August 1, as the case may be.

No deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(b) **Principal Account.** On each August 1, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the principal amount (including the payment of principal with respect to any mandatory redemption) of all Outstanding Bonds maturing on such August 1.

No deposit need be made in the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Bonds maturing by their terms on such August 1.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Reserve Account. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Bonds or for the retirement of all the Series 2001 Bonds then Outstanding, except that so long as the Authority is not in default hereunder, any cash amounts in the Reserve Account in excess of Reserve Account Requirement shall be withdrawn from the Reserve Account and deposited in the Revenue Fund on each February 1 and August 1. For purposes of determining the amount on deposit in the Reserve Account, the Trustee shall value on the last Business Day of each January and July those amounts invested in Permitted Investments at the market value thereof.

SECTION 4.04. Reserve Surety Policies and Letters of Credit. The Authority may satisfy the Reserve Account Requirement at any time by the deposit with the Trustee for the credit of the Reserve Account of a surety bond, an insurance policy or letter of credit as described below, or any combination thereof.

(a) Surety Bond or Insurance Policy. A surety bond or insurance policy issued to the Trustee, on behalf of the Holders of the applicable series of Bonds, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the applicable series of Bonds (a "municipal bond insurer") may be deposited in the Reserve Account to meet the Reserve Account Requirement if the claims paying ability of such municipal bond insurer shall be rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's.

If the claims paying ability of a municipal bond insurer falls below an "Aaa" rating by Moody's Investors Service or an "AAA" rating by Standard & Poor's, the Authority will use its best efforts to procure a replacement surety bond or insurance policy within 30 days from the date of the decline in such claims paying ability, meeting the requirements set forth above to the extent that, in the judgment of the Authority, such a substitute or replacement surety bond or insurance policy is available upon reasonable terms and at a reasonable cost, or will use its best efforts to deposit into the Reserve Account a letter of credit meeting the requirements of this Section 4.04 in order to provide that there will be on deposit in the Reserve Account an amount equal to the Reserve Account Requirement.

(b) Letter of Credit. A letter of credit may be deposited in the Reserve Account to meet the Reserve Account Requirement provided that any such letter of credit must be issued or confirmed by a state or national bank or a foreign bank with an agency or branch located in the continental United States which has outstanding an issue of unsecured long term debt securities

rated at least equal to the second highest rating category (disregarding rating subcategories) by Moody's Investors Service and Standard & Poor's, but in no event less than the rating on the Bonds given by any rating agency which has a then currently effective rating on the Bonds.

In the event that unsecured long-term debt securities of the state, national or foreign bank which has issued or confirmed any letter of credit are downgraded by Moody's Investors Service or Standard & Poor's to a rate below the requirements set forth above, the Authority will use its best efforts to obtain a substitute or replacement letter of credit within 30 days from the date of such downgrading from a state, national or foreign bank meeting the requirements set forth above, to the extent that, in the judgment of the Authority, such a substitute or replacement letter of credit is available upon reasonable terms and at a reasonable cost, or will use its best efforts to deposit into the Reserve Account a replacement surety bond or insurance policy meeting the requirements of this Section 4.04 in order to provide that there will be on deposit in the Reserve Account an amount equal to the Reserve Account Requirement.

Unless the Bonds have been fully paid and retired, the Trustee shall draw the full amount of any letter of credit credited to the Reserve Account on the third Business Day preceding the date such letter of credit (taking into account any extension, renewal or replacement thereof) would otherwise expire, and shall deposit moneys realized pursuant to such draw in the Reserve Account.

(c) Release of Moneys in Reserve Accounts. If the Authority replaces a cash-funded Reserve Account, in whole or in part, with a surety bond, insurance policy or letter of credit meeting the requirements of either (a) or (b) above, amounts on deposit in the Reserve Account shall, upon written request of the Authority to the Trustee, be transferred to the Authority and applied for the acquisition, construction, installation or equipping of public capital improvements for the Project Area; provided, such transfer shall be conditioned on the receipt by the Authority and Trustee of an Opinion of Counsel that such transfer will not cause the interest on the Bonds to be included in gross income for purposes of federal income taxation.

SECTION 4.05. Deposit and Investments of Money in Accounts and Funds. All money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested in Permitted Investments at the Written Request of the Authority, and the Authority shall comply with the requirements and covenants as set forth in Section 5.03. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder; provided, however, that moneys in the Reserve Account shall be invested in Permitted Investments with a term to maturity not exceeding five (5) years except for a repurchase agreement or an investment agreement so long as either allows for the withdrawal of monies at par for any purpose required by the Trust Agreement.

The Trustee may commingle the funds and accounts established hereunder for investment purposes, but shall account for each separately. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fees therefor. In the absence of written investment instructions from the Authority, the Trustee shall (i) notify the Authority in writing that it does not have investment instructions, and (ii) until such instructions are received, invest in those investments described in clause (6) of the definition of Permitted Investments. The Trustee shall not be liable for any loss for any

investment made in accordance with this Section 4.05. The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Subject to Section 5.03, all interest or profits received on any money so invested shall be deposited first in the Reserve Account, to the extent necessary to make amounts on deposit in the Reserve Account equal to the Reserve Account Requirement, and then in the Revenue Fund. The Trustee shall not be liable for any losses on such investments.

ARTICLE V

COVENANTS OF THE AUTHORITY; ASSIGNMENT TO TRUSTEE

SECTION 5.01. Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and the principal of and redemption premiums, if any, to become due on the Bonds issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bonds.

SECTION 5.02. Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Bonds as provided herein.

SECTION 5.03. Tax Covenants.

(a) In addition to the funds and accounts created pursuant to Section 4.03, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained hereunder designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate and in accordance with written instructions of the Authority. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions of Sections 4.01, 4.02, 4.05, 8.02 and 9.01 relating to the pledge of Revenues, the allocation of money in the Revenue Fund, the investments of money in any fund or account, the application of funds upon acceleration and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section 5.03 and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate.

(b) Any funds remaining in the Rebate Fund after redemption and payment with respect to all of the Bonds, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses to the Trustee and satisfaction of the Rebate Requirement (as defined in the Tax Certificate), shall be withdrawn by the Trustee and remitted to or upon the direction of the Authority.

(c) The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

(d) In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under this Trust Agreement, the Authority shall so instruct the Trustee under this Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(e) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an Opinion of Counsel of recognized standing in the field of law relating to municipal bonds 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 on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 5.04. Accounting Records and Reports. The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee, at reasonable hours and under reasonable conditions. Not more than one hundred eighty (180) days after the close of each Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee a complete financial statement covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate. The Trustee shall have no duty to review or examine such statement.

SECTION 5.05. Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations hereunder; provided that the Trustee or any affected Holder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by

reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the active or passive negligence or willful misconduct of the Trustee. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied.

SECTION 5.06. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Holder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

SECTION 5.07. Assignment to Trustee; Enforcement of Obligations.

(a) The Authority, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby unconditionally grant, transfer and assign to the Trustee, without recourse, (i) all of its rights, title and interest under the Loan Agreement, (ii) the Authority's rights to receive any notices under this Trust Agreement or the Loan Agreement, (iii) the Authority's right to receive payments, if any, with respect to fees, expenses and indemnification and certain other purposes under the Loan Agreement and (iv) the Authority's rights to give approvals or consents pursuant to the Loan Agreement, but including, without limitation, the right to collect and receive directly all of the Revenues and the right to hold and enforce any security interest, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee.

(b) The Trustee also shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment (1) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement and any other security agreement with respect to the Bonds, and (2) to assure compliance with all covenants, agreements and conditions on the part of the Authority contained in this Trust Agreement with respect to the Revenues. The Trustee shall give all notices which the Authority is required to cause it to give under the Loan Agreement.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. The Trustee. BNY Western Trust Company shall serve as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment in Los Angeles, California, with the rights and obligations provided herein. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in California.

The Authority may at any time (with the written consent of the Bond Insurer), unless there exists any event of default as defined in Section 8.01, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall be approved in writing by the Bond Insurer and shall be a bank corporation or trust company doing business and having a corporate trust office in California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or examination by federal or state authority. If such bank corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank corporation or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority and the Bond Insurer and by mailing to the Holders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Bonds and a certificate of destruction shall be delivered to the Authority. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee shall, prior to an event of default, and after the curing of all events of default that may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement. The Trustee shall, during the existence of any event of default (that has not been cured), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

SECTION 6.02. Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own active or passive negligence or willful misconduct.

The Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and such Holder's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

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

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Bondholders pursuant to the provisions of this Trust Agreement unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Holders for the payment of interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

The Trustee shall not be deemed to have knowledge of any event of default, other than an event of default under Section 8.01(a) or 8.01(b), unless and until an officer at the Trustee's corporate trust office responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its corporate trust office. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers, and shall not be answerable for the negligence or misconduct of any such attorney-in-fact, agent or receiver if selected with reasonable care. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

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

Whether or not therein expressly so provided, every provision of this Trust Agreement, the Loan Agreement or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or Agency of the Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Loan Agreement or this Trust Agreement for the existence, furnishing or use of the Project.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Certificate of the Authority or Written Request of the Authority), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it hereunder at its prime rate plus two percent.

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

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

SECTION 6.03. Compensation and Indemnification of Trustee. The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay, or reimburse the Trustee upon its

request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Trust Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 6.03 shall survive the discharge of the Bonds and this Trust Agreement and the resignation or removal of the Trustee.

ARTICLE VII

AMENDMENT OF THE TRUST AGREEMENT

SECTION 7.01. Amendment of the Trust Agreement. The Trust Agreement and the rights and obligations of the Authority and of the Holders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consent of the Bond Insurer and the written consents of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Holder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority or the Agency without their prior written assent thereto, respectively.

The Trust Agreement and the rights and obligations of the Authority and of the Holders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Holders, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes --

(a) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved herein to or conferred herein on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary and not inconsistent herewith;

(c) to provide for the issuance of any Bonds; or

(d) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

SECTION 7.02. Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this article, and shall not be entitled to consent to or take any other action provided in this article provided however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by the Authority or on account of the Authority unless the Authority is a registered Holder or the Trustee has received written notice that any other Holder is such a Holder as described above.

SECTION 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Holder of any Outstanding Bonds and presentation of his Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Outstanding Bond a new Bond or Bonds shall be exchanged at the office of the Trustee without cost to each Holder for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

SECTION 7.04. Amendment by Mutual Consent. The provisions of this article shall not prevent any Holder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

SECTION 8.01. Events of Default and Acceleration of Maturities. (a) If one or more of the following events (herein called "Events of Default") shall happen, that is to say:

(i) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(ii) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(iii) if default shall be made by the Authority in the performance of any of the other agreements or covenants required herein to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee;

(iv) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, 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 Authority or of the whole or any substantial part of its property; or

(v) if an Event of Default has occurred under the Loan Agreement.

then and in each and every such case during the continuance of such event of default the Trustee may, and upon the written request of the Holders of not less than fifty one percent (51%) in aggregate principal amount of the Bonds then Outstanding (with the written consent of the Bond Insurer), or at the written direction of the Bond Insurer, shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained herein or in the Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Holders of Bonds any such event of default which is continuing.

This provision, however, is subject to the condition that if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding (with the written consent of the Bond Insurer), or at the written direction of the Bond Insurer, by written notice to the Authority and to the Trustee, may on behalf of the Holders of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. Application of Funds Upon Acceleration. All moneys in the accounts and funds provided in Sections 2.11, 4.02, 4.03, 4.04 and 4.05 upon the date of the declaration of acceleration by the Trustee as provided in Section 8.01 and all Revenues (other than Revenues on deposit in the Rebate Fund pursuant to the Tax Certificate) thereafter received by the Authority hereunder shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the costs and expenses of the Holders in providing for the declaration of such event of default, including reasonable compensation to their accountants and counsel, and to the payment of the fees, costs and expenses of the Trustee, if any, in carrying out

the provisions of this article, including reasonable compensation to its accountants and counsel and any outstanding fees and expenses of the Trustee; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

SECTION 8.03. Institution of Legal Proceedings by Trustee. If one or more of the Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders of Bonds under this Trust Agreement and under Article VII of the Loan Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder.

SECTION 8.04. Non-Waiver. Nothing in this article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon prior redemption as provided herein from the Revenues as provided herein pledged for such payment, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

(a) A waiver of any default or breach of duty or contract by the Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Holders.

(b) If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 8.05. Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is hereby appointed (and the successive Holders, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

SECTION 8.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and each 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 Act or any other law.

SECTION 8.07. Limitation on Bondholders' Right to Sue. No Holder of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 8.01 hereunder; (b) the Holders of at least a majority in aggregate principal amount of the applicable Series of Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any owner of Bonds of any remedy hereunder; it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders of the Outstanding Bonds.

ARTICLE IX

DEFEASANCE

SECTION 9.01. Discharge of Bonds.

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, then the Holders of such Bonds shall cease to be entitled to the pledge of and charge and

lien upon the Revenues as provided herein, and all agreements, covenants and other obligations of the Authority to the Holders of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 2.03, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Permitted Investments of the type described in clauses (1) and (2) of the definition of Permitted Investments and which are not subject to redemption prior to maturity (including any such Permitted Investments issued or held in book-entry form on the books of the Agency or the Treasury of the United States of America) or tax exempt obligations of a state or political subdivision thereof which have been defeased under irrevocable escrow instructions by the deposit of such money or Permitted Investments and which are then rated in the highest rating category by the Rating Agency, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Notwithstanding anything contained herein to the contrary, in the event that any interest and/or principal due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge hereof and all covenants, agreements and other obligations of the Authority to the Holders of the Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Holders.

SECTION 9.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the

date when such Bonds have become due and payable, shall be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall not look to the Trustee for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee may, and at the request of the Authority shall, at the expense of the Authority, cause to be published once a week for two (2) successive weeks in a Financial Newspaper of general circulation in Fresno, California and in San Francisco, California and in the same or a similar Financial Newspaper of general circulation in New York, New York a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the Authority.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Liability of Authority Limited to Revenues. (a)

Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided herein, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided herein. The Bonds are not a debt of the Authority, the State of California or any of its political subdivisions, and neither the Authority, said State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority as provided herein. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

SECTION 10.02. Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Holders any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Holders.

SECTION 10.03. Successor Is Deemed Included In All References To Predecessor. Whenever herein either the Authority or any member, officer or employee thereof or of the State of California is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the Project that are presently

vested in the Authority or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 10.04. Execution of Documents by Holders. Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor and may be executed by Holders in person or by their attorneys appointed in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the office of the Trustee.

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

SECTION 10.05. Waiver of Personal Liability. No member, officer or employee of the Authority, the Agency or the City of Fresno shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

SECTION 10.06. Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 10.07. Destruction of Cancelled Bonds. Whenever provision is made for the return to the Authority of any Bonds which have been cancelled pursuant to the provisions hereof, the Authority may, by a Written Request of the Authority, direct the Trustee to destroy such Bonds and furnish to the Authority a certificate of such destruction.

SECTION 10.08. Content of Certificates. Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition,

covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which the certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Authority, upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which the opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 10.09. Publication for Successive Weeks. Any publication required to be made hereunder for successive weeks in a Financial Newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same Financial Newspaper for any subsequent publication, but may be made on different Business Days or in different Financial Newspapers, as the case may be.

SECTION 10.10. Accounts and Funds; Business Days. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound corporate trust accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Holders. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

SECTION 10.11. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Authority:

Fresno Joint Powers Financing Authority
c/o City Manager
2600 Fresno Street
Fresno, California 93721

If to the Trustee:

BNY Western Trust Company
700 South Flower Street, Suite 500
Los Angeles, California 90017-4104

SECTION 10.12. Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 10.13. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Holders shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 10.14. Execution in Several Counterparts. This Trust 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 Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 10.15. Amendments to Loan Agreement. The Authority shall not supplement, amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee. The Trustee shall give such written consent only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the Holders or result in any material impairment of the security hereby given for the payment of the Bonds, or (b) the Trustee first obtains the written consent of the Holders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of Loan Payments to be made to the Authority or the Trustee by the Agency pursuant to the Loan Agreement, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by the Loan Agreement (except as expressly provided in the Loan Agreement), in each case without the written consent of all of the Holders of the Bonds then Outstanding.

SECTION 10.16. Consent of Bond Insurer.

(a) Any provision hereof expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

(b) Unless otherwise provided in this section, the Bond Insurer's consent shall be required (in addition to the consent of the Holders when required) for the following purposes: (i) the execution and delivery of any Supplemental Indenture or any amendment, supplement or change to or modification hereof which requires the consent of Holders of Bonds; (ii) the removal of the Trustee and the selection and appointment of any successor Trustee; and (iii) the initiation or approval of any action not described in clauses (i) or (ii) above which requires the consent of the Holders.

(c) Any reorganization or liquidation plan with respect to the Authority must be acceptable to the Bond Insurer, and in the event of any such reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Holders of Bonds (absent a default by the Bond Insurer under the Bond Insurance Policy); and

(d) Notwithstanding anything contained herein to the contrary, upon the occurrence and continuance of any default hereunder, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders or the Trustee for the benefit of the Holders hereunder, including, without limitation: (i) the right to accelerate the principal of the Bonds as described herein, and (ii) the right to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of events of default.

Notwithstanding anything contained herein to the contrary, the consent or approval of the Bond Insurer shall not be required hereunder and the Bond Insurer shall have no right to direct proceedings following any default by the Authority hereunder if the Bond Insurer is then in default with respect to its payment obligations under the Bond Insurance Policy.

SECTION 10.17. Notices to Bond Insurer. While the Bond Insurance Policy is in effect, the Agency or the Trustee, as appropriate, shall furnish to the Bond Insurer:

(a) as soon as practicable after the filing thereof, a copy of any financial statement of the Agency and a copy of any audit and annual report of the Agency;

(b) a copy of any notice to be given to the Holders, including, without limitation, notice of any redemption of or defeasance of any Bonds, and any document rendered pursuant hereto relating to the security for the Bonds; and

(c) such additional information it may reasonably request.

The Trustee shall notify the Bond Insurer of any failure of the Authority to provide any notices or certificates required to be provided by the to the Trustee pursuant hereto at the same time as it shall notify the Authority of such failure.

The Authority will permit the Bond Insurer to discuss the affairs, finances and accounts of the Agency or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Agency. The Trustee or the Authority, as appropriate, will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

The Bond Insurer shall have the right to direct an accounting at the Authority's expense, and the Authority's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default by the Authority hereunder; provided, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Holder.

Notwithstanding any other provision hereof, the Trustee shall immediately notify the Bond Insurer if at any time the Trustee has actual knowledge that there is insufficient money to make any payments of principal and/or interest as required hereunder and immediately upon the occurrence of any default by the Authority hereunder.

SECTION 10.18. Payment Procedure Pursuant to the Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the Authority and the Trustee agree to comply with the following provisions:

(a) At least one (1) Business Day prior to each Interest Payment Date (defined herein as February 1 and August 1 of each year, commencing on August 1, 2001) the Trustee will determine whether there will be sufficient money in the accounts and funds established hereunder to pay the principal of or interest on the Bonds on such Interest Payment Date, and if the Trustee determines that there will be insufficient money in such accounts or funds for such purpose, the Trustee shall immediately notify the Bond Insurer, which notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Trustee has so notified the Bond Insurer at least one (1) Business Day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Bonds on such Interest Payment Date, and if the Trustee has not so notified the Bond Insurer at least one (1) Business Day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Bonds on or before the first (1st) Business Day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Bond Insurer as provided in subsection (a) above, make available to the Bond Insurer, and at the Bond Insurer's direction, to the United States Trust Company of New York, as insurance trustee for the Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the Authority maintained by the Trustee and all records relating to the accounts and funds maintained by the Trustee hereunder.

(c) After giving any notice to the Bond Insurer pursuant to subsection (a) above, the Trustee shall provide the Bond Insurer and the Insurance Trustee with a list of the Holders of

Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Holders of Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon the Bonds surrendered to the Insurance Trustee by the Holders of the Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) The Trustee shall, at the time it provides notice to the Bond Insurer pursuant to subsection (a) above, notify Holders of Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Holder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Holder's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Trustee who shall note on such Bonds the portion of the principal paid by the Trustee and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has actual notice that any payment of principal of or interest on a Bond which has become due for payment and which is made to a Holder by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from a Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Bond Insurer is notified pursuant to subsection (a) above, notify all Holders of Bonds that in the event that any Holder's payment is so recovered, such Holder will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Trustee and subsequently recovered from Holders and the dates on which such payments were made.

In addition to those rights granted the Bond Insurer hereunder, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee upon surrender of the Bonds by the Holders thereof together with proof of the payment of principal thereof.

IN WITNESS WHEREOF, the FRESNO JOINT POWERS FINANCING AUTHORITY has caused this Trust Agreement to be signed in its name by its Treasurer and Controller and BNY WESTERN TRUST COMPANY, in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

FRESNO JOINT POWERS FINANCING
AUTHORITY

By  _____
Treasurer and Controller

BNY WESTERN TRUST COMPANY,
as Trustee

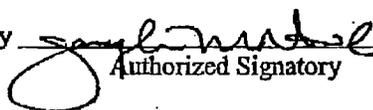
By  _____
Authorized Signatory

EXHIBIT A

FORM OF BOND

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-_____

\$ _____

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
--------------------------	--------------------------	--------------------------------	--------------

REGISTERED OWNER:

PRINCIPAL SUM:

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof.

provided that upon the written request of a Holder of \$1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "Tax Allocation Revenue Bonds, Series 2001" (the "Bonds") in aggregate principal amount of ten million dollars (\$10,000,000) all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of March 1, 2001, between the Authority and BNY Western Trust Company, as trustee (the "Trustee") (the "Trust Agreement") (copies of which are on file at the corporate trust office of the Trustee in Los Angeles).

The Bonds are issued to provide funds to finance or refinance certain public capital improvements as defined in the Act. The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (the "Revenues") derived from certain Loan Payments and other payments made by the Redevelopment Agency of the City of Fresno (the "Agency"), and certain interest or other investment income, pursuant to the Tax Allocation Loan Agreement (Merger No. 2 Project Area), dated as of March 1, 2001 (the "Loan Agreement"), by and between the Authority and the Agency, and the Authority is not obligated to pay interest or premium, if any, on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues, and said Revenues constitute a trust fund for the security and payment of the interest or premium, if any, on and principal of the Bonds as provided in the Trust Agreement. The full faith and credit of the Authority, the Agency and the City of Fresno are not pledged, for the payment of the interest or premium, if any, on or principal of the Bonds. No tax shall ever be levied or collected to pay the interest on or principal of the Bonds except for the tax increment revenue received by the Agency and pledged under the Loan Agreement. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues, and neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority. Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The Bonds are subject to redemption by the Authority on the dates, in the amounts, at the redemption prices and upon the notice as provided in and under the circumstances and terms prescribed in the Trust Agreement.

If an event of default, as defined in the Trust Agreement, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; except that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee or such other place as designated by the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Trustee.

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

IN WITNESS WHEREOF, the Fresno Joint Powers Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or authorized facsimile signature of the Chairperson of the Authority and countersigned by the manual or authorized facsimile signature of the Secretary of said Authority, and has caused this Bond to be dated as of the original issue date specified above.

FRESNO JOINT POWERS FINANCING
AUTHORITY

By _____
Chairperson

Countersigned:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS]

This is one of the Bonds described in the within- mentioned Trust Agreement
which has been authenticated on _____.

BNY WESTERN TRUST COMPANY, as Trustee

By _____
Authorized Signatory

[FORM OF ASSIGNMENT TO APPEAR ON BONDS]

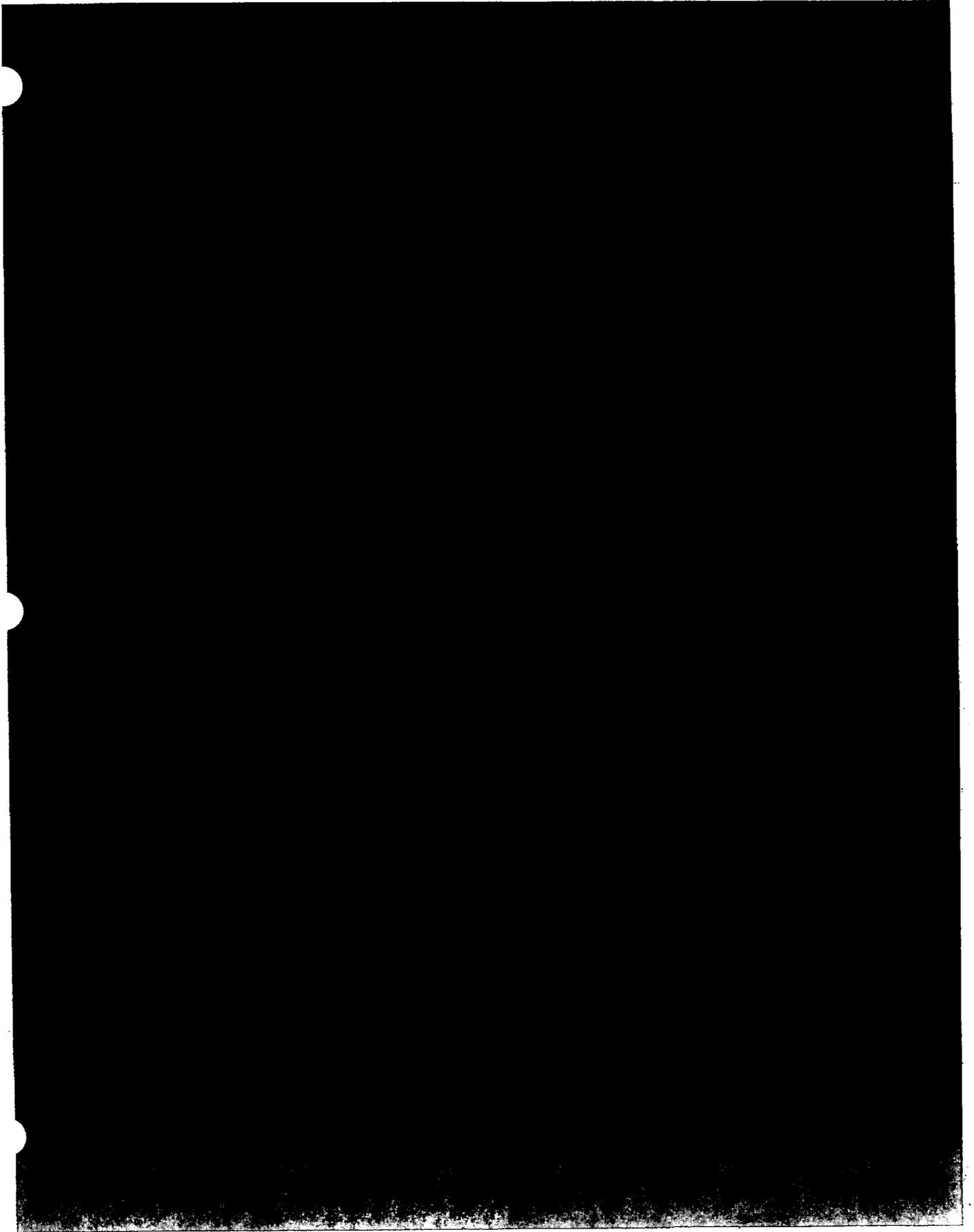
For value received the undersigned hereby sells, assigns and transfers unto _____
(Taxpayer Identification Number: _____) the within Bond and all rights thereunder,
and hereby irrevocably constitutes and appoints _____ attorney to transfer the within
bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Note: The signature to this Assignment must correspond with the name as written on the face of
the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: _____

Notice: Signature must be guaranteed by an eligible guarantor institution.



**TAX ALLOCATION LOAN AGREEMENT
(MERGER NO. 2 PROJECT AREA)**

by and between the

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO**

and the

FRESNO JOINT POWERS FINANCING AUTHORITY

Dated as of March 1, 2001

relating to

**Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001**

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**LOAN AGREEMENT
(MERGER NO. 2 PROJECT AREA)**

THIS TAX ALLOCATION LOAN AGREEMENT, made and entered into as of March 1, 2001, by and between the Redevelopment Agency of the City of Fresno, a public body, corporate and politic duly organized and existing under the laws of the State of California (the "Agency") and the FRESNO JOINT POWERS FINANCING AUTHORITY (the "Authority"), duly organized and validly existing pursuant to a Joint Exercise of Powers Agreement by and between the Agency and the City of Fresno, and Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of Government Code of the State of California (the "Act").

WITNESSETH:

WHEREAS, the Agency adopted a resolution authorizing a loan from the Authority to finance and refinance redevelopment activities within its Merger No. 2 Project Area and the Agency hereby finds and determines that there will be significant public benefits accruing from such borrowing; and

WHEREAS, all acts and proceedings required by law necessary to make this Loan Agreement, when executed by the Agency and the Authority, the valid, legal and binding obligation of the Agency and the Authority, and to constitute this Loan Agreement a legal, 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 of this Loan Agreement have been in all respects duly authorized; and

WHEREAS, the Agency desires to repay this Loan from tax increment revenues generated from its Merger No. 2 Project Area;

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 clearly otherwise requires, the capitalized terms in this Loan Agreement shall have the respective meanings set forth below. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

"Act" means Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code.

"Agency" means the Redevelopment Agency of the City of Fresno.

"Authority" means the Fresno Joint Powers Financing Authority.

"Bonds" means the Authority's Tax Allocation Revenue Bonds, Series 2001 issued under the Trust Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto, and any regulations promulgated thereunder.

"Community" means the City of Fresno, California.

"County" means the County of Fresno.

"Debt Service" means, for any Fiscal Year, the sum of interest and principal due and payable under this Loan Agreement during such Fiscal Year, plus any Parity Debt Service payable during such Fiscal Year.

"Event of Default" means any of the events described in Section 7.01.

"Fiscal Year" means any 12 month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive.

"Housing Fund" means the Agency's Low- and Moderate-Income Housing Fund established and maintained for the purpose of increasing the supply of low- and moderate-income housing pursuant to the Law.

"Housing Fund Share" means an amount of Debt Service determined by multiplying the Debt Service by a fraction, the numerator of which is the sum of (i) the total amount of Loan Funds deposited in the Housing Fund plus (ii) the total amount of Loan Funds used to refund bonds, notes or other evidences of indebtedness the proceeds of which were deposited in the Housing Fund or were otherwise used for purposes for which amounts in the Housing Fund could have been used under the Law (as it existed at the time of such expenditure), and the denominator of which is the total amount of Loan Funds.

"Independent Certified Accountant" means any certified public accountant or firm of certified public accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, acceptable to the Authority and the Trustee and appointed by the Agency, and who, or each of whom:

(a) is in fact independent and not under the control of the Agency or the Authority;

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

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

"Independent Consultant" means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond

financing by California redevelopment agencies, acceptable to the Authority and the Trustee and appointed and paid by the Agency, and who, or each of whom:

- (1) is in fact independent and not under the domination of the Agency;
- (2) does not have any substantial interest, direct or indirect, with the Agency; and
- (3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

"Interest Payment Date" means February 1 and August 1 of each year, commencing August 1, 2001.

"Law" means the Community Redevelopment Law of the State of California (being Part I of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.

"Loan" means the loan made by the Authority to the Agency and evidenced by this Loan Agreement.

"Loan Agreement" means this Tax Allocation Loan Agreement (Merger No. 2 Project Area), between the Authority and the Agency, under which the Loan is made, as originally entered into or as amended pursuant to the provisions hereof.

"Loan Funds" mean the moneys provided by the Authority to the Agency pursuant to this Loan Agreement to finance the Project.

"Maximum Annual Debt Service" means as of the date of calculation, the greatest total Debt Service payable in any Fiscal Year during the period commencing with the then current Fiscal Year and terminating with the Fiscal Year in which the last payments are due under this Loan Agreement.

"Parity Debt" means any loan, bond, note, advance, installment sale agreement, or other evidence of indebtedness or capital lease payable from and secured by a lien on the Pledged Tax Revenues on a parity with the Loan, issued or incurred pursuant to and in accordance with the provisions of Section 2.05.

"Parity Debt Instrument" means any resolution, loan agreement, capital lease, installment sale agreement, trust agreement or other instrument under which any Parity Debt is issued or incurred.

"Parity Debt Service" means for any Fiscal Year, the sum of (a) the interest due and payable during such Fiscal Year under all outstanding Parity Debt, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments on any Parity Debt are made as scheduled; (b) that portion of the principal amount due all outstanding Parity Debt maturing during such Fiscal Year; and (c) that portion of the principal amount of all such

outstanding Parity Debt required to be redeemed or paid (together with the redemption premiums, if any, thereof) during such Fiscal Year. Parity Debt Service shall not include (a) interest on Parity Debt which is to be paid from amounts constituting capitalized interest or (b) interest on or principal of Parity Debt payable from the proceeds of any Parity Debt required to remain unexpended and to be held in escrow pursuant to the terms of a Parity Debt Instrument, provided that each escrow complies with the terms of Section 2.05(b).

"Pass-Through Agreements" means the Agreement dated August 5, 1986, by and between the Agency and the Fresno County Free Library, as such may be amended from time to time..

"Pass-Through Payments" means all payments required to be paid in each Fiscal Year to any Taxing Agencies pursuant to the Law with respect to the Project Area and/or any Pass-Through Agreements, but only to the extent that such payments are not subordinated to the payment of Debt Service.

"Pledged Tax Revenues" means, for each Fiscal Year during the term hereof, the taxes eligible for allocation to the Agency pursuant to the Law with respect to the Project Area, including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (exclusive of (a) amounts, if any, not exceeding twenty percent (20%) of certain of such taxes which may be required by law to be set aside for certain housing purposes, (b) amounts, if any, received pursuant to Section 16111 of the Government Code, and (c) Pass-Through Payments) together with the Housing Fund Share.

"Project" means the capital improvements described in Exhibit A hereto.

"Project Area" means, collectively, the following project areas (or portions thereof) established by the Agency, which have been merged by the Agency pursuant to the Law:

- *Fruit/Church Project Area*, initially established October 7, 1971 as amended from time to time.
- *Southwest Project Area*, initially established January 14, 1969 as amended from time to time.

"Redevelopment Plan" means, collectively, the Redevelopment Plans for the Project Area, as the same may be amended from time to time by the Agency.

"Report" means a document in writing signed by an Independent Consultant or an Independent Certified Public Accountant, and including:

(a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Loan 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.

"Special Fund" means the Fresno Redevelopment Agency special fund established and maintained by the Agency pursuant to the Law into which the Agency deposits all Pledged Tax Revenues and in which the Authority has a security interest pursuant to the terms of this Loan Agreement.

"State" means the State of California.

"Subordinate Debt" means any loan, bond, note, advance, installment sale agreement, capital lease or other indebtedness of the Agency payable from tax increment revenues which are subordinate to the Loan.

"Subordinate Debt Instrument" means any resolution, loan agreement, lease, installment sale agreement, trust agreement or other instrument authorizing any Subordinate Debt.

"Tax Certificate" means the tax certificate executed and delivered by the Agency on the date hereof setting forth certain conditions, covenants, expectations and elections of the Agency with respect to the Loan in accordance with the Code.

"Taxing Agencies" means all local government agencies entitled to a portion of the property taxes levied in the Project Area.

"Trust Agreement" means the Trust Agreement, dated as of March 1, 2001, by and between the Authority and the Trustee, pursuant to which the Bonds are issued.

"Written Certificate of the Agency" means a request or certificate, in writing, signed by a duly authorized representative of the Agency.

SECTION 1.02. Rules of Construction. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, and pronouns inferring the masculine gender shall include the feminine gender and vice versa. All references herein to particular articles or sections are references to articles or sections of this Loan Agreement. The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Loan Agreement, nor shall they affect its meanings, construction or effect.

ARTICLE II

LOAN TERMS; DISBURSEMENT; PARITY DEBT

SECTION 2.01. Authorization. The Authority, pursuant to resolution previously adopted, hereby agrees to lend to the Agency and the Agency hereby agrees to borrow from the Authority the principal amount of \$10,000,000 under and subject to the terms of this Loan Agreement. This Loan Agreement constitutes a continuing agreement between the Agency

and the Authority to secure the full and final repayment of the Loan, subject to the covenants, agreements, provisions, limitations and conditions herein contained.

SECTION 2.02. Loan Payments.

(a) At least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Special Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Bonds on such Interest Payment Date (the "Loan Payment"). The Loan Payments shall be payable from all Pledged Tax Revenues except amounts deposited in or required to be deposited in the Housing Fund pursuant to the Law.

(b) All Loan Payments hereunder shall be payable by the Agency in immediately available funds which constitute lawful money of the United States of America. Such payments shall be secured, and amounts for the payment thereof shall be deposited with the Authority as set forth in Article III.

SECTION 2.03. Prepayment and Reduction in Loan Funds. The Loan Payments shall be subject to optional prepayment in whole or in part on the dates, in the amounts and subject to the notice requirements applicable to redemption of the Bonds, as provided in the Trust Agreement.

SECTION 2.04. Deposit of Loan Funds. Upon the issuance of the Bonds, the Authority shall cause the Trustee to transfer: the amount of \$8,854,483.14 to the Agency for deposit in the Project Account (Merger No. 2 Project Area), which account the Agency agrees to establish and maintain. Amounts in the Project Account (Merger No. 2 Project Area) shall be applied by the Agency for the purpose of financing or refinancing projects and activities authorized by the Redevelopment Plan and the Law, but only to the extent such expenditures are permitted for the use of the proceeds of the Bonds under the Code and the Tax Certificate of the Agency executed and delivered on the date of issuance of the Bonds.

The remaining proceeds of the Bonds shall be applied to the payment of the costs of issuance of the Bonds and to make the other deposits to the funds and accounts held by the Trustee pursuant to the Trust Agreement as provided therein.

SECTION 2.05. Parity Debt. In addition to the Loan, the Agency may after the date hereof issue or incur Parity Debt in such principal amount as shall be determined by the Agency subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Debt issued under this Section:

(a) No Event of Default hereunder, under any Parity Debt Instrument, under any Subordinate Debt Instrument or under any other instrument secured by tax increment revenues of the Agency with respect to the Project Area shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in this Loan Agreement.

(b) The Pledged Tax Revenues to be received by the Agency in the then current Fiscal Year based upon the most recent qualified assessment roll of the County shall be in an amount equal to at least one hundred thirty-five percent (135%) of Maximum Annual Debt Service and the amount of Pledged Tax Revenues remaining under any then-applicable tax

increment limit in the Redevelopment Plan shall be at least equal to one hundred forty percent (140%) of remaining cumulative Debt Service.

For the purpose of the calculations pursuant to this subsection (b), the following shall apply:

(1) The Pledged Tax Revenues referred to above shall be deemed to be increased by any additional assessed valuation of taxable property as to which construction has been completed, as of the date of, and as may be shown by, a Report of an Independent Consultant;

(2) The Pledged Tax Revenues shall not include any amounts resulting from a property tax rate in the Project Area in excess of one percent (1%) unless the Agency files with the Authority a Report of an Independent Consultant showing that any such excess tax rate will be in effect throughout the term of this Loan.

(3) The annual property tax administration charge of the County of Fresno shall be assumed to be the average of such charge (determined on the basis of a percentage of Pledged Tax Revenues) for the preceding five Fiscal Years.

(4) The Pass-Through Payments shall be calculated assuming the highest annual rate to be in effect during the term of the Bonds pursuant to the Law or Pass-Through Agreements.

(5) For purposes of calculating Maximum Annual Debt Service, Parity Debt shall not include any debt with respect to which the following conditions are met:

(A) The proceeds of such Parity Debt shall be held by a corporate trustee in a separate fund (a "Temporary Redemption Fund") and deposited or invested in federal securities as defined in Section 8.05 or in an investment agreement with a financial institution or insurance company, whose unsecured debt obligations are rated in at least the second-highest rating category by at least one nationally recognized securities rating agency and approved in writing by the Authority, at a rate of interest which, together with amounts made available by the Agency from Parity Debt proceeds or otherwise, is at least sufficient to pay Debt Service on the Parity Debt the proceeds of which are to be deposited in the Temporary Redemption Fund.

(B) Moneys may be transferred from the Temporary Redemption Fund only if Pledged Tax Revenues for the then current Fiscal Year will be at least equal to one hundred thirty-five percent (135%) of Maximum Annual Debt Service, (excluding from such calculation the principal amount of Parity Debt which is equal to moneys on deposit in said Temporary Redemption Fund after each such transfer).

(C) Parity Debt shall be redeemed from moneys remaining on deposit in the Temporary Redemption Fund at the expiration of a specified escrow period in such manner as may be determined by the Agency.

(c) The Agency shall deliver to the Authority and the Trustee prior to the incurrence of such Parity Debt a copy of the Parity Debt Instrument and Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a) and (b) above have been satisfied and, as applicable, the report required by subsection (b) above has been delivered.

(d) For purposes in making the calculations set forth in (b):

(i) if any Parity Debt is capital appreciation bonds or a similar compound interest instrument, then the accreted value payment shall be deemed a principal payment and interest that is compounded and paid as accreted value shall be deemed due on the scheduled redemption or payment date of such Parity Debt;

(ii) if any Parity Debt bears interest payable pursuant to a variable interest rate formula, the interest rate on such Parity Debt for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the greater of (A) the actual rate on the date of calculation, or if such Parity Debt is not yet outstanding, the initial rate (if then established and binding), (B) if the Parity Debt has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (C)(1) if interest on such Parity Debt is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published "Bond Buyer 25 Bond Revenue Index" (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

(iii) if any of such Parity Debt is secured by an irrevocable letter of credit issued by a bank having a combined capital and surplus of at least one hundred million dollars (\$100,000,000), the principal payments or deposits with respect to such Parity Debt nominally due in the last Fiscal Year in which such Parity Debt matures may, at the option of the Agency, be treated as if they were due as specified in any loan agreement or reimbursement agreement issued in connection with such letter of credit or pursuant to the repayment provisions of such letter of credit and interest on such Parity Debt after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or reimbursement agreement or repayment provisions;

(iv) if any of such Parity Debt is not secured by a letter of credit as described in clause (iii) and 20% or more of the original principal of such is not due until the final stated maturity of such Parity Debt, such principal may, at the option of the Agency, be treated as if it were due based upon a level amortization of such principal over the term of such Parity Debt or twenty-five (25) years, whichever is greater;

(v) if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Parity Debt to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Debt agreement shall be included in the calculation of Debt Service unless the sum of (A) the interest payable on such Parity Debt, plus (B) the amounts payable by the Agency under

such interest rate swap agreement, are greater than the interest payable on such Parity Debt, in which case the amount of such payments to be made that exceed the interest to be paid on such Parity Debt shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in clause (ii);

(vi) Repayment obligations proposed to be entered into as Parity Debt shall be deemed to be payable at the scheduled amount due under such repayment obligation as calculated under this definition, and as used in this paragraph, "repayment obligation" means the reimbursement obligation or any other payment obligation of the Agency under a written agreement between the Agency and a credit provider to reimburse the credit provider for amounts paid pursuant to a credit facility for the payment of the principal amount or purchase price of and/or interest on any Parity Debt.

SECTION 2.06. Agency's Payment of Project Costs. The Agency agrees to pay any and all costs connected with any project financed by the Loan and the Authority shall have no responsibility whatsoever for the payment of any such costs.

SECTION 2.07. Validity of Loan. The validity of the Loan shall not be dependent upon the completion of any project or upon the performance by any person of his or her obligation with respect to any project.

SECTION 2.08. Additional Payments. In addition to the Loan Payments required to be made by the Agency, the Agency shall also pay to the Trustee or to the Authority, as the case may be, the following (the "Additional Payments"):

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding any taxes based upon the capital and/or income of the Trustee or any other person other than the Agency; provided, however, that the Agency shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Agency's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Agency shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would materially adversely affect the rights or interests of the Authority or the Trustee;

(b) The reasonable annual (or other regular) fees and expenses of the Trustee, and all reasonable fees, charges and expenses of the Trustee for any extraordinary services rendered by the Trustee under the Trust Agreement as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare

audits, financial statements or opinions or provide such other services as are reasonably required under this Agreement, the Trust Agreement or the Tax Certificate;

(d) Reasonable expenses of the Authority in connection with the Loan, the Bonds, the Trust Agreement or any other documents contemplated hereby or thereby, including without limitation reasonable expenses incurred by the Authority's counsel in connection with any litigation which may at any time be instituted involving the Loan or the Bonds, the Trust Agreement or any other documents contemplated hereby or thereby and reasonable expenses incurred by the Authority in supervision and inspection of the Agency and its operations with respect to the use and application of the Loan; and

(e) Such amounts as may be necessary to satisfy the rebate requirements in accordance with the Tax Certificate.

Such Additional Payments shall be billed to the Agency by the Authority or the Trustee from time to time, together with (i) a statement executed by a duly authorized officer or agent of the Authority or the Trustee, as the case may be, stating that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items and (ii) a copy of the invoice or statement for the amount so incurred or paid. Amounts so billed shall be paid by the Agency within thirty (30) days after receipt of the bill by the Agency. Payment by the Agency to either the Authority or the Trustee of the amount so billed by either such party shall fulfill such payment obligation of the Agency.

ARTICLE III

PLEDGE OF PLEDGED TAX REVENUES; APPLICATION OF FUNDS

SECTION 3.01. Pledge of Pledged Tax Revenues and Special Fund. The Loan and all Parity Debt shall be equally and ratably secured by a pledge of and first lien on all of the Pledged Tax Revenues and all amounts in the Special Fund, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Pledged Tax Revenues and all amounts in the Special Fund are hereby pledged in their entirety to the payments required by Section 2.02 hereof. The Pledged Tax Revenues and all amounts in the Special Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency.

Neither the Loan nor this Loan Agreement is a debt of the Authority, the Community, the State or any of its political subdivisions (other than the Agency) and neither the Authority, the State nor any of its political subdivisions (other than the Agency) is liable thereon, nor in any event shall the Loan be payable out of any funds or properties other than Pledged Tax Revenues of the Agency and amounts in the Special Fund as provided herein. Neither the Loan nor this Loan Agreement constitutes an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Agency nor any persons executing this Loan Agreement are liable personally on the Loan or this Loan Agreement.

SECTION 3.02. Special Fund; Deposits. In order to carry out its obligation to repay the Loan, the Agency agrees and covenants that it shall establish a Special Fund. In each Fiscal Year, the Agency shall deposit in trust in the Special Fund an amount of Pledged Tax Revenues equal to the Debt Service payable on February 1 of such Fiscal Year and August 1 of the next succeeding Fiscal Year. The Pledged Tax Revenues in each Fiscal Year shall not be applied to any other purpose until such time as such deposit has been fully made. The Special Fund is hereby pledged and a first security interest granted therein and all money on deposit in the Special Fund shall be applied and used only as provided herein. After making all the set asides and payments hereinabove required to be made in each Fiscal Year, the Agency may expend in such Fiscal Year any remaining money in the Special Fund for any lawful purpose of the Agency. The Agency agrees and covenants to maintain the Special Fund so long as the Loan remains unpaid.

SECTION 3.03. Commingling of Accounts. The Agency may commingle any amounts in any of the funds and accounts held hereunder with any other amounts held by the Agency for purposes of making any investment, provided that the Agency shall maintain separate accounting procedures for the investment of all funds held hereunder. The value of investments credited to such fund shall be calculated at the cost thereof (excluding accrued interest).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE AGENCY

SECTION 4.01. Organization; Authority. The Agency is duly organized and existing under the laws of the State and has all necessary power and authority to enter into and perform its duties (including the authority to pledge the Pledged Tax Revenues) under this Loan Agreement.

SECTION 4.02. Agreement Valid and Binding; Approval by Legislative Body of Community. This Loan Agreement has been duly authorized, executed and delivered by the Agency and constitutes the legal, valid and binding obligation of the Agency, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally. The legislative body of the Community has authorized the Agency to enter into this Loan Agreement and to accept the Loan hereunder.

SECTION 4.03. No Conflict in Execution of Agreement. The execution and delivery by the Agency of this Loan Agreement and compliance with the provisions hereof will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, by-law or any agreement to which the Agency is subject or by which it is bound or by which its properties may be affected.

SECTION 4.04. No Litigation. There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Agency to restrain or enjoin the execution or delivery of this Loan Agreement, or in any way contesting or affecting the validity of this Loan Agreement, or

contesting the powers of the Agency to enter into or perform its obligations under this Loan Agreement, including the pledge of Pledged Tax Revenues or in any way contesting or affecting the establishment of the Project Area or the Redevelopment Plan.

SECTION 4.05. No Breach or Default. The Agency is not in breach of or in default under any applicable law or administrative regulation of the State or the United States, the Constitution of the State (including Article XVI, Section 18 thereof) any applicable judgment or decree, any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or is otherwise subject which would have a material adverse impact on the Agency's ability to perform its obligations under this Loan Agreement and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

SECTION 4.06. No Consent, Approval or Permission Necessary. No consent or approval of any trustee or holder of any indebtedness of the Agency, and no consent, permission, authorization, order or licenses of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Loan Agreement or the consummation of any transaction contemplated herein, except as have been obtained or made and as are in full force and effect.

SECTION 4.07. Pledged Funds: Limited Obligation. The Agency expects that in each year Pledged Tax Revenues will equal or exceed the then current year's payments due under this Loan Agreement, and such payments will be treated as paid from then current Pledged Tax Revenues. The Agency shall have no obligation to use any funds other than the Pledged Tax Revenues and amounts in the Special Fund, directly or indirectly, to pay principal of or interest on the Loan; nor are any funds other than the Pledged Tax Revenues and amounts in the Special Fund pledged as security for the Loan.

SECTION 4.08. Information Submitted to the Authority. The information relating to the Agency, the Redevelopment Plan and the Project Area contained in the Official Statement for the Bonds is true and correct in all material respects, and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.

SECTION 4.09. Financial Statements of the Agency. The Agency's financial statements furnished to the Authority and contained in the Official Statement for the Bonds have been prepared in conformity with generally accepted accounting principles and fairly present in all material respects the financial condition of the Agency as of the date thereof and the results of its operations for the period covered thereby. There has been no material adverse change in the business, condition (financial or otherwise) or operations of the Agency since the date of such financial statements.

SECTION 4.10. Pledge and First Lien. The pledge of the Pledged Tax Revenues and amounts in the Special Fund constitute a valid pledge of and a first lien on all of the Pledged Tax Revenues and amounts in the Special Fund.

SECTION 4.11. Establishment of Project Area. The Project Area has been duly established pursuant to the Redevelopment Plan and the Redevelopment Plan is in full force and effect and the Agency is in compliance with the Redevelopment Plan and the Law.

ARTICLE V

AFFIRMATIVE COVENANTS OF THE AGENCY

SECTION 5.01. Punctual Payment. The Agency will punctually pay, or cause to be paid, all payments required hereunder in strict conformity with the terms of this Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Loan Agreement.

SECTION 5.02. Payment of Claims. The Agency from time to time 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 liens or charges upon the Pledged Tax Revenues or any part thereof, or upon any funds in the hands of the Authority, or which might impair the security of the Loan. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

SECTION 5.03. Books and Accounts; Financial Statements. (a) The Agency will keep proper books of record and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the tax increment revenues from the Project Area (which may be consolidated with other project areas or activities of the Agency). Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee and the Authority.

(b) The Agency will prepare and file with the Authority annually as soon as practicable, but in any event not later than [two hundred ten (210)] days after the close of each Fiscal Year, so long as this Loan Agreement has not been discharged by the Authority, an audited financial statement of the Agency relating to the Project Area (which may be consolidated with other project areas or activities of the Agency) for the preceding Fiscal Year, prepared by an Independent Certified Accountant. The Agency will furnish to the Authority such reasonable number of copies of such audited financial statements as may be required by the Authority for distribution (at the expense of the Agency).

SECTION 5.04. Protection of Security and Rights. The Agency will preserve and protect the security of the Loan and the rights of the Authority. From and after the date hereof, the Loan Agreement shall be incontestable by the Agency.

SECTION 5.05. Management of Properties. The Agency will manage and operate all properties owned by the Agency and comprising any part of the Project Area in a sound and business-like manner and in conformity with all valid requirements of any governmental authority relative to the Project Area or any part thereof, and will keep such properties insured at all times in conformity with sound business practice.

SECTION 5.06. Tax Covenants. (a) The Agency shall not take any action, or fail to take any action, if such action or failure to take such action would result in the

interest on the Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Agency covenants that it shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive the payment in full or the defeasance of the Bonds.

(b) In the event that at any time the Agency is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Agency shall so instruct the Authority and the Trustee in a Request of the Agency accompanied by an Opinion of Counsel.

(c) Notwithstanding any provisions of this Section, if the Agency provides to the Trustee and the Authority an Opinion of Counsel to the effect 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 gross income for federal income tax purposes of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 5.07. Taxation of Leased Property. Whenever any property in the Project Area is redeveloped by the Agency and thereafter is leased by the Agency to any person or persons, or whenever the Agency leases any real property in the Project Area to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately-owned property (in accordance with the Law), and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease shall be less than the taxes that would have been payable upon the entire property if the property were assessed and taxed in the same manner as privately-owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable, and in any event prior to the delinquency date of such taxes established by law.

SECTION 5.08. Assumption of Loan Agreement. The obligations of the Agency under this Loan Agreement may not be assumed by another entity except in connection with a transfer of the entire Project Area by the Agency and only upon prior written approval of the Authority and:

(i) an opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by this Loan Agreement, and approved by the Authority, to the effect that such transfer would not cause interest on the obligations to be included in gross income for federal income tax purposes;

(ii) a Report signed by an Independent Consultant concluding that such transfer would not materially adversely affect the security for the Loan or the rights of the Authority; and

(iii) evidence sufficient to the Authority that the entity assuming the Loan is eligible pursuant to the Act and the Law.

SECTION 5.09. Payment from Tax-Exempt Debt. The Agency hereby covenants to notify the Authority and the Trustee before making any repayment or prepayment of this Loan Agreement from the proceeds of any tax-exempt debt incurred by the Agency.

SECTION 5.10. Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably required by the Authority as necessary or proper to carry out the intention or to facilitate the performance of this Loan Agreement and for the better assuring and confirming unto the Authority of the rights and benefits provided in this Loan Agreement.

SECTION 5.11. Continuing Disclosure. The Agency covenants to furnish certain financial and operating data pertaining to the Agency that it may be required to enable the underwriter of the Bonds to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Agency, as the same may be amended.

SECTION 5.12. Notice of Default and Event of Default. The Agency covenants that it will deliver to the Authority and the Trustee, immediately after the Agency shall have obtained knowledge of the occurrence of an Event of Default or default hereunder, the written statement of an authorized officer of the Agency setting forth the details of such Event of Default or default and the action which the Agency proposes to take with respect thereto.

SECTION 5.13. Statements of Indebtedness. The Agency shall comply with all requirements of the Law to insure 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.

SECTION 5.14. Cumulative Tax Revenue Limit. The Agency shall, within ninety (90) days after the end of each Fiscal year, deliver a certificate to the Trustee setting forth (i) the amount of the Pledged Tax Revenues remaining under any then-applicable tax increment limit in the Redevelopment Plan and (ii) the remaining cumulative Debt Service. In the event the amount of Pledged Tax Revenues remaining under any then-applicable tax increment limit in the Redevelopment Plan is less than one hundred forty percent (140%) of the remaining cumulative Debt Service (the "Tax Revenue Limit Requirement"), all Pledged Tax Revenues shall be deposited and held in the Special Fund and shall be withdrawn solely for the purpose of redeeming or defeasing the Bonds pursuant to the provisions of the Trust Agreement or Parity Debt pursuant to the provisions of the Parity Debt Instruments until such time as the Agency delivers a certificate to the Trustee demonstrating compliance with the Tax Revenue Limit Requirement.

ARTICLE VI

NEGATIVE COVENANTS OF THE AGENCY

SECTION 6.01. Limitation on Additional Debt. The Agency hereby covenants that, until the Loan has been paid and discharged pursuant to Section 8.05, the Agency shall not

after the date of this Loan Agreement issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or indebtedness, which are in any case secured by a lien on all or any part of the Pledged Tax Revenues that is superior to or on a parity with the lien established hereunder for the security of the Loan, excepting only Parity Debt approved by the Authority in writing. Nothing herein is intended nor shall be construed in any way to prohibit or impose any limitations upon the issuance or incurrence by the Agency of Subordinate Debt or of loans, bonds, notes, advances or other indebtedness that is not secured by Pledged Tax Revenues.

SECTION 6.02. Disposition of Property. The Agency will not, except as otherwise provided in this Section 6.02, 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 adoption of this Loan Agreement, 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 of this Loan Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area. If the Agency proposes to make any such disposition which, together with all similar dispositions on or subsequent to the effective date of this Loan Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area, it shall cause to be filed with the Authority a Report of an Independent Consultant on the effect of such proposed disposition. If the Report concludes that the Pledged Tax Revenues will not be materially reduced by such proposed disposition, the Agency may proceed with such proposed disposition. If the Report concludes that Pledged Tax Revenues will be materially reduced by such proposed disposition, the Agency shall as a condition precedent to proceeding with such proposed disposition, require that such new owner or owners either:

(1) deposit in the Special Fund, so long as this Loan remains unpaid, an amount equal to the amount that would have been received by the Agency as Pledged 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) deposit to the Special Fund a single sum equal to the amount estimated by an Independent Consultant to be receivable from taxes on such property from the date of such payment to the final maturity of this Loan, less expected earnings on such amount calculated at 5% per annum.

SECTION 6.03. Nondiscrimination. (a) During the performance of this Loan Agreement, Agency, any contractor and its subcontractors shall not deny the contracts' benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex. The Agency, any contractor and its

subcontractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

SECTION 6.04. Amendment of Redevelopment Plan. The Agency will not amend the Redevelopment Plan except as provided in this Section. If the Agency proposes to amend the Redevelopment Plan, it shall cause to be filed with the Authority a Report of an Independent Consultant on the effect of such proposed amendment. If the Report concludes that Pledged Tax Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Report concludes that Pledged Tax Revenues will be materially reduced by such proposed amendment, the Agency may not undertake such proposed amendment without the prior written consent of the Authority. For purposes of this Section, a valuation of Pledged Tax revenues in excess of 5% shall be deemed material.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. Events of Default and Acceleration of Loan. 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 Loan pursuant to Section 2.02 when and as the same shall become due and payable;

(b) the occurrence of an event of default with respect to any Parity Debt which causes all principal of such Parity Debt to become due and payable immediately;

(c) failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Loan Agreement, other than as referred to in the preceding Subsection (a), for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the Agency by the Authority, or to the Agency and the Authority; provided, however, that if the failure stated in such notice can be corrected, but not within such 60-day period, the Authority may consent to an extension of such time if corrective action is instituted by the Agency within such 60-day period and diligently pursued until such failure is corrected;

(d) the filing by the Agency of 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 substantial part of its property; or

(e) any representation or other written statement made by the Agency contained in this Loan Agreement or in any instrument furnished in compliance with or in reference thereto shall prove to have been incorrect in any material respect.

If an Event of Default has occurred and is continuing, the Authority may (1) declare the principal of the Loan, 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 Loan Agreement to the contrary notwithstanding, and (2) exercise any other remedies available to the Authority in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the Authority shall give notice of such Event of Default to the Agency by telephone, telecopier, facsimile or other telecommunication device, promptly confirmed in writing. This provision, however, is subject to the condition that if, at any time after the principal of the Loan 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 Authority a sum sufficient to pay all installments of principal of the Loan 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 Loan, and the reasonable expenses of the Authority (including but not limited to attorneys fees), and any and all other defaults known to the Authority (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then, and in every such case, the Authority 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 7.02. Remedies. Upon the occurrence of an Event of Default the Authority shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Agency or any member, officer or employee thereof, and to compel the Agency or any such member, officer or employee to perform and carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the Agency and its members, officers and employees to account as the trustee of an express trust.

SECTION 7.03. Application of Funds upon Default. All amounts received by the Authority pursuant to any right given or action taken by the Authority under provisions of this Loan Agreement, or otherwise held by the Authority upon the occurrence of an Event of Default after payment of the Trustee of all sums owed under Sections 2.08 and 8.12 hereof, shall be applied by the Authority in the following order:

First, to the payment of the costs and expenses of the Authority, including reasonable compensation to their agents, attorneys and counsel; and

Second, to the payment of the whole amount of interest on and principal of the Loan and any Parity Debt then due and unpaid, with interest on overdue installments of principal and interest at the rate of the lesser of 12% per annum or the maximum rate permitted by law; provided, however, that in the event such amounts shall be insufficient to pay in full the 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 Loan and any Parity Debt 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 Loan and any Parity Debt then due and unpaid, other than principal having come due and payable solely by reason of acceleration pursuant to Section 7.01 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 Loan and any Parity Debt then due and unpaid and having come due and payable solely by reason of acceleration pursuant to Section 7.01 or otherwise, 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 the Loan and any Parity Debt, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

SECTION 7.04. No Waiver. Nothing in this Article VII or in any other provision of this Loan Agreement shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, all payments due hereunder, or affect or impair the right of action, which is also absolute and unconditional, of the Authority to institute suit to enforce such payment by virtue of the contract embodied in the Loan Agreement.

A waiver of any default by the Authority shall not affect any subsequent default or impair any right or remedy of the Authority in the event of a subsequent default. No delay or omission of the Authority 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 Authority by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

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

SECTION 7.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority 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 law.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Venue. The Authority and the Agency hereby agree that any action arising out of this Loan Agreement shall be filed and maintained in the Superior Court in and for the County of Fresno, California, or in the United States District Court in and for the Central District of California.

SECTION 8.02. Assignment. This Loan Agreement will be assigned by the Authority to the Trustee pursuant to the Trust Agreement and the Agency hereby consents to such assignment. The Agency further agrees to include the Trustee in the Section 8.12 indemnity provision to the same extent as provided to the Authority.

SECTION 8.03. Benefits Limited to Parties. Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the Agency and the Authority, any right, remedy or claim under or by reason of this Loan Agreement. All covenants, stipulations, promises or agreements contained in this Loan Agreement by and on behalf of the Agency shall be for the sole and exclusive benefit of the Authority.

SECTION 8.04. Successor. Whenever in this Loan Agreement either the Agency or the Authority 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 Loan Agreement contained by or on behalf of the Agency or the Authority shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 8.05. Discharge of Loan Agreement. If the Agency shall pay and discharge the entire indebtedness under this Loan Agreement by paying or causing to be paid the principal of, interest and prepayment premium (if any) and expenses on the Loan, as and when the same become due and payable; then, at the election of the Agency, but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment made, the pledge of and lien upon the Pledged Tax Revenues and other funds provided for in this Loan Agreement and all other obligations of the Authority and the Agency under this Loan Agreement with respect to the Loan shall cease and terminate, except only (a) the obligation of the Agency to pay or cause to be paid to the Authority, from the amounts so deposited with the Authority or such other fiduciary, all sums due with respect to this Loan Agreement and all expenses and costs of the Authority, and (b) the obligations of the Agency. Notice of such election shall be filed with the Authority.

Any funds thereafter held by the Authority hereunder, which are not required for said purposes, shall be paid over to the Agency.

All or any portion of unpaid principal installments of the Loan payment shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in this Section (except that the Agency shall remain

liable for such Loan payment, but only out of such money or securities deposited with the Authority for such payment), if (i) there shall have been deposited with the Authority either money in an amount which shall be sufficient, or securities described in clauses (1) or (2) or the definition of Permitted Investments under the Trust Agreement ("Federal Securities") which are not subject to redemption prior to maturity except by the holder thereof (including any such Federal Securities issued or held in book entry form) or tax-exempt obligations of a state or a political subdivision thereof which have been defeased under irrevocable escrow instructions with Federal Securities, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Authority, shall be sufficient to pay when due the principal installments of such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto, and (ii) an opinion of nationally recognized bond counsel acceptable to the Authority is filed with the Authority to the effect that the action taken pursuant to this subsection will not cause the interest on the Bonds to be includable in gross income under the Code for federal income tax purposes.

SECTION 8.06. Amendment. This Loan Agreement may only be amended by the parties in writing.

SECTION 8.07. 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 the interest under this Loan Agreement; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 8.08. Payment on Business Days. Whenever in this Loan Agreement any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day and no further interest shall accrue.

SECTION 8.09. Notices. All written notices to be given under this Loan 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, except that notices from the Agency to the Authority shall be given by registered mail, or by telecommunication confirmed in writing. Notice shall be effective 48 hours after deposit in the United States mail, postage prepaid or, in the case of any notice to the Authority or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the Authority:

Fresno Joint Powers Financing Authority
c/o City Manager
2600 Fresno Street
Fresno, California 93721

If to the Agency: Redevelopment Agency of the City of Fresno
2344 Tulare Street, Suite 200
Fresno, California 93721
Attn: Executive Director

If to the Trustee BNY Western Trust Company
700 South Flower Street, Suite 500
Los Angeles, CA 90017-4104

SECTION 8.10. Partial Invalidity. If any portion of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity and enforceability of the remaining portions of this Loan Agreement.

SECTION 8.11. Governing Law. This Loan Agreement shall be construed and governed in accordance with the laws of the State.

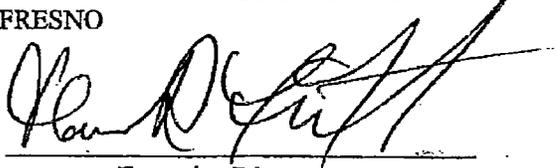
SECTION 8.12. Indemnification. The Agency shall, to the extent permitted by law, indemnify and hold harmless the Authority, the Trustee and their members, directors, officers, employees and agents, from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever, including, but not limited to, losses, claims, damages, liabilities or expenses arising out of, resulting from or in any way connected with (1) this Loan Agreement, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of any project financed by the Loan or any part thereof; (2) the carrying out of any of the transactions contemplated by this Loan Agreement or any related document; (3) the acceptance or administration of the trusts under the Trust Agreement, or the exercise or performance of any of its powers or duties under the Trust Agreement or this Loan Agreement; (4) information provided by the Agency which is used in the offering for sale of the Bonds; or (5) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance on or near, the projects financed by the Loan. The Agency shall, to the extent permitted by law, pay or reimburse the Authority and Trustee and their members, directors, officers, employees and agents for any and all reasonable costs, reasonable attorneys' fees, liabilities or expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims, damages, liabilities, expenses or actions. Notwithstanding anything to the contrary in this Loan Agreement, the Authority and Trustee shall not be entitled to payment, reimbursement or indemnification with respect to actions involving willful misconduct, default or gross negligence on the part of the Authority.

The provisions of this Section 8.12 shall survive the discharge of the Agency's obligations hereunder and shall apply to any trustee or other assignee covered in Section 8.02 and shall survive the resignation or removal of the Trustee.

SECTION 8.13. Effective Date. This Loan Agreement shall become effective upon the issuance of the Bonds.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be signed by the respective officers, all as of the day and year first above written.

REDEVELOPMENT AGENCY OF THE CITY
OF FRESNO

By: 

Executive Director

FRESNO JOINT POWERS FINANCING
AUTHORITY

By: _____

Treasurer and Controller

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be signed by the respective officers, all as of the day and year first above written.

REDEVELOPMENT AGENCY OF THE CITY
OF FRESNO

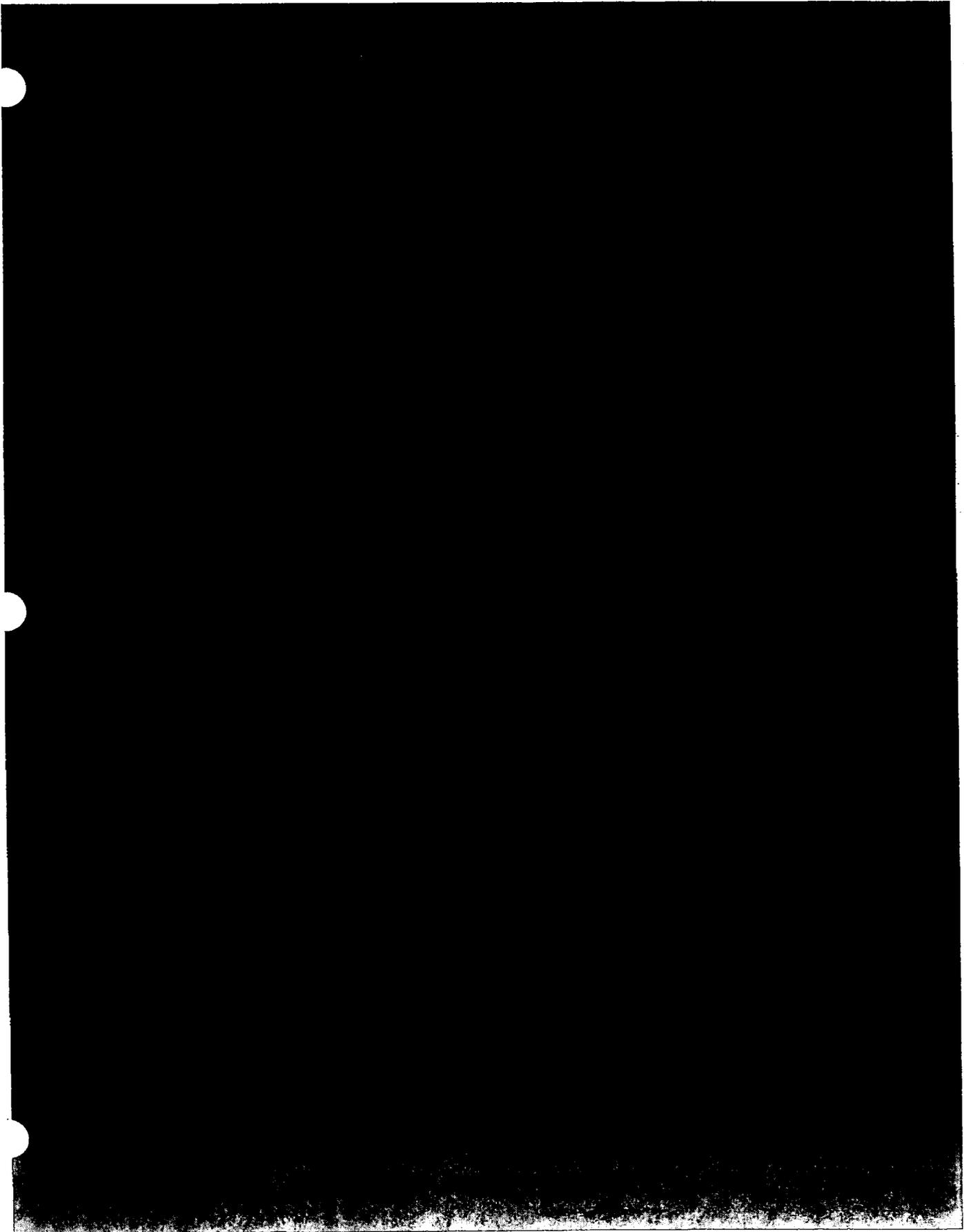
By: _____
Executive Director

FRESNO JOINT POWERS FINANCING
AUTHORITY

By: R. C. [Signature]
Treasurer and Controller

EXHIBIT A

The Project consists of certain public capital improvements in the Project Area, including but not limited to a police substation, parking, street, sidewalk and landscaping improvements, together with the repayment of a loan from the City to the Agency.



EXECUTION COPY

\$10,000,000
FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2001

BOND PURCHASE CONTRACT

March 2, 2001

Fresno Joint Powers Financing Authority
2600 Fresno Street
Fresno, California 93721

Redevelopment Agency
of the City of Fresno
2600 Fresno Street
Fresno, California 93721

Ladies and Gentlemen:

Sutro & Co. Incorporated (the "Underwriter"), offers to enter into the following Bond Purchase Contract (the "Purchase Contract") with the Fresno Joint Powers Financing Authority (the "Authority"), a joint powers authority created by a Joint Exercise of Powers Agreement dated as of October 28, 1988 between the City of Fresno (the "City") and the Redevelopment Agency of the City of Fresno (the "Redevelopment Agency"), as amended and supplemented on November 1, 1991 (the "JPA Agreement"), which, upon acceptance of this offer by the Authority will be binding upon the Authority and the Underwriter. This offer is made subject to acceptance of this Purchase Contract by the Authority on or before 11:59 p.m. San Francisco time on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority at any time prior such acceptance. Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the meanings given to such terms as set forth in the Trust Agreement (defined below).

Section 1. *Purchase, Sale and Delivery of the Bonds.* Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Contract, the Underwriter agrees to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$10,000,000 aggregate principal amount of the Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). The Bonds shall be dated their date of delivery and shall have the maturities and bear interest at the rates per annum and have the yields all as set forth on Schedule I attached hereto. The purchase price for the Bonds shall be \$10,109,925.55 which is 101.10% of the principal

amount of the Bonds, being the principal amount of the Bonds, plus an original issue premium in the amount of \$229,425.55, less an Underwriter's discount in the amount of \$199,500.00).

It shall be a condition to the obligation of the Underwriter to purchase, accept delivery of, and pay for the Bonds that the entire \$10,000,000 principal amount of the Bonds authorized by the Trust Agreement shall be delivered by the Authority to the Underwriter on the date of the Closing, defined below. The Underwriter agrees to make an initial *bona fide* public offering of all of the Bonds, at not in excess of the initial public offering yields or prices set forth on Schedule I attached hereto, however, the Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such initial public offering prices or yields. Following the initial public offering of the Bonds, the offering prices may be changed from time to time by the Underwriter.

Section 2. Description of the Bonds. The Bonds shall be as described in and shall be secured under and issued pursuant to a Trust Agreement executed and entered into as of March 1, 2001 (the "Trust Agreement") by and between the Authority and BNY Western Trust Company, as trustee (the "Trustee"). The Bonds are subject to redemption as provided in the Trust Agreement and as set forth in the Official Statement. The Bonds are limited obligations of the Authority payable solely from loan payments made by the Redevelopment Agency pursuant to a Tax Allocation Loan Agreement (Merger No. 2 Project Area) dated as of March 1, 2001 (the "Loan Agreement") by and between the Authority and the Redevelopment Agency, and from certain funds and accounts established by the Trust Agreement, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

The Bonds are being issued to enable the Authority to lend certain amounts to the Redevelopment Agency for redevelopment purposes within the Redevelopment Agency's Merger No. 2 Project Area (the "Merger No. 2 Project Area") and to repay a loan from the City of Fresno (the "City"); (ii) fund a reserve account; and (iii) pay costs of issuance.

Timely payment of interest on and principal of the Bonds will be guaranteed pursuant to a municipal bond insurance policy (the "Bond Insurance Policy") to be issued upon delivery of the Bonds by Ambac Assurance Corporation (the "Bond Insurer").

Section 3. Approval of Official Statement. The Authority consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement dated February 15, 2001 (the "Preliminary Official Statement") in connection with the public offering of the Bonds. As of its date, the Preliminary Official Statement has been deemed "final" by the Authority for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) (the "Rule"), except for the omission of certain information permitted to be omitted by such Rule. The Authority will supply or cause to be supplied to the Underwriter, within seven business days of the date of this Purchase Contract and in time to accompany any confirmation that requests payment from any customer, the Official Statement dated the date hereof (the "Official Statement") in sufficient quantity as requested by the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board (the "MSRB"), complete as its date of delivery (as amended and supplemented from time to time pursuant to Section 4(h) of this Purchase Contract. The Underwriter hereby agrees that it will not send any

confirmation requesting payment for the purchase of any Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the Official Statement. The Underwriter agrees to: (1) provide the Authority with final pricing information on the Bonds on a timely basis prior to the date of the Closing, (2) promptly file a copy of the Official Statement, including any supplements prepared by the Authority with a nationally recognized municipal securities information repository, (3) promptly notify the Authority of the end of the underwriting period (as such term is defined in Rule 15c2-12), and (4) take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

Section 4. Representations and Warranties of the Authority. The Authority represents and warrants to the Underwriter that:

(a) The Governing Board of the Authority has taken official action by a resolution adopted by a majority of its members at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on January 9, 2001, all action necessary to be taken by it for the execution, delivery and due performance of the Trust Agreement, the Loan Agreement, the Tax Certificate of the Authority dated as of the date of the initial delivery of the Bonds (the "Tax Certificate") and this Purchase Contract (collectively, the "Authority Agreements") and the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated hereby.

(b) The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "State") and the JPA Agreement and has all necessary power and authority to adopt Resolution No. 10 (the "Authority Resolution"), to enter into and perform its duties under the Authority Agreements and, when executed and delivered by the respective parties thereto, the Authority Agreements will each constitute legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms.

(c) By official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly approved the Trust Agreement, has duly authorized and approved the Preliminary Official Statement and the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations contained in, the Authority Agreements and the Bonds and the consummation by it of all other transactions contemplated by the Official Statement;

(d) The execution and delivery of each of the Authority Agreements and the Bonds have been duly authorized by the Authority; the Purchase Contract has been duly executed and delivered by the Authority; and the Purchase Contract constitutes, and upon their execution and delivery, the Bonds will constitute, a legal, valid and binding obligation of the Authority enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or creditors' rights generally; and the execution and delivery of the Authority Agreements and the Bonds, and compliance with the provisions of each thereof will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment, decree, agreement or other instrument to which the Authority is a party or is otherwise subject;

(e) Promptly after the Official Statement is available in final form, the Authority shall deliver or cause to be delivered to the Underwriter copies of the Official Statement manually signed by a duly authorized officer of the Authority and, within seven business days after the Authority's acceptance hereof, and a sufficient number of copies of the printed final Official Statement as the Underwriter shall request (not to exceed 400);

(f) At the time of the Authority's acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) To the best knowledge of the Authority as of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending or threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Authority, or the titles of its members or officers, (ii) enjoin or restrain the issuance, sale and delivery of the Bonds, or the use of any monies or properties pledged or to be pledged under the Trust Agreement for the payment of the Bonds, (iii) in any way question or affect any of the rights, powers, duties or obligations of the Authority with respect to the monies pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds, (iv) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds, the Trust Agreement, the Loan Agreement or the Purchase Contract, or (v) in any way question or affect the Purchase Contract or the transactions contemplated by the Purchase Contract, the Official Statement, the documents referred to in the Official Statement, or any other agreement or instrument to which the Authority is a party relating to the Bonds;

(h) For not more than 25 days from the end of the "underwriting period" (as defined in Securities and Exchange Commission Rule 15c2-12(e)(2)), if, in the reasonable opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), the City Attorney of the City (as counsel to the Authority), any event shall occur as a result of which it is necessary, to amend or supplement the Official Statement in order to make the statements therein, not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the Authority will forthwith prepare and furnish to the Underwriter a reasonable number of copies of any amendment of or supplement to the Official Statement (in form and substance satisfactory to Bond Counsel and the City Attorney of the City as counsel to the Authority) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection (h), the Authority will furnish to the Underwriter such information as it may from time to time request. The Authority may assume that the "end of the underwriting period" for purposes of Securities and Exchange Commission 15c2-12 will occur on the date of Closing unless otherwise notified, in writing, by the Underwriter on or prior to the date of Closing.

If the Official Statement is supplemented or amended pursuant to this Section 2(h), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or

amended pursuant to such paragraph) at all times subsequent thereto up to and including the date of the Closing, the Official Statement as so supplemented or amended will not contain, to the best of the Authority's knowledge, any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request, to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and will assist, if necessary therefor, in the continuation of such qualifications in effect as long as required for the distribution of the Bonds; provided, however, that the Authority shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state;

(j) Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of the Purchase Contract or the execution, delivery and sale of the Bonds or the consummation by the Authority of the other transactions contemplated by the Official Statement, this Purchase Contract, or the Trust Agreement;

(k) Any certificate signed by any official of the Authority authorized to do so shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein; and

(l) The Authority shall apply the proceeds of the Bonds, including the investment earnings thereon, in accordance with the Trust Agreement and as described in the Official Statement.

Section 5. *Representations and Warranties of the Redevelopment Agency.* The Redevelopment Agency represents and warrants to the Underwriter that:

(a) The governing board of the Redevelopment Agency has taken official action by a resolution adopted by a majority of its members at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on January 9, 2001, all action necessary to be taken by it for the execution, delivery and due performance of the Loan Agreement, the Continuing Disclosure Certificate of the Agency dated as of the date of the initial delivery of the Bonds (the "Continuing Disclosure Certificate") and this Purchase Contract (collectively, the "Agency Agreements") and the taking of any and all such action as may be required on the part of the Agency to carry out, give effect to and consummate the transactions contemplated hereby.

(b) The Redevelopment Agency is a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "State") and has all necessary power and authority to adopt Resolution No. 1575 (the "Agency Resolution"), to enter into and perform its duties under the Agency Agreements and, when executed and delivered by

the respective parties thereto, the Agency Agreements will each constitute legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms.

(c) By official action of the Agency prior to or concurrently with the acceptance hereof, the Authority has duly approved the Agency Agreements, has duly authorized and approved the Preliminary Official Statement and the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations contained in, the Agency Agreements, and the consummation by it of all other transactions contemplated by the Official Statement;

(d) The execution and delivery of each of the Agency Agreements have been duly authorized by the Redevelopment Agency, and upon their execution and delivery, each of the Agency Agreements will constitute a legal, valid and binding obligation of the Redevelopment Agency enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or creditors' rights generally;

(e) The execution and delivery of the Agency Agreements and compliance with the provisions of each thereof will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment, decree, agreement or other instrument to which the Redevelopment Agency is a party or is otherwise subject;

(f) To the best knowledge of the Redevelopment Agency as of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending or, to the best knowledge of the Redevelopment Agency, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Redevelopment Agency, or the titles of its members or officers, or (ii) in any way question or affect or the validity or enforceability of the Agency Agreements;

(g) Any certificate signed by any official of the Redevelopment Agency authorized to do so shall be deemed a representation and warranty by the Redevelopment Agency to the Underwriter as to the statements made therein; and

(h) Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the Redevelopment Agency since June 30, 2000 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

Section 6. *Closing.* At 8:00 A.M., San Francisco time, on March 14, 2001, or on such later date as may be agreed upon by the Underwriter, the Authority and the Redevelopment Agency, (i) the Authority will deliver or cause to be delivered to the Underwriter, at a location or locations to be designated by the Underwriter in New York, New York, the Bonds (in book-entry only form registered in the name of Cede & Co., and having CUSIP numbers assigned to them printed thereon), duly executed by the officers of the Authority, at the offices of Bond Counsel in San Francisco, California, or such other place as shall have been mutually agreed upon by the Underwriter, the Authority and the Redevelopment Agency, the other documents

described herein, and (ii) the Underwriter shall pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Contract in immediately available funds to the order of the Trustee; and the Underwriter shall accept the delivery of and pay the purchase price for the Bonds (such delivery and payment being referred to as the "Closing."

It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Contract.

Section 7. *Conditions to Closing.* The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the Authority contained herein and to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by the Authority and the Redevelopment Agency of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be subject to the performance by the Authority and the Redevelopment Agency of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following conditions:

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

(b) At the time of the Closing the Trust Agreement, the Loan Agreement and the Tax Certificate shall each be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority and Underwriter, and (ii) the Authority shall perform or have performed all of its obligations required under or specified in the Trust Agreement, the Loan Agreement, the Tax Certificate, this Purchase Contract and the Official Statement to be performed at or prior to the date of the Closing;

(c) As of the date of the Closing, all necessary official action of the Authority relating to this Purchase Contract, the Trust Agreement, the Loan Agreement, the Tax Certificate, and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the Authority and the Redevelopment Agency of its election to do so if, after the execution hereof and prior to the Closing: (1) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State of California, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State of California, or by a tentative decision or announcement by any member of the House Ways and

Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State of California, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State of California by the Governor of the State of California in an executive communication, affecting the tax status of the Authority, its property or income, its bonds (including the Bonds) or the interest thereon or any tax exemption granted or authorized by the Act; (2) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency, or there shall have occurred any other outbreak of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; (3) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York State or California State authorities; (4) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds is or would be in violation of any provision of the Securities Act of 1933, as then in effect, or of the Securities Exchange Act of 1934, as then in effect, or of the Trust Indenture Act of 1939, as then in effect; (5) legislation shall be enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a ruling or regulation by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed to the effect that the Bonds are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect; (6) in the reasonable judgment of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be materially and adversely affected because additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (7) the Comptroller of the Currency, The New York Stock Exchange, or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, or financial responsibility requirements of the Underwriter; (8) a general banking moratorium shall have been established by federal, New York or State authorities; (9) any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State shall be rendered, which, in the opinion of the Underwriter, after consultation with the Authority, materially adversely affects the market price of the Bonds; or (10) an event occurs which in the opinion of the Underwriter requires a supplement or amendment to the Official Statement; and

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

(1) *Legal Documents.* Copies of the Trust Agreement, the Loan Agreement and the Tax Certificate, each executed by the respective parties thereto;

(2) *Resolutions.* Copies of the Authority Resolution and the Agency Resolution, each certified as of the Closing date;

(3) *Bond Insurance Policy.* A copy of the Bond Insurance Policy, executed and delivered by the Bond Insurer;

(4) *JPA Agreement.* A certified copy of the JPA Agreement, together with a copy of the Notice of Filing of a Joint Powers Authority;

(5) *Preliminary and Final Official Statements.* The Preliminary Official Statement and the Official Statement, with the Official Statement executed on behalf of the Authority by a duly authorized officer of the Authority;

(6) *Continuing Disclosure Certificate.* The Continuing Disclosure Certificate, executed on behalf of the Redevelopment Agency by an authorized officer of the Redevelopment Agency;

(7) *Final Bond Counsel Opinion.* An approving opinion of Bond Counsel, dated the date of the Closing, substantially in the form attached as Appendix E to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter.

(8) *Supplemental Bond Counsel Opinion.* A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that: (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," and "LEGAL MATTERS" and "TAX MATTERS" insofar as such statements summarize certain provisions of the Trust Agreement and the Bonds, and certain provisions of federal and State law, are accurate in all material respects.

(9) *Authority Counsel Opinion.* An opinion of City Attorney, as counsel to the Authority, with respect to the Bonds dated the date of Closing and addressed to the Authority and the Underwriter, in substantially the form of Exhibit B;

(10) *Redevelopment Agency Counsel Opinion.* An opinion of the City Attorney, as counsel to the Redevelopment Agency, with respect to the Bonds, dated the date of Closing and addressed to the Authority and the Underwriter, in substantially the form of Exhibit C;

(11) *Underwriter's Counsel Opinion.* The opinion of Lofton De Lancie ("Underwriter's Counsel") addressed to the Authority and the Underwriter, to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the

statements in the Official Statement, and having made no independent investigation or verification thereof, no facts have come to their attention that lead them to believe that, as of the date of the Closing, the Official Statement (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, as to which no opinion or view need be expressed) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that the Bonds are exempt from registration under the Securities Act, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(12) *Authority Certificate.* A certificate dated the date of the Closing and executed by a duly authorized officer of the Authority to the effect that:

(i) The representations and warranties of the Authority contained in Section 4 hereof are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(ii) To the best of their knowledge, no event effecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements therein not misleading in any respect;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Authority that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the Authority of the other transactions contemplated by the Trust Agreement and the Official Statement, except as such may be required for the state securities or blue sky laws.

(iv) The execution and delivery by the Authority of the Trust Agreement, the Loan Agreement and the Tax Certificate, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any lease, indenture, bond, note, resolution or any other agreement or instrument to which the Authority is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Authority or any of its activities or properties.

(v) The Authority is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any lease, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject which breach or default would materially adversely affect the ability of the Authority to perform its obligations under the Trust Agreement, the Loan Agreement, or the Tax Certificate, and no event has occurred and is continuing which, with the

passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument.

(vi) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the Authority, threatened against or affecting the existence of the Authority or seeking to prohibit, restrain or enjoin the issuance and delivery of the Bonds or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Trust Agreement, the Loan Agreement or the Tax Certificate or contesting the powers of the Authority to enter into, adopt or perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby and by the Official Statement, or which, in any way, would materially adversely affect the validity of the Bonds, the Trust Agreement, the Loan Agreement or the Tax Certificate, or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby and by the Official Statement or the exemption from taxation as set forth herein.

(13) *Redevelopment Agency Certificate.* A certificate, dated the date of Closing from a duly authorized official of the Redevelopment Agency to the effect that:

(i) The representations and warranties of the Redevelopment Agency contained in Section 5 hereof are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(ii) The statements and information contained in the Official Statement regarding the Redevelopment Agency (including any financial and statistical data contained therein) and the Merger No. 2 Project Area are true and correct in all material respects and the statements and information in the Official Statement regarding the Redevelopment Agency (including any financial and statistical data contained therein) do not and will not omit any statement or information which is necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Redevelopment Agency that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the Redevelopment Agency of the other transactions contemplated by the Trust Agreement, the Loan Agreement, the Continuing Disclosure Certificate and the Official Statement, except as such may be required for the state securities or blue sky laws.

(iv) The execution and delivery by the Redevelopment Agency of the Loan Agreement and the Continuing Disclosure Certificate, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any lease, indenture, bond, note, resolution or any other agreement or instrument to which the Redevelopment Agency is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Redevelopment Agency or any of its activities or properties.

(v) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the Redevelopment Agency, threatened against or affecting the existence of the Redevelopment Agency or in any way contesting or affecting the validity or enforceability of the Loan Agreement or the Continuing Disclosure Certificate.

(14) *Trustee Certificate.* A certificate of the Trustee, dated the date of the Closing, to the effect that:

(i) The Trustee is a state banking company existing under the laws of the State of California, and has full power and is qualified to accept and comply with the terms of the Trust Agreement, and to perform its obligations stated therein;

(ii) The Trustee has accepted the duties and obligations imposed on it by the Trust Agreement;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the consummation by the Trustee of the transactions contemplated by the Trust Agreement to be undertaken by the Trustee;

(iv) Compliance with the terms of the Trust Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any Federal or state securities or Blue Sky laws or regulations); and

(v) To the knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body served on or threatened against or

affecting the existence of the Trustee, or in any way contesting or affecting the validity or enforceability of the Bonds or the Trust Agreement, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under the Trust Agreement or the Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Bonds or the Trust Agreement;

(15) *Trustee's Counsel Opinion.* An opinion of counsel to the Trustee addressed to the Authority and the Underwriter, dated the date of Closing, to the effect that: (A) the Trustee is a state banking corporation with trust powers, duly organized and validly existing and in good standing under the laws of the State of California, having the legal authority to exercise trust powers in the State; (B) the Trustee has full legal power and corporate authority to accept the duties and obligations imposed on it by the Trust Agreement and to authenticate the Bonds and the full legal power and authority to own its properties and to carry on its business; (C) the Bonds have been duly authenticated by the Trustee; (D) no consent, approval, authorization or order of any court, regulatory authority or governmental body is required for the valid authorization, execution and delivery of the Trust Agreement and the authentication of the Bonds or the consummation by the Trustee of the transactions contemplated in the Trust Agreement except such as have been obtained and except such as may be required under the state securities or Blue Sky laws in connection with the purchase and distribution of the Bonds by the Underwriter; (E) the acceptance of its duties under the Trust Agreement and the authentication of the Bonds by the Trustee and performance by the Trustee of its obligations thereunder, will not conflict with or result in a breach of any of the terms, conditions or provisions of its articles of incorporation or bylaws any other agreement or instrument to which the Trustee is a party or by which it is bound or any other existing law, regulation, court order or consent decree to which the Trustee is subject or constitute a default thereunder; and (F) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or to the best of counsel's knowledge threatened against the Trustee affecting the existence of the Trustee or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the authentication of the Bonds by the Trustee, or contesting the powers of the Trustee or its authority to perform its obligations under the Trust Agreement or the Bonds;

(16) *Bond Insurer Certificate and Opinion.* A certificate of the Bond Insurer, dated the date of the Closing, to the effect that the information in the Official Statement regarding the Bond Insurance Policy and the Bond Insurer is accurate in all material respects and a legal opinion from counsel to the Bond Insurer addressing the enforceability of the Bond Insurance Policy;

(17) *Ratings.* Evidence that the Bonds have been rated "AAA" by Standard & Poor's Ratings Group ("S&P") and "Aaa" by Moody's Investors Service and been given an underlying rating by S&P of "A-";

(18) *Tax Certificate.* A Tax Certificate of the Authority, executed on behalf of the Authority by the Treasurer or other authorized officer.

(19) *CDIAC Filings.* Evidence of required filings with the California Debt and Investment Advisory Commission;

(20) *Letter of Representations.* A copy of the executed Letter of Representations by and between the Authority and The Depository Trust Company, New York, New York, relating to the book-entry system for the Bonds;

(21) *Additional Documents.* Such additional legal opinions, certificates, instruments and documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Authority's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Authority on or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the Authority.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter. Receipt of, and payment for, the Bonds shall constitute evidence of the satisfactory nature of such as to the Underwriter. The performance of any and all obligations of the Authority hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in its sole discretion.

If the Authority shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, and neither the Underwriter nor the Authority shall be under further obligation hereunder, except that the respective obligations of the Authority and the Underwriter set forth in Section 8 hereof shall continue in full force and effect.

Section 8. Expenses. (a) The Underwriter shall be under no obligation to pay, and the Authority shall pay the following expenses incident to the performance of the Authority's obligation hereunder: (i) the fees and disbursements of Bond Counsel and Underwriter's Counsel; (ii) the cost of printing and delivering the Bonds, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Section 4(h) of this Purchase Contract); (iii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the Authority, including the fees and expenses of the fiscal consultant; and (iv) any other expenses and costs of the Authority incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(b) The Underwriter shall pay all expenses incurred by them in connection with the public offering and distribution of the Bonds including, but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; and (ii) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the

Bonds, except as provided in (a) above or as otherwise agreed to by the Underwriter and the Authority.

Section 9. *Notices.* Any notice or other communication to be given to the Authority under this Purchase Contract may be given by delivering the same in writing at the Authority's address set forth above, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Sutro & Co. Incorporated, 201 California Street, 4th Floor, San Francisco, California 94111, Attention: Robert L. Williams, Senior Vice President.

Section 10. *Operative Effect.* This Purchase Contract is made solely for the benefit of the Authority, the Redevelopment Agency and the Underwriter (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Authority and the Redevelopment Agency contained in this Purchase Contract shall remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the Bonds pursuant to this Purchase Contract. The agreements contained in this Section and in Sections 4 and 5 shall survive any termination of this Purchase Contract.

Section 11. *Severability.* In the event that any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 12. *Governing Law; Venue.* This Purchase Contract shall be governed exclusively by and construed in accordance with the applicable laws of the State applicable to contracts made and performed in the State. This Purchase Contract shall be enforceable in the State and any action arising out of this Purchase Contract shall be filed with and maintained in Fresno County Superior Court, Fresno County, California; provided that the Authority may waive the requirement of venue.

Section 13. *Execution in Counterparts.* This Purchase Contract may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

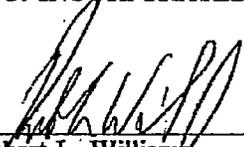
Section 14. *Headings.* The section headings used in this Purchase Contract are included for convenience only and shall not affect the construction or interpretation of any of its provisions.

Section 15. *Effective Date.* This Purchase Contract shall become effective upon the execution of the acceptance hereof by an authorized officer of the Authority, and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

SUTRO & CO. INCORPORATED.

By: _____


Robert L. Williams
Senior Vice President

Accepted:

FRESNO JOINT POWERS FINANCING AUTHORITY

By: _____

Treasurer and Controller

Approved:

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

By: _____

Executive Director

Section 15: *Effective Date.* This Purchase Contract shall become effective upon the execution of the acceptance hereof by an authorized officer of the Authority, and shall be valid and enforceable as of the time of such acceptance.

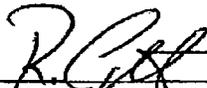
Very truly yours,

SUTRO & CO. INCORPORATED

By: _____
Robert L. Williams
Senior Vice President

Accepted:

FRESNO JOINT POWERS FINANCING AUTHORITY

By:  _____
Treasurer and Controller

Approved:

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

By: _____
Executive Director

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Very truly yours,

SUTRO & CO. INCORPORATED

By: _____

Robert L. Williams
Senior Vice President

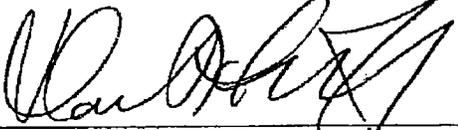
Accepted:

FRESNO JOINT POWERS FINANCING AUTHORITY

By: _____
Treasurer and Controller

Approved:

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

By:  _____
Executive Director

SCHEDULE I

MATURITIES, AMOUNTS, RATES, YIELDS AND PRICES

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2001	\$115,000	4.00%	3.000%
2002	300,000	4.00	3.050
2003	315,000	4.00	3.300
2004	475,000	4.00	3.400
2005	495,000	4.00	3.500
2006	510,000	4.00	3.650
2007	530,000	4.00	3.750
2008	555,000	4.00	3.850
2009	575,000	4.00	3.950
2010	595,000	4.00	4.050
2011	625,000	4.10	4.150
2012	645,000	4.20	4.300
2013	675,000	4.30	4.400

\$1,445,000 5.50% Term Bonds due August 1, 2015—Yield 4.550%

\$2,145,000 5.25% Term Bonds due August 1, 2018—Yield 4.850%

EXHIBIT A

**FORM OF THE CERTIFICATE OF THE AUTHORITY
REGARDING PRELIMINARY OFFICIAL STATEMENT**

**FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2001**

The undersigned hereby states and certifies:

1. That he is the duly elected, qualified and acting Treasurer and Controller of the Fresno Joint Powers Financing Authority (the "Authority") and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

2. That there has been delivered to Sutro & Co. Incorporated (the "Underwriter") of the captioned Bonds, a Preliminary Official Statement, dated February 15, 2001, including the cover page and all appendices thereto, the "Preliminary Official Statement", which the Authority deems final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"); except for information permitted to be omitted therefrom by Rule 15c2-12; and

3. The Authority hereby approves the use and distribution by the Underwriter of the Preliminary Official Statement.

Dated: February 15, 2001

**FRESNO JOINT POWERS FINANCING
AUTHORITY**

By: _____
Treasurer

EXHIBIT B

FORM OF OPINION OF AUTHORITY COUNSEL

[Letterhead of Counsel to Authority]

_____, 2001

Fresno Joint Powers Financing Authority
Fresno, California

Redevelopment Agency of the City of Fresno
Fresno, California

Sutro & Co. Incorporated
Walnut Creek, California

Re: Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001

Ladies and Gentlemen:

I have served as counsel to the Fresno Joint Powers Financing Authority (the "Authority") in connection with the issuance, sale and delivery of \$_____ aggregate principal amount of the Authority's Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). As such counsel I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the Authority; (ii) Resolution No. 10 of the Authority duly and validly adopted on January 9, 2001 (the "Resolution") authorizing the issuance, execution and delivery of the Bonds; (iii) the Trust Agreement dated as of March 1, 2001 (the "Trust Agreement"), by and between the Authority and BNY Western Trust Company, as trustee (the "Trustee"); (iv) the Loan Agreement dated as of March 1, 2001 (the "Loan Agreement") by and between the Authority and the City of Fresno Redevelopment Agency (the "Agency"); (v) the Tax Certificate of the Authority dated the date hereof (the "Tax Certificate"); (vi) the Purchase Contract, dated as of _____, 2001 (the "Purchase Contract"), between Sutro & Co. Incorporated, as underwriter, and the Authority; and (viii) the Official Statement, dated _____, 2001 (the "Official Statement") relating to the Bonds. Any capitalized term used herein and not otherwise defined shall have the meanings given to such terms as specified in the Official Statement.

Based on the foregoing, I am of the opinion that:

1. The Authority is a joint exercise of power authority duly created, organized and existing under the laws of the State of California and has full legal right, power and authority to issue the Bonds.

2. The Resolution approving and authorizing the issuance, execution and delivery of the Bonds, the Trust Agreement, the Loan Agreement, the Tax Certificate, the Purchase Contract and the Official Statement has been duly adopted, and the Resolution is in full force and effect and has not been modified, amended or rescinded.

3. The Authority has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Trust Agreement, the Loan Agreement, the Tax Certificate, and the Purchase Contract, and the Authority has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Trust Agreement, the Loan Agreement and the Purchase Contract.

4. The Trust Agreement, the Loan Agreement, the Tax Certificate and the Purchase Contract have each been duly authorized, executed and delivered by the Authority, each is in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the Authority enforceable against the Authority in accordance with their terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of the Trust Agreement, the Loan Agreement, the Tax Certificate, the Official Statement or the Purchase Contract or the performance by the Authority of its obligations thereunder or for the issuance, sale and delivery of the Bonds.

6. The execution and delivery of the Trust Agreement, the Loan Agreement, the Tax Certificate, the Official Statement and the Purchase Contract by the Authority, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Authority, or any commitment, agreement or other instrument to which the Authority is a party or by which it is or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Authority (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Authority and its affairs.

7. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before any court, public board or body pending or threatened against or affecting the Authority or any of its officers in their respective capacities as such which questions the powers of the Authority or in connection with the transactions contemplated by the Purchase Contract or the Official Statement, or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery

of the Trust Agreement, the Loan Agreement, the Tax Certificate or the Purchase Contract, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Trust Agreement, the Loan Agreement, the Tax Certificate or the Purchase Contract or, in any material respect, the ability of the Authority to perform its obligations thereunder.

Very truly yours,

Counsel to the
Fresno Joint Powers Financing Authority

EXHIBIT C

FORM OF OPINION OF COUNSEL TO REDEVELOPMENT AGENCY

[Letterhead of Counsel to Redevelopment Agency]

_____, 2001

City of Fresno Redevelopment Agency
Fresno, California

Sutro & Co. Incorporated
San Francisco, California

Re: Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001

Ladies and Gentlemen:

I have served as counsel to the City of Fresno Redevelopment Agency (the "Redevelopment Agency") in connection with the issuance of \$ _____ aggregate principal amount of the Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). As such counsel I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the Redevelopment Agency; (ii) Resolution No. 1575 of the Redevelopment Agency duly and validly adopted on January 9, 2001 (the "Resolution") authorizing the execution and delivery of certain documents by the Redevelopment Agency related to the issuance of the Bonds by the Fresno Joint Powers Financing Authority (the "Authority"); (iii) the Loan Agreement dated as of March 1, 2001 (the "Loan Agreement") by and between the Authority and the Redevelopment Agency; (iv) the Purchase Contract, dated as of _____, 2001 (the "Purchase Contract"), between Sutro & Co. Incorporated, as underwriter, the Authority and approved by the Redevelopment Agency; (v) the Continuing Disclosure Certificate of the Agency dated as of the date hereof (the "Continuing Disclosure Certificate"); and (vi) the Official Statement, dated _____, 2001 (the "Official Statement") relating to the Bonds. Any capitalized term used herein and not otherwise defined shall have the meanings given to such terms as specified in the Official Statement.

Based on the foregoing, I am of the opinion that:

1. The Redevelopment Agency is public body corporate and politic duly organized and validly existing under the laws of the State of California.

2. The Resolution approving and authorizing the execution and delivery of the Loan Agreement and the Continuing Disclosure Certificate and approval of the Purchase Contract has been duly adopted, and the Resolution is in full force and effect and has not been modified, amended or rescinded.

3. The Redevelopment Agency has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Loan Agreement, the Continuing Disclosure Certificate and the Purchase Contract, and the Redevelopment Agency has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Loan Agreement, the Continuing Disclosure Certificate and the Purchase Contract.

4. The Loan Agreement, the Continuing Disclosure Certificate and the Purchase Contract have each been duly authorized, executed and delivered by the Redevelopment Agency, each is in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the Redevelopment Agency enforceable against the Redevelopment Agency in accordance with their terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Redevelopment Agency of the Loan Agreement, the Continuing Disclosure Certificate or the approval of the Purchase Contract or the performance by the Redevelopment Agency of its obligations thereunder.

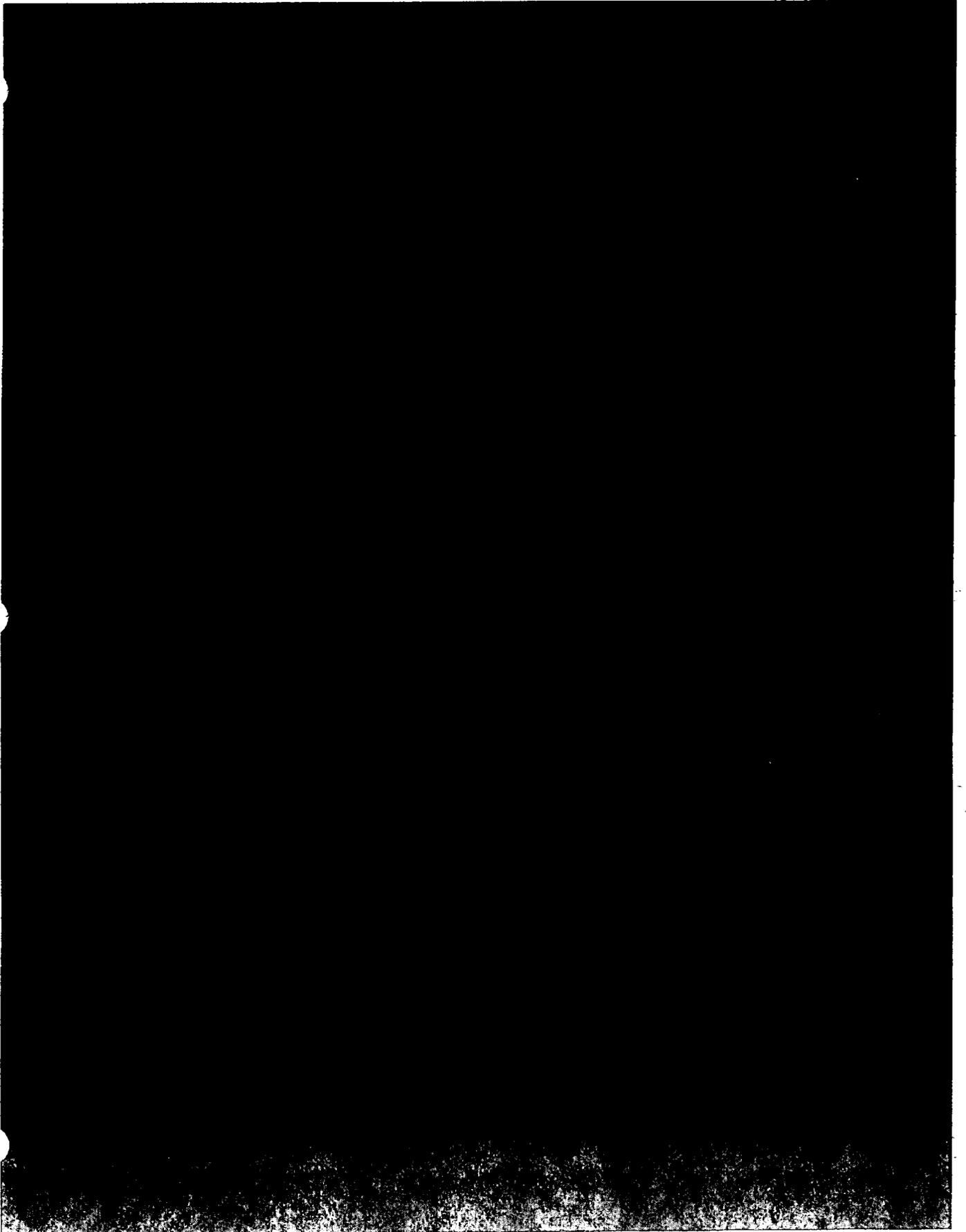
6. The execution and delivery of the Loan Agreement, the Continuing Disclosure Certificate and the Purchase Contract by the Redevelopment Agency, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Redevelopment Agency, or any commitment, agreement or other instrument to which the Redevelopment Agency is a party or by which it is or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Redevelopment Agency (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Redevelopment Agency and its affairs.

7. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before any court, public board or body pending or threatened against or affecting the Redevelopment Agency or any of its officers in their respective capacities as such which questions the powers of the Redevelopment Agency or in connection with the transactions contemplated by the Purchase Contract or the Official Statement, or the validity of the proceedings taken by the Redevelopment Agency in connection with the authorization, execution or delivery of the Loan Agreement, the Continuing Disclosure Certificate or the Purchase Contract, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or

enforceability of the Loan Agreement, the Continuing Disclosure Certificate or the Purchase Contract or, in any material respect, the ability of the Redevelopment Agency to perform its obligations thereunder.

Very truly yours,

Counsel to the
City of Fresno Redevelopment Agency



This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 15, 2001

NEW ISSUE—FULL BOOK-ENTRY ONLY

RATINGS: S&P: AAA
Moody's: Aaa
S&P Underlying Rating: A-
 See "RATINGS" herein

In the opinion of Orrick, Herrington & Sucliff LLP, San Francisco, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

\$10,000,000*
FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2001

Dated: Date of Delivery

Due: August 1, as shown below

The Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds") are being issued by the Fresno Joint Powers Financing Authority (the "Authority") pursuant to a trust agreement, dated as of March 1, 2001 by and between the Authority and BNY Western Trust Company, as trustee (the "Trustee") and will be secured as described herein.

The Bonds will be issued in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Ownership interests in the Bonds will be in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners of the Bonds will not receive physical certificates representing the Bonds purchased, but will receive a credit balance on the books of DTC Participants. Interest on the Bonds is payable semiannually on February 1 and August 1, commencing August 1, 2001 (each, an "Interest Payment Date"). Principal of, premium, if any, and interest on the Bonds will be paid by the Trustee to DTC, which in turn will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See "THE BONDS—Book-Entry Only System."

The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein.

The Bonds are being issued for the purpose of enabling the Authority to (i) lend certain amounts to the Redevelopment Agency of the City of Fresno (the "Agency") for redevelopment purposes within the Agency's Merger No. 2 Project Area and to repay a loan from the City of Fresno (the "City"); (ii) fund the Reserve Account; and (iii) pay costs of issuance.

The Bonds are secured by Loan Payments to be made by the Agency pursuant to the Tax Allocation Loan Agreement (Merger No. 2 Project Area) dated as of March 1, 2001 (the "Loan Agreement") between the Authority and the Agency. The Loan Payments are derived from certain tax increment revenues from the Agency's Merger No. 2 Project Area.

The scheduled payment of principal and interest with respect to the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by AMBAC Assurance Corporation (the "Bond Insurer"). See "BOND INSURANCE" and APPENDIX G—"SPECIMEN BOND INSURANCE POLICY."

Ambac

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM PAYMENTS ON THE LOAN AGREEMENT AND CERTAIN FUNDS HELD BY THE TRUSTEE FOR THE BENEFIT OF THE OWNERS AND ANY INVESTMENT EARNINGS THEREON. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY, THE AGENCY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE INTEREST THEREON, ONLY FROM THE FUNDS DESCRIBED IN THE TRUST AGREEMENT, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE BONDS. THE OBLIGATION OF THE AGENCY TO MAKE PAYMENTS UNDER THE LOAN AGREEMENT IS NOT A DEBT OF THE CITY, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY TO THE LIMITED EXTENT SET FORTH IN THE LOAN AGREEMENT, AND NEITHER THE CITY, NOR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY IS LIABLE THEREFOR. THE PAYMENTS UNDER THE LOAN AGREEMENT ARE PAYABLE SOLELY FROM TAX REVENUES ALLOCATED TO THE AGENCY FROM THE AGENCY'S MERGER NO. 2 PROJECT AREA.

This cover page contains certain information for general reference only. It is *not* a summary of this issue. Potential investors are advised to read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds. Investment in the Bonds offered hereunder involves risk. See "RISK FACTORS" for a discussion of the risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

MATURITY SCHEDULE

				\$				
				Serial Bonds				
Due (August 1)	Principal Amount	Rate	Yield	Due (August 1)	Principal Amount	Rate	Yield	
2001	\$			2006	\$			
2002				2007				
2003				2008				
2004				2009				
2005				2010				
		\$	+	% Term Bonds Due August 1, 2018—			% Yield	

The Bonds are being offered by the Underwriter, as, when and if issued by the Authority and accepted by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sucliff LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Lofton De Lancie, San Francisco, California, Underwriter's Counsel and for the Authority and the Agency by the City Attorney of the City of Fresno. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about March 14, 2001.

SUTRO & CO. INCORPORATED

Dated: _____, 2001.

*Preliminary, subject to change.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs the Authority, the City or the Agency since the date hereof. All discussions of certain provisions of the Trust Agreement, the Loan Agreement or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Please be advised that such documents in their entirety are on file with the Trustee.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectant contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the Agency plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

FRESNO JOINT POWERS FINANCING AUTHORITY

Governing Board

Alan Autry, Chairperson
Henry Perea, Vice-Chairperson
Jerry Duncan, Member

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

Governing Board
(City Council Members of the City of Fresno)

Jerry Duncan, Chairman

Tom Boyajian, Member
Brian Calhoun, Member
Brad Castillo, Member

Henry Perea, Member
Sal Quintero, Member
Dan Ronquillo, Member

Officers

Dan Fitzpatrick, Executive Director
Hilda Cantú Montoy, City Attorney of the City, as Agency Counsel

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Underwriter's Counsel

Lofton De Lancie
San Francisco, California

Trustee

BNY Western Trust Company
Los Angeles, California

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\$10,000,000*
FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2001

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, sets forth certain information concerning the issuance and sale by the Fresno Joint Powers Financing Authority (the "Authority") of \$10,000,000* aggregate principal amount of its Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), and particularly the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584), Chapter 5, Division 7, Title 1 of the California Government Code, as amended (the "Act"), and a Trust Agreement dated as of March 1, 2001 (the "Trust Agreement") between the Authority and BNY Western Trust Company, as trustee (the "Trustee").

The Bonds are being issued for the purpose of enabling the Authority to: (i) lend certain amounts to the Redevelopment Agency of the City of Fresno (the "Agency") for redevelopment purposes within the Agency's Merger No. 2 Project Area (the "Project Area") and to repay a loan from the City of Fresno (the "City"); (ii) fund the Reserve Account; and (iii) pay costs of issuance of the Bonds. The Bonds are secured by Loan Payments to be made by the Agency pursuant to the Tax Allocation Loan Agreement (Merger No. 2 Project Area) dated as of March 1, 2001 (the "Loan Agreement") between the Authority and the Agency. The Loan Payments are derived from certain tax increment revenues from the Agency's Merger No. 2 Project Area. See "SECURITY FOR THE BONDS."

This Official Statement contains brief descriptions of, among other things, the Bonds, the Loan Agreement, the Trust Agreement, the Authority, the Agency and the Project Area. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to such documents, and references to the Bonds are qualified in their entirety by reference to the form of Bond included in the Trust Agreement. Copies of the Trust Agreement, the Loan Agreement and other documents described in this Official Statement may be obtained from the Trustee.

The Bonds are limited obligations of the Authority payable solely from: (i) all amounts payable by the Agency to the Authority pursuant to the Loan Agreement including all extensions and renewals of the terms thereof, all amounts realized upon remedial proceedings taken in the event of default on such Loan Agreement and all payments made thereunder (including redemptions and prepayments and premiums, if any, with respect thereto); (ii) amounts on deposit in the Reserve Account established under the Trust Agreement; and (iii) all investment earnings on any moneys held in funds and accounts established under the Trust Agreement, except the Rebate Fund. The payments under the Loan Agreement are payable solely from tax revenues allocated to the Agency from the Project Area. See "SECURITY FOR THE BONDS."

* Preliminary, subject to change.

The Bonds shall not be deemed to constitute a debt or liability of the Agency, the City of Fresno (the "City") or of the State of California or of any political subdivision thereof (including any member of the Authority). The Authority shall be obligated to pay the principal of the Bonds, or the interest thereon, only from the funds described above, and neither the faith and credit nor the taxing power of the City or of the State of California or of any political subdivision thereof (including any member of the Authority) is pledged to the payment of the principal of or the interest on the Bonds.

The obligation of the Agency to make payments under the Loan Agreement is not a debt of the City, or the State of California or any of its political subdivisions other than the Agency to the limited extent set forth in the Loan Agreement, and neither the City, nor the State or any of its political subdivisions other than the Agency is liable therefor. The payments under the Loan Agreement are payable solely from tax revenues allocated to the Agency from the Agency's Merger No. 2 Project Area.

The Agency is undertaking the continuing disclosure obligation with respect to the Bonds. The Agency has covenanted for the benefit of Bondholders to provide certain financial information and operating data relating to the Agency by not later than nine months following the end of the Agency's fiscal year (currently June 30) commencing with the report for the 2000-2001 fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if deemed by the Agency to be material. The Annual Report will be filed by the Agency with each Nationally Recognized Municipal Securities Repository. The notices of material events will be filed by the Agency with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below in APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

THE BONDS

General

The Bonds will be issued in an aggregate principal amount of \$10,000,000* in denominations of \$5,000 or any integral multiple thereof, and will be dated the date of delivery thereof and will mature on August 1 of the years and in the amounts set forth on the cover page hereof. Interest on the Bonds is payable from their dated date, at the rates set forth on the cover page hereof, on August 1 and February 1 of each year, commencing August 1, 2001.

The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC," together with any successor securities depository, the "Securities Depository"). DTC will act as Securities Depository for the Bonds so purchased. Individual purchases will be made only in book-entry form. Purchasers will not receive physical certificates representing their beneficial ownership interest

* Preliminary, subject to change.

in the Bonds. So long as the Bonds are registered in the name of Cede & Co., payment of the principal of, premium, if any, and interest on the Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM PAYMENTS ON THE LOAN AGREEMENT AND CERTAIN FUNDS HELD BY THE TRUSTEE FOR THE BENEFIT OF THE OWNERS AND ANY INVESTMENT EARNINGS THEREON. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE AGENCY, THE CITY, THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, AND THE INTEREST THEREON, ONLY FROM THE FUNDS DESCRIBED HEREIN, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE BONDS.

THE OBLIGATION OF THE AGENCY TO MAKE PAYMENTS UNDER THE LOAN AGREEMENT IS NOT A DEBT OF THE CITY, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY TO THE LIMITED EXTENT SET FORTH IN THE LOAN AGREEMENT, AND NEITHER THE CITY, NOR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY IS LIABLE THEREFOR. THE PAYMENTS UNDER THE LOAN AGREEMENT ARE PAYABLE SOLELY FROM TAX REVENUES ALLOCATED TO THE AGENCY FROM THE AGENCY'S MERGER NO. 2 PROJECT AREA.

Redemption

Optional Redemption.

The Bonds maturing prior to August 1, 2010 are not subject to optional redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2011 are subject to optional redemption by the Authority prior to their respective stated maturity dates as a whole, or in part, on any date (in such maturities as are selected by the Authority) on or after August 1, 2010, from funds derived by the Authority from any source at the following redemption prices (computed upon the principal amount of the Bonds or portions thereof called for redemption), together with accrued interest to the date fixed for redemption:

Redemption Period (Dates Inclusive)	Redemption Price
August 1, 2010 through July 31, 2011	102%
August 1, 2011 through July 31, 2012	101
August 1, 2012 and thereafter	100

Partial Redemption of the Bonds. In the event a portion, but not all, of the Outstanding Bonds maturing on any one date are to be redeemed, the Trustee will select the Bonds of such maturity date for redemption in any manner that it deems appropriate and fair. For purposes of such selection, Bonds shall be deemed to be comprised of \$5,000 multiples and any such multiple may be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2018 (the "Term Bonds") are subject to mandatory redemption in part by lot, from mandatory sinking fund payments made by the Authority from the Principal Account, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

<u>Sinking Fund Redemption Date (August 1)</u>	<u>Principal Amount* Subject to Redemption</u>
2011	
2012	
2013	
2014	
2015	
2016	
2017	
2018	

If some but not all of the Term Bonds have been redeemed as described under "Optional Redemption" above, the total amount of all future mandatory sinking fund payments relating to such maturity shall be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such mandatory sinking fund payments on a pro rata basis in integral multiples of \$5,000.

Notice of Redemption. Notice of redemption will be mailed by first class mail by the Trustee not less than 30 nor more than 60 days prior to the date fixed for redemption to: (i) the registered owners of the outstanding Bonds selected for redemption in whole or in part at their addresses appearing on the books kept by the Trustee for the transfer and exchange of the Bonds (ii) the Securities Depositories; and (iii) one or more Information Services.

So long as the Bonds are held in book-entry only form, notice of redemption will be mailed by the Trustee only to DTC and not to the Beneficial Owners (as defined below) of Bonds under the DTC book-entry only system. Neither the Authority nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM." The notice of redemption shall state the date of the notice, the redemption date, the redemption price and designate the CUSIP numbers of maturity or maturities, and, if less than

* Preliminary, subject to change.

all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. The actual receipt by any Bondowner of such notice of redemption shall not be a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein shall affect the validity of the proceedings for redemption or the cessation of interest on the date fixed for redemption.

Purchase in Lieu of Redemption. In lieu of the redemption of any Bond, amounts on deposit in the Principal Fund or the Redemption Fund may also be used and withdrawn by the Trustee at any time prior to selection of Bonds for redemption, upon the written request of the Authority, for the purchase of the Bonds at public or private sale as and when and at such prices (which including brokerage and other charges shall not be in excess of the principal amount thereof and excluding accrued interest which is payable from the Interest Fund) as the Authority may in its discretion determine but not in excess of the redemption price thereof plus accrued interest to the purchase date.

SOURCES AND USES OF FUNDS*

The estimated sources and uses of funds in connection with the financing are set forth in the following table:

Sources of Funds	
Principal Amount of Bonds	\$10,000,000.00
Total Sources	
Uses of Funds⁽²⁾	
Redevelopment Purposes	
Repayment of City Loan	
Reserve Account	
Costs of Issuance ⁽³⁾	
Total Uses	

(1) See "SECURITY FOR THE BONDS—Plan of Refunding."

(2) A loan in the principal amount of the Bonds will be made by the Authority to the Agency. See "SECURITY FOR THE BONDS—Loan Agreement."

(3) Includes bond counsel fee, underwriter's counsel fee, underwriter's discount, initial fees of the Trustee printing costs and other miscellaneous costs of issuance.

* Preliminary, subject to change.

SECURITY FOR THE BONDS

General

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM PAYMENTS ON THE LOAN AGREEMENT AND CERTAIN FUNDS HELD BY THE TRUSTEE FOR THE BENEFIT OF THE OWNERS AND ANY INVESTMENT EARNINGS THEREON. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY, THE AGENCY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, AND THE INTEREST THEREON, ONLY FROM THE FUNDS DESCRIBED IN THE TRUST AGREEMENT, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE BONDS.

THE OBLIGATION OF THE AGENCY TO MAKE PAYMENTS UNDER THE LOAN AGREEMENT IS NOT A DEBT OF THE CITY, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY TO THE LIMITED EXTENT SET FORTH IN THE LOAN AGREEMENT, AND NEITHER THE CITY, NOR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY IS LIABLE THEREFOR. THE PAYMENTS UNDER THE LOAN AGREEMENT ARE PAYABLE SOLELY FROM TAX REVENUES ALLOCATED TO THE AGENCY FROM THE AGENCY'S MERGER NO. 2 PROJECT AREA.

The Bonds are secured by the Revenues of the Authority and amounts on deposit in the Reserve Account. Generally, "Revenues" are (i) all amounts received by the Authority pursuant to the Loan Agreement and (ii) all investment earnings on any moneys held in the Revenue Fund.

Loan Agreement

General. Pursuant to the Loan Agreement, the Authority will make a loan of \$10,000,000* of the proceeds of the Bonds to the Agency. Such loan is to be repaid by the Agency by making loan payments designed to provide funds to the Authority, at the times, and in the amounts, sufficient to pay debt service on the Bonds. Such loan payments are payable solely from Pledged Tax Revenues (as defined below) derived from the Agency's Fruit/Church Project Area and Southwest Project Area, which project areas have been merged by the Agency pursuant to the Law and now constitute the Agency's Merger No. 2 Project Area (the "Project Area").

* Preliminary, subject to change.

"Pledged Tax Revenues" means, for each Fiscal Year during the term of the Loan Agreement, the taxes eligible for allocation to the Agency pursuant to the Law with respect to the Project Area (exclusive of (a) amounts, if any, not exceeding twenty percent (20%) of certain of such taxes which may be required by law to be set aside for certain housing purposes, (b) amounts, if any, received pursuant to Section 16111 of the Government Code, and (c) Pass-Through Payments) together with the Housing Fund Share (if any), including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations.

"Pass-Through Agreements" means the Agreement dated August 5, 1986, by and between the Agency and the Fresno County Free Library, as such may be amended from time to time.

"Pass-Through Payments" means all payments required to be paid in each Fiscal Year to any Taxing Agencies pursuant to the Law and/or any Pass-Through Agreements, but only to the extent that such payments are not subordinated to the payment of Debt Service.

"Housing Fund Share" means an amount of Debt Service determined by multiplying the Debt Service by a fraction, the numerator of which is the sum of (i) the total amount of Loan Funds deposited in the Housing Fund plus (ii) the total amount of Loan Funds used to refund bonds, notes or other evidences of indebtedness the proceeds of which were deposited in the Housing Fund or were otherwise used for pursuant for which amounts in the Housing Fund could have been used under the Law (as it existed at the time of such expenditure), and the denominator of which is the total amount of Loan Funds.

Nature of Obligation. Under the provisions of the California Constitution, the Law, and the Redevelopment Plan, taxes levied upon taxable property in the Project Area each year by any taxing agency will be allocated according to the following procedures.

Taxes, if any, levied upon the taxable property in Project Area each year by or for the benefit of the State, the City, the County of Fresno (the "County"), any district or other public corporation (hereinafter sometimes called "taxing agencies"), after the effective date of the ordinance approving the Redevelopment Plan shall be divided as provided in the Law.

That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said taxing agencies upon the total sum of the assessed value of the taxable property in the project area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of such ordinance shall be allocated to and, when collected, shall be paid into the funds of the respective taxing agencies as all other taxes by or for said taxing agencies are paid. For the purpose of allocating taxes levied by or for any taxing agency or agencies which did not include the territory in a redevelopment project on the effective date of such ordinance but to which such territory has been annexed or otherwise included after such effective date, the assessment roll of the county last equalized on the effective date of said ordinance shall be used in determining the assessed valuation of the taxable property in the project on said effective date.

That portion of said levied taxes each year in excess of such amount shall be allocated to and, when collected, shall be paid into a special fund of the Agency to pay the principal of

and interest on loans, monies advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the redevelopment project within the applicable project area. Unless and until the total assessed valuation of the taxable property in a project area exceeds the total assessed value of the taxable property in such project area as shown by the last equalized assessment roll referred to in the preceding paragraph, all of the taxes levied and collected upon the taxable property in the redevelopment project shall be paid into the funds of the respective taxing agencies. When said loans, advances and indebtedness, if any, and interest thereon, have been paid then all monies thereafter received from taxes upon the taxable property in the project area shall be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

A redevelopment agency's allocable share of the taxes collected upon any increase in assessed valuation over the base roll may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing projects. The Agency has no power to levy and collect general or property taxes, and any legislative property tax de-emphasis or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate must necessarily reduce the amount of tax allocations that would otherwise be available to pay Loan Payments and therefore the principal of, and interest on, the Bonds. See "RISK FACTORS—Tax Allocation Bonds." Likewise, broadened property tax exemptions or any limitation on the rate of taxation by taxing agencies could have a similar effect.

Reserve Account

In order to further secure the payment of principal of, and interest on, the Bonds, the Trust Agreement provides that the Trustee will hold and maintain a Reserve Account funded in an amount equal to the Reserve Requirement, which is equal to, as of any date of calculation by the Authority, an amount equal to the lesser of (i) ten percent (10%) of the initial aggregate principal amount of the Bonds (ii) one hundred twenty-five percent (125%) of the Average Annual Debt Service on all Outstanding Bonds, or (iii) Maximum Annual Debt Service on all Outstanding Bonds. The initial deposit to the Reserve Account is \$ _____. Amounts in the Reserve Account are to be used to pay debt service on the Bonds to the extent other moneys are not available therefor or to redeem in full the remaining Bonds so long as, after such redemption, the amount on deposit in the Reserve Account continues to equal the Reserve Requirement. The Authority may satisfy the Reserve Requirement at any time by the deposit with the Trustee for the credit of the Reserve Account of a surety bond, an insurance policy or letter of credit as described below or any combination thereof.

A surety bond or insurance policy issued to the Trustee, on behalf of the Holders of the Bonds, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Bonds (a "municipal bond insurer") may be deposited in the Reserve Account to meet the Reserve Account Requirement if the claims paying ability of such municipal bond insurer shall be rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's.

A letter of credit may be deposited in the Reserve Account to meet the Reserve Account Requirement provided that any such letter of credit must be issued or confirmed by a state or

which has outstanding an issue or unsecured long term debt securities rated at least equal to the second highest rating category (disregarding rating subcategories) by Moody's Investors Service and Standard & Poor's, but in no event less than the rating on the Bonds given by any rating agency which has a then currently effective rating on the Bonds. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS."

No Additional Bonds

In the Trust Agreement, the Authority covenants that it will not issue any additional bonds thereunder or otherwise secured by any of the payments made under the Loan Agreement. However, additional obligations may be incurred by the Agency under the Loan Agreement as described under the caption "—Parity Debt under the Loan Agreement" below.

Parity Debt Under the Loan Agreement

Under the Loan Agreement the Agency may incur indebtedness on a parity with the Loan securing the Bonds upon satisfaction of the conditions therefor, including that the Pledged Tax Revenues to be received by the Agency in the then-current Fiscal Year based upon the most recent qualified assessment roll of the County of Fresno shall be in an amount equal to at least one hundred thirty-five percent (135%) of Maximum Annual Debt Service and the amount of Pledged Tax Revenues remaining under any then-applicable tax increment limit in the Redevelopment Plan shall be at least equal to one hundred forty percent (140%) of remaining cumulative Debt Service. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS—The Loan Agreement—Parity Debt."

BOND INSURANCE

The following information has been provided by Ambac Assurance Corporation (the "Bond Insurer") for use in this Official Statement. Reference is made to APPENDIX H for a specimen of the financial guaranty insurance policy (the "Bond Insurance Policy") of the Bond Insurer. Neither the Authority nor the Agency makes any representation as to the accuracy or completeness of this information or as to the absence of material adverse changes in this information subsequent to the date hereof.

General

The Bond Insurer has made a commitment to issue the Bond Insurance Policy relating to the Bonds effective as of the date of execution and delivery of the Bonds. Under the terms of the Bond Insurance Policy, the Bond Insurer will pay to the United States Trust Company of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Bond Insurance Policy). The Bond Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which the Bond Insurer shall have received notice of

Nonpayment from the Trustee. The insurance will extend for the term of the Bonds and, once issued, cannot be cancelled by the Bond Insurer.

The Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, if any, in the case of principal, and on stated dates for payment, in case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for prepayment of all outstanding Bonds, the Bond Insurer will remain obligated to pay principal and interest with respect to outstanding Bonds on the originally, if any, scheduled interest and principal payment dates including mandatory sinking fund installment dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal or interest with respect to a Bond which had become Due for Payment and which is made to an Owner by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available.

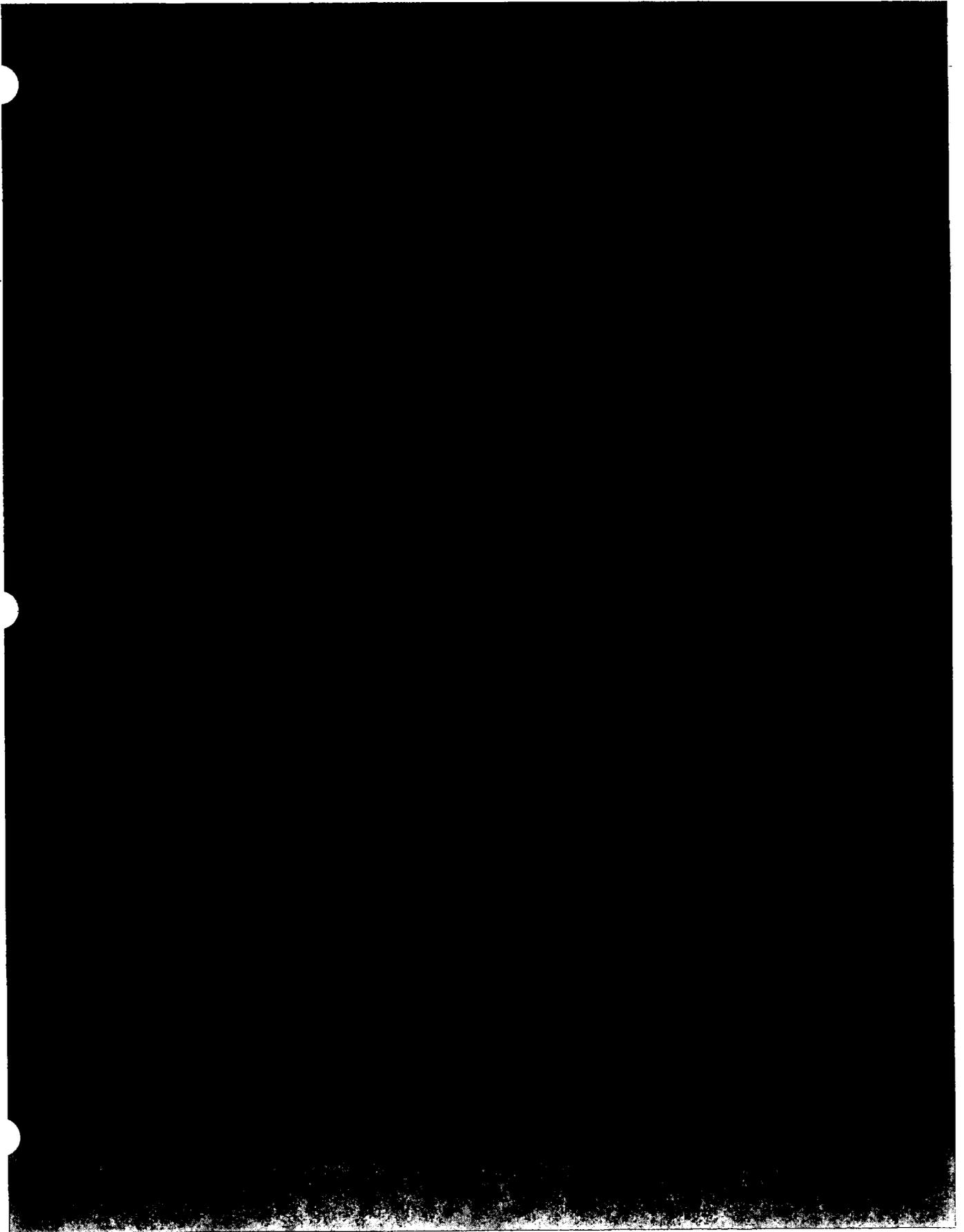
The Bond Insurance Policy does not insure any risk other than Nonpayment, as defined in the Bond Insurance Policy. Specifically, the Bond Insurance Policy does not cover:

1. Payment on acceleration, as a result of a call for prepayment (other than mandatory sinking fund prepayment) or as a result of any other advancement of maturity.
2. Payment of any redemption, prepayment or acceleration premium.
3. Nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Bond Insurance Policy, payment of principal requires surrender of the Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of the Bond Insurer to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of Owner entitlement to interest payments and appropriate assignment of the Owner's right to payment to the Bond Insurer.

Upon payment of the Insurance benefits, the Bond Insurer will become the Owners of the Bonds with the right of payment of principal and interest with respect to the Bonds and will be fully subrogated to the surrendering Owner's rights to payment.

In the event that the Bond Insurer were to become insolvent, any claims arising under the Bond Insurance Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.



**AGREEMENT BETWEEN THE
CITY OF FRESNO
AND THE
REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
FOR THE REPAYMENT OF A
PORTION OF CERTAIN
PROMISSORY NOTES**

WHEREAS, the Redevelopment Agency of the City of Fresno (the "Agency") and the City of Fresno (the "City") have entered into that certain agreement (the "Agreement") between the Agency and the City executed as of October 19, 1972, and titled "Agreement for Repayment of Advances made by the City of Fresno to the Redevelopment Agency of the City of Fresno (Southwest Fresno GNRA Project)";

WHEREAS, pursuant to the Agreement, the City has, from time to time, loaned money to the Agency and the Agency has delivered certain Promissory Notes (Southwest Fresno GNRA Project) (the "Notes") to the City;

WHEREAS, the Agency and City desire that the Agency repay a portion of certain of the Notes;

NOW, THEREFORE, the City and Agency agrees as follows:

Section 1. The Agency hereby delivers, and the City hereby acknowledges receipt, of one million nine hundred thousand dollars (\$1,900,000) as partial repayment of Promissory Note No. 4, dated December 26, 1990 and attached hereto as Exhibit A. Following such payment, \$41,008.36 in principal shall remain due and owing pursuant to such Note.

Section 2. The Agency hereby delivers, and the City hereby acknowledges receipt, of one million one hundred thousand dollars (\$1,100,000) as partial repayment of Promissory Note No. 3, dated December 26, 1990 and attached hereto as Exhibit B. Following such payment, \$500,163.97 in principal shall remain due and owing pursuant to such Note.

Dated as of April 1, 2001

CITY OF FRESNO

By 
Interim Controller

REDEVELOPMENT AGENCY OF THE CITY
OF FRESNO

By _____
Executive Director

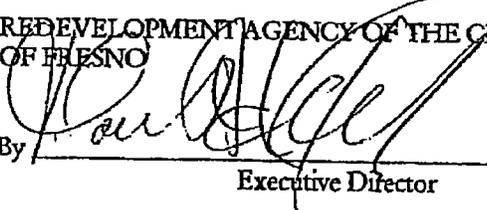
Section 2. The Agency hereby delivers, and the City hereby acknowledges receipt, of one million one hundred thousand dollars (\$1,100,000) as partial repayment of Promissory Note No. 3, dated December 26, 1990 and attached hereto as Exhibit B. Following such payment, \$500,163.97 in principal shall remain due and owing pursuant to such Note.

Dated as of April 1, 2001

CITY OF FRESNO

By _____
Interim Controller

REDEVELOPMENT AGENCY OF THE CITY
OF FRESNO

By  _____
Executive Director

PROMISSORY NOTE

(Southwest Fresno Project)

THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO (herein called "Agency") promises to pay to the CITY OF FRESNO (herein called "City") the sum of ONE MILLION NINE HUNDRED FORTY-ONE THOUSAND EIGHT DOLLARS AND THIRTY-SIX CENTS (\$1,941,008.36) with interest at the percent rate of SIX PERCENT (6.0%) per annum for an advance made June 30, 1980.

This note is executed pursuant and subject to that certain Agreement between Agency and City executed as of October 19, 1972, and entitled "Agreement for Repayment of Advances Made by the City of Fresno to the Redevelopment Agency of the City of Fresno (Southwest Fresno Project)," together with all modifications of said Agreement and is payable at the times, in the manner, and under the conditions set forth in said Agreement and modifications thereof, solely from certain excess tax revenues and land disposition proceeds specified in said Agreement.

DATED: December 26, 1990

REDEVELOPMENT AGENCY OF THE
CITY OF FRESNO

By Robert H. Baird
Executive Director, Ex-Officio
of the Redevelopment Agency of
the City of Fresno

ATTEST:

JACQUELINE L. RYLE
Clerk, Ex-Officio of the
Redevelopment Agency of
the City of Fresno

By Elvira Somerville
Deputy

APPROVED AS TO FORM:

HARVEY WALLACE
Attorney, Ex-Officio of the
Redevelopment Agency of
the City of Fresno

By Harvey Wallace

PROMISSORY NOTE

(Southwest Fresno Project)

THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO (herein called "Agency") promises to pay to the CITY OF FRESNO (herein called "City") the sum of ONE MILLION SIX HUNDRED THOUSAND ONE HUNDRED SIXTY-THREE DOLLARS AND NINETY-SEVEN CENTS (\$1,600,163.97) with interest at the percent rate of SIX PERCENT (6.0%) per annum for an advance made June 30, 1979.

This note is executed pursuant and subject to that certain Agreement between Agency and City executed as of October 19, 1972, and entitled "Agreement for Repayment of Advances Made by the City of Fresno to the Redevelopment Agency of the City of Fresno (Southwest Fresno Project)," together with all modifications of said Agreement and is payable at the times, in the manner, and under the conditions set forth in said Agreement and modifications thereof, solely from certain excess tax revenues and land disposition proceeds specified in said Agreement.

DATED: December 26, 1990

REDEVELOPMENT AGENCY OF THE
CITY OF FRESNO

By *Robert H. Biele*
Executive Director, Ex-Officio
of the Redevelopment Agency of
the City of Fresno

WITNESSES:

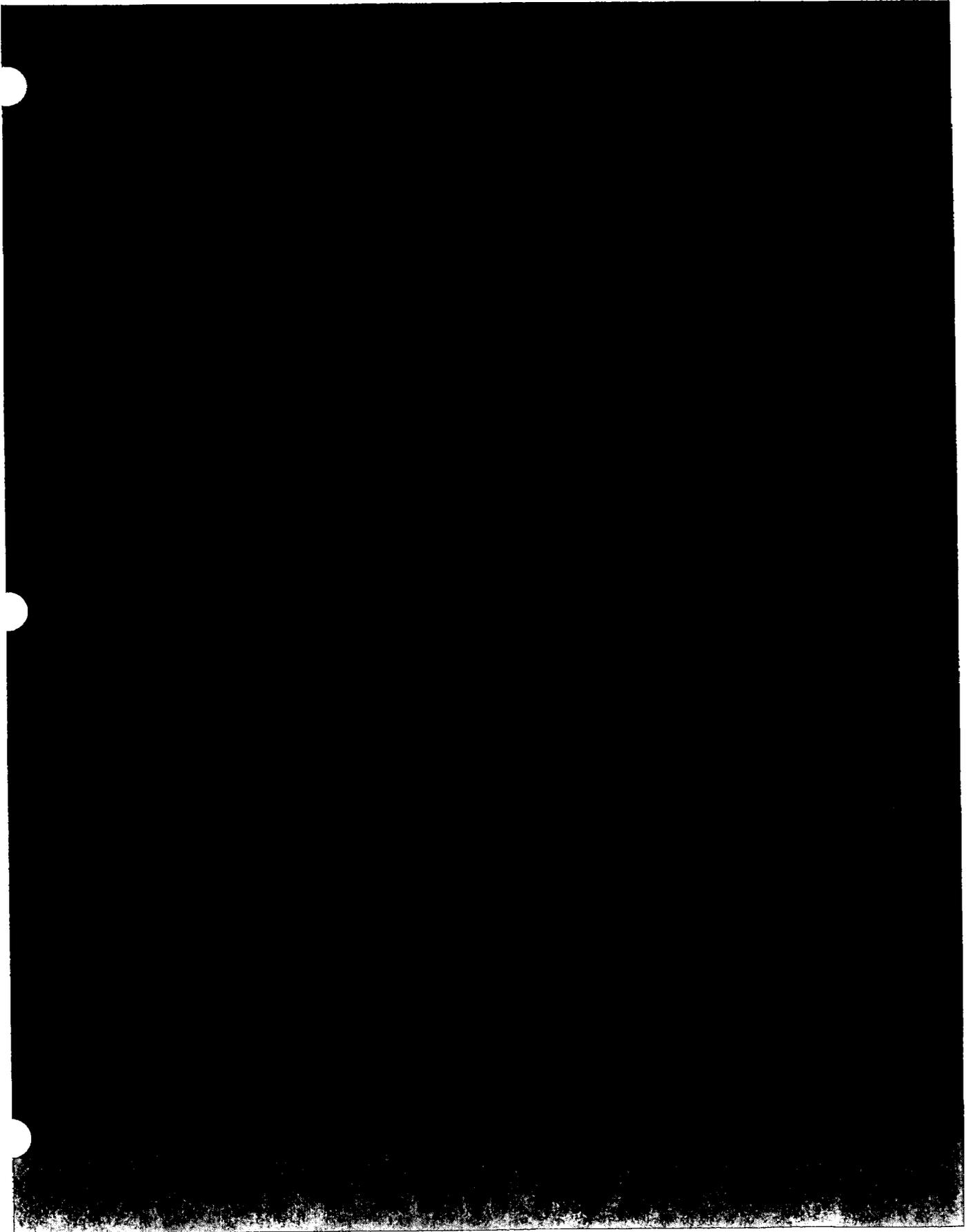
JACQUELINE L. RYLE
Clerk, Ex-Officio of the
Redevelopment Agency of
the City of Fresno

By *Elvia Emmerovilla*
Deputy

APPROVED AS TO FORM:

HARVEY WALLACE
Attorney, Ex-Officio of the
Redevelopment Agency of
the City of Fresno

By *Harvey Wallace*



\$10,000,000
FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION BONDS
SERIES 2001

CERTIFICATE REGARDING PRELIMINARY OFFICIAL STATEMENT
(Authority)

The undersigned hereby states and certifies that:

1. I am the Treasurer and Controller of the Fresno Joint Powers Financing Authority (the "Authority"), and as such I am authorized to execute this Certificate on behalf of the Authority.

2. There has been delivered to Sutra & Co., Incorporated (the "Underwriter") of the captioned Bonds (the "Bonds"), a Preliminary Official Statement dated February 15, 2001 (including the cover page and all appendices thereto, the "Preliminary Official Statement"), which the Authority deems final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for certain pricing and other information permitted to be omitted therefrom by Rule 15c2-12.

3. The Authority hereby ratifies the use and distribution by the Underwriter of the Preliminary Official Statement relating to the Bonds and approves the use and distribution by the Underwriters of a final Official Statement.

Dated: February 15, 2001

**FRESNO JOINT POWERS FINANCING
AUTHORITY**

By: _____



Randall O. Carlton
Treasurer and Controller

\$10,000,000
FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION BONDS
SERIES 2001

CERTIFICATE REGARDING PRELIMINARY OFFICIAL STATEMENT
(Agency)

The undersigned hereby states and certifies that:

1. I am the Executive Director of the Redevelopment Agency of the City of Fresno (the "Agency"), and as such I am authorized to execute this Certificate on behalf of the Agency.

2. There has been delivered to Sutro & Co., Incorporated (the "Underwriter") of the captioned Bonds (the "Bonds"), a Preliminary Official Statement dated February 15, 2001 (including the cover page and all appendices thereto, the "Preliminary Official Statement"), which the Agency deems final with respect to the information concerning the Agency as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for certain pricing and other information permitted to be omitted therefrom by Rule 15c2-12.

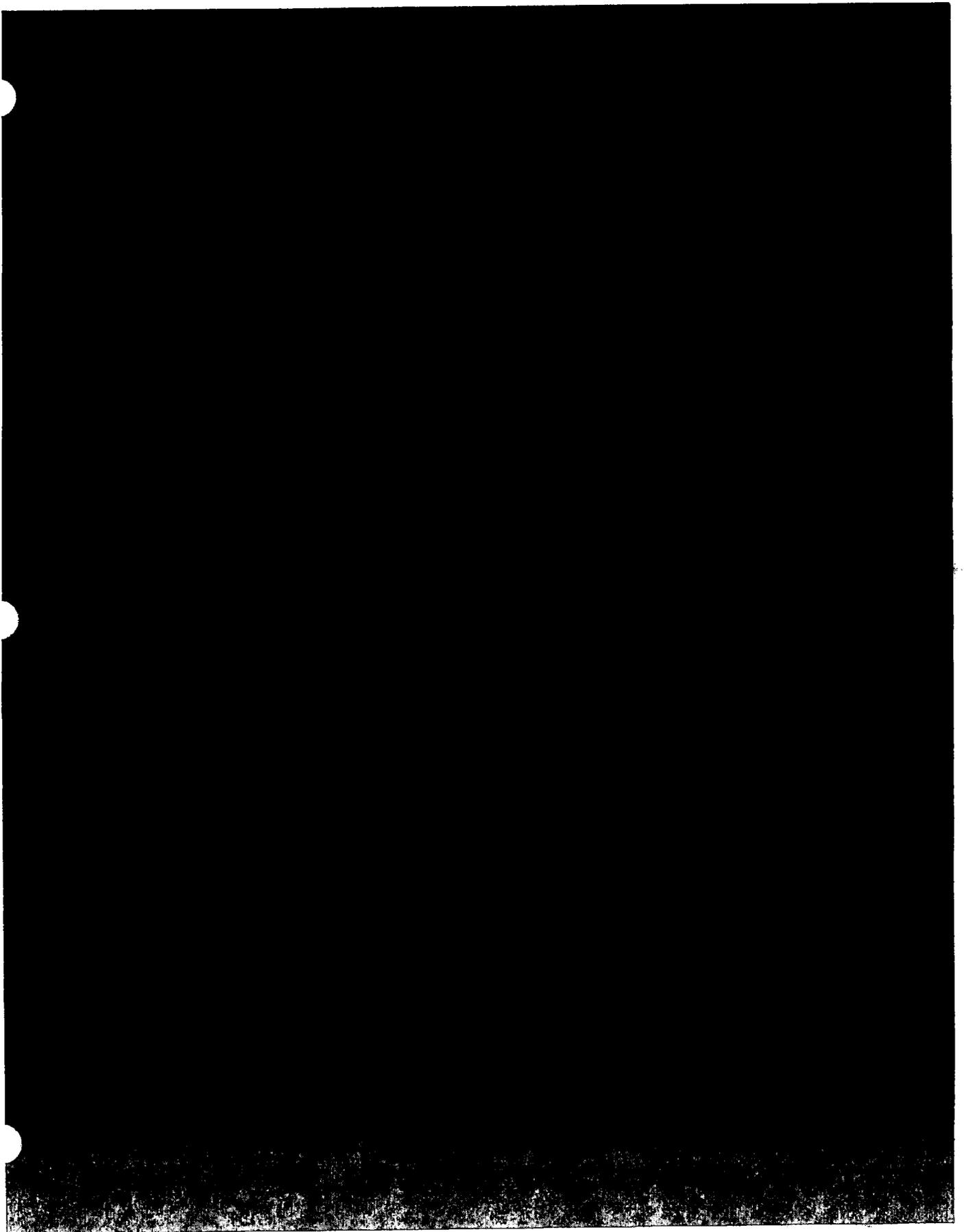
3. The Agency hereby ratifies the use and distribution by the Underwriter of the Preliminary Official Statement relating to the Bonds and approves the use and distribution by the Underwriters of a final Official Statement.

Dated: February 15, 2001

REDEVELOPMENT AGENCY OF THE CITY OF
FRESNO

By: 

Dan Fitzpatrick
Executive Director.



In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 193 of the Internal Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

\$10,000,000
FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2001

Dated: Date of Delivery

Due: August 1, as shown below

The Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds") are being issued by the Fresno Joint Powers Financing Authority (the "Authority") pursuant to a trust agreement, dated as of March 1, 2001 by and between the Authority and BNY Western Trust Company, as trustee (the "Trustee") and will be secured as described herein.

The Bonds will be issued in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Ownership interests in the Bonds will be in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners of the Bonds will not receive physical certificates representing the Bonds purchased, but will receive a credit balance on the books of DTC Participants. Interest on the Bonds is payable semiannually on February 1 and August 1, commencing August 1, 2001 (each, an "Interest Payment Date"). Principal of, premium, if any, and interest on the Bonds will be paid by the Trustee to DTC, which in turn will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. See "THE BONDS—Book-Entry Only System."

The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein.

The Bonds are being issued for the purpose of enabling the Authority to (i) lend certain amounts to the Redevelopment Agency of the City of Fresno (the "Agency") for redevelopment purposes within the Agency's Merger No. 2 Project Area and to repay a loan from the City of Fresno (the "City"); (ii) fund the Reserve Account; and (iii) pay costs of issuance.

The Bonds are secured by Loan Payments to be made by the Agency pursuant to the Tax Allocation Loan Agreement (Merger No. 2 Project Area) dated as of March 1, 2001 (the "Loan Agreement") between the Authority and the Agency. The Loan Payments are derived from certain tax increment revenues from the Agency's Merger No. 2 Project Area.

The scheduled payment of principal and interest with respect to the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by Ambac Assurance Corporation (the "Bond Insurer"). See "BOND INSURANCE" and APPENDIX G—"SPECIMEN FINANCIAL GUARANTY POLICY."

Ambac

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM PAYMENTS ON THE LOAN AGREEMENT AND CERTAIN FUNDS HELD BY THE TRUSTEE FOR THE BENEFIT OF THE OWNERS AND ANY INVESTMENT EARNINGS THEREON. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY, THE AGENCY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE INTEREST THEREON, ONLY FROM THE FUNDS DESCRIBED IN THE TRUST AGREEMENT, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE BONDS. THE OBLIGATION OF THE AGENCY TO MAKE PAYMENTS UNDER THE LOAN AGREEMENT IS NOT A DEBT OF THE CITY, OR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY TO THE LIMITED EXTENT SET FORTH IN THE LOAN AGREEMENT. AND NEITHER THE CITY, NOR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY IS LIABLE THEREFOR. THE PAYMENTS UNDER THE LOAN AGREEMENT ARE PAYABLE SOLELY FROM TAX REVENUES ALLOCATED TO THE AGENCY FROM THE AGENCY'S MERGER NO. 2 PROJECT AREA.

This cover page contains certain information for general reference only. It is not a summary of this issue. Potential investors are advised to read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds. Investment in the Bonds offered hereunder involves risk. See "RISK FACTORS" for a discussion of the risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

MATURITY SCHEDULE
\$6,410,000 Serial Bonds

Due (August 1)	Principal Amount	Rate	Yield	Due (August 1)	Principal Amount	Rate	Yield
2001	\$115,000	4.00%	3.000%	2008	\$555,000	4.00%	3.850%
2002	300,000	4.00	3.050	2009	575,000	4.00	3.950
2003	315,000	4.00	3.300	2010	595,000	4.00	4.050
2004	475,000	4.00	3.400	2011	625,000	4.10	4.150
2005	495,000	4.00	3.500	2012	645,000	4.20	4.300
2006	510,000	4.00	3.650	2013	675,000	4.30	4.400
2007	530,000	4.00	3.750				

\$1,445,000 5.50% Term Bonds Due August 1, 2015—Yield 4.550%

\$2,145,000 5.25% Term Bonds Due August 1, 2018—Yield 4.850%

The Bonds are being offered by the Underwriter, as, when and if issued by the Authority and accepted by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Lofton De Lancie, San Francisco, California, Underwriter's Counsel and for the Authority and the Agency by the City Attorney of the City of Fresno. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about March 14, 2001.

SUTRO & CO. INCORPORATED

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs the Authority, the City or the Agency since the date hereof. All discussions of certain provisions of the Trust Agreement, the Loan Agreement or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Please be advised that such documents in their entirety are on file with the Trustee.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectant contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the Agency plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

FRESNO JOINT POWERS FINANCING AUTHORITY

Governing Board

Alan Autry, Chairperson
Henry Perea, Vice-Chairperson
Jerry Duncan, Member

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

Governing Board
(City Council Members of the City of Fresno)

Jerry Duncan, Chairman

Tom Boyajian, Member	Henry Perea, Member
Brian Calhoun, Member	Sal Quintero, Member
Brad Castillo, Member	Dan Ronquillo, Member

Officers

Dan Fitzpatrick, Executive Director
Hilda Cantú Montoy, City Attorney of the City, as Agency Counsel

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Underwriter's Counsel

Lofton De Lancie
San Francisco, California

Trustee

BNY Western Trust Company
Los Angeles, California

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\$10,000,000
FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2001

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, sets forth certain information concerning the issuance and sale by the Fresno Joint Powers Financing Authority (the "Authority") of \$10,000,000 aggregate principal amount of its Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), and particularly the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584), Chapter 5, Division 7, Title 1 of the California Government Code, as amended (the "Act"), and a Trust Agreement dated as of March 1, 2001 (the "Trust Agreement") between the Authority and BNY Western Trust Company, as trustee (the "Trustee").

The Bonds are being issued for the purpose of enabling the Authority to: (i) lend certain amounts to the Redevelopment Agency of the City of Fresno (the "Agency") for redevelopment purposes within the Agency's Merger No. 2 Project Area (the "Project Area") and to repay a loan from the City of Fresno (the "City"); (ii) fund the Reserve Account; and (iii) pay costs of issuance of the Bonds. The Bonds are secured by Loan Payments to be made by the Agency pursuant to the Tax Allocation Loan Agreement (Merger No. 2 Project Area) dated as of March 1, 2001 (the "Loan Agreement") between the Authority and the Agency. The Loan Payments are derived from certain tax increment revenues from the Agency's Merger No. 2 Project Area. See "SECURITY FOR THE BONDS."

This Official Statement contains brief descriptions of, among other things, the Bonds, the Loan Agreement, the Trust Agreement, the Authority, the Agency and the Project Area. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to such documents, and references to the Bonds are qualified in their entirety by reference to the form of Bond included in the Trust Agreement. Copies of the Trust Agreement, the Loan Agreement and other documents described in this Official Statement may be obtained from the Trustee.

The Bonds are limited obligations of the Authority payable solely from: (i) all amounts payable by the Agency to the Authority pursuant to the Loan Agreement including all extensions and renewals of the terms thereof, all amounts realized upon remedial proceedings taken in the event of default on such Loan Agreement and all payments made thereunder (including redemptions and prepayments and premiums, if any, with respect thereto); (ii) amounts on deposit in the Reserve Account established under the Trust Agreement; and (iii) all investment earnings on any moneys held in funds and accounts established under the Trust Agreement, except the Rebate Fund. The payments under the Loan Agreement are payable solely from tax revenues allocated to the Agency from the Project Area. See "SECURITY FOR THE BONDS."

The Bonds shall not be deemed to constitute a debt or liability of the Agency, the City of Fresno (the "City") or of the State of California or of any political subdivision thereof (including any member of the Authority). The Authority shall be obligated to pay the principal of the Bonds, or the interest thereon, only from the funds described above, and neither the faith and credit nor the taxing power of the City or of the State of California or of any political subdivision thereof (including any member of the Authority) is pledged to the payment of the principal of or the interest on the Bonds.

The obligation of the Agency to make payments under the Loan Agreement is not a debt of the City, or the State of California or any of its political subdivisions other than the Agency to the limited extent set forth in the Loan Agreement, and neither the City, nor the State or any of its political subdivisions other than the Agency is liable therefor. The payments under the Loan Agreement are payable solely from tax revenues allocated to the Agency from the Agency's Merger No. 2 Project Area.

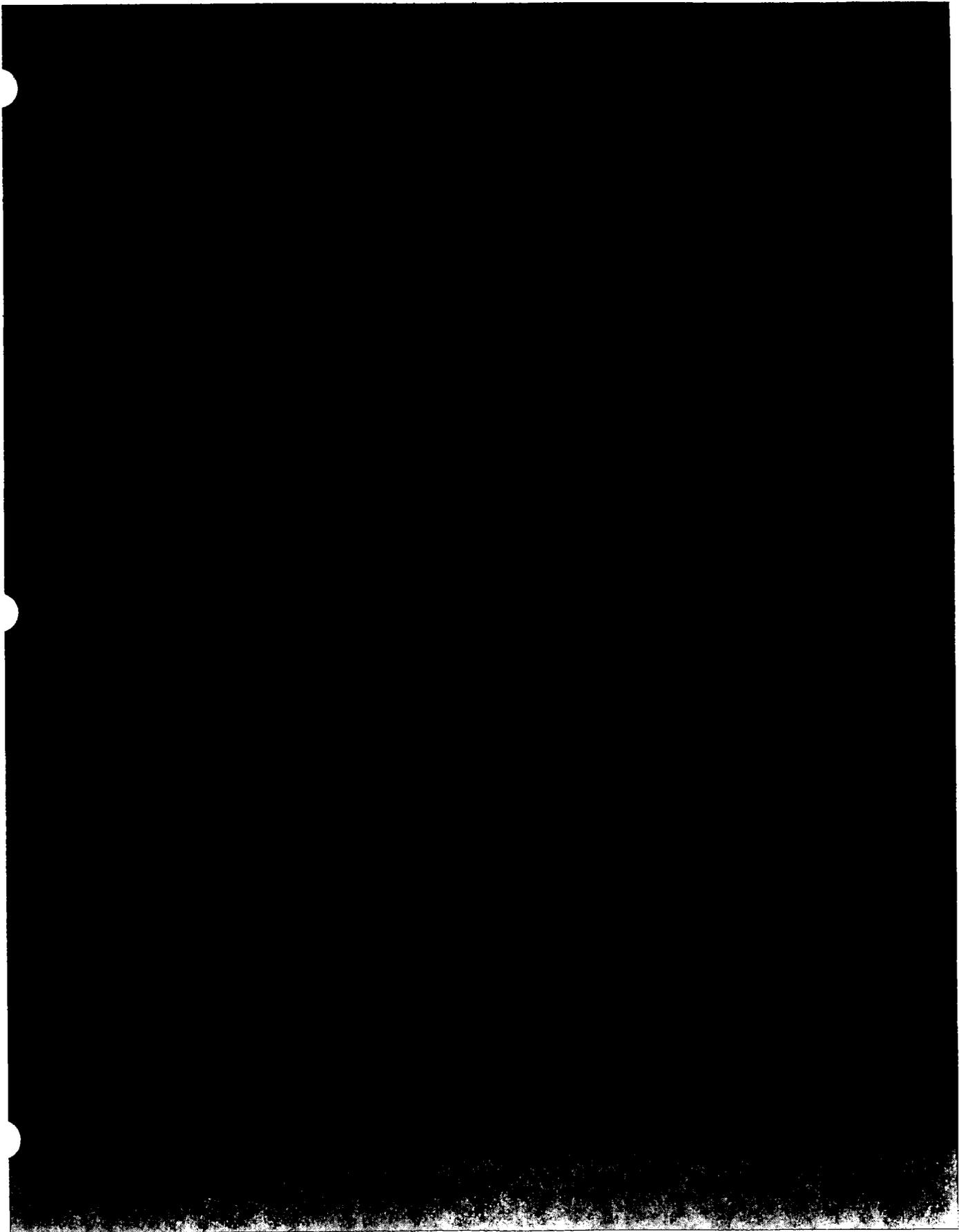
The Agency is undertaking the continuing disclosure obligation with respect to the Bonds. The Agency has covenanted for the benefit of Bondholders to provide certain financial information and operating data relating to the Agency by not later than nine months following the end of the Agency's fiscal year (currently June 30) commencing with the report for the 2000-2001 fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if deemed by the Agency to be material. The Annual Report will be filed by the Agency with each Nationally Recognized Municipal Securities Repository. The notices of material events will be filed by the Agency with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below in APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

THE BONDS

General

The Bonds will be issued in an aggregate principal amount of \$10,000,000 in denominations of \$5,000 or any integral multiple thereof, and will be dated the date of delivery thereof and will mature on August 1 of the years and in the amounts set forth on the cover page hereof. Interest on the Bonds is payable from their dated date, at the rates set forth on the cover page hereof, on August 1 and February 1 of each year, commencing August 1, 2001.

The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC," together with any successor securities depository, the "Securities Depository"). DTC will act as Securities Depository for the Bonds so purchased. Individual purchases will be made only in book-entry form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., payment of the principal of, premium, if any, and interest on the Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."





Blanket Issuer Letter of Representations
[To be Completed by Issuer]

Fresno Joint Powers Financing Authority
(Name of Issuer)

September 30, 1998
(Date)

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Fresno Joint Powers Financing Authority

(Issuer)

By: Andrew T. Souza

(Authorized Officer's Signature)

Andrew T. Souza, Treasurer

(Type Name & Title)

2600 Fresno Street

(Street Address)

Fresno, CA 93721

(City)

(State)

(Zip)

(209) 498-1232; FAX: (209) 498-4775

(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Roger Bander

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

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

**CERTIFICATE OF THE FRESNO
JOINT POWERS FINANCING AUTHORITY**

The undersigned, RANDALL O. CARLTON and REBECCA E. KLISCH, Treasurer and Controller and Secretary, respectively, of the Fresno Joint Powers Financing Authority, a public entity and agency, duly organized and existing under the laws of the State of California (herein called the "Authority"), hereby certify as follows:

1. The following-named persons are now, and at all times since January 9, 2001 have been, duly qualified members of the governing board of the Authority:

Alan Autry
Henry Perea
Jerry Duncan

2. The persons named below are now, and at all times since January 1, 2001 have been, duly elected and qualified officers of the Authority holding the offices of the Authority set opposite their respective names, and each of them certifies that the signature of the other is the genuine signature of such person.

3. The Chairperson and the Secretary of the Authority have been duly authorized by the governing board of the Authority to execute and countersign, respectively, on behalf of the Authority, the Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 in the original aggregate amount of \$10,000,000 (the "Bonds"), and pursuant to such authority their facsimile signatures have been affixed to the Bonds. The Bonds mature on the dates and bear interest at the rates as set forth in the attached Schedule A.

4. The Treasurer and Controller of the Authority, as designee of the Chairperson of the Authority, has been duly authorized by the governing board of the Authority to execute and deliver, on behalf of the Authority: (i) the Official Statement, dated March 2, 2001, relating to the Bonds (the "Official Statement"); (ii) that certain Trust Agreement, dated as of March 1, 2001 (the "Trust Agreement"), between the Authority and BNY Western Trust Company, as trustee (the "Trustee"); (iii) that certain Tax Allocation Loan Agreement (Merger No. 2 Project Area), dated as of March 1, 2001 (the "Loan Agreement"), between the Authority and the Redevelopment Agency of the City of Fresno (the "Agency"); and (iv) the Bond Purchase Contract, dated March 2, 2001 between the Authority and Sutro & Co. Incorporated and approved by the Agency (the "Purchase Contract" and together with the Trust Agreement and the Loan Agreement, the "Legal Documents"); and pursuant to such authority the Authority has executed and delivered the Legal Documents and the Official Statement.

5. The representations and warranties of the Authority contained in the Purchase Contract are true and accurate in all material respects on the date hereof as though made on such date.

6. Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the Authority, threatened

against or affecting the existence of the Authority or seeking to prohibit, restrain or enjoin the issuance and delivery of the Bonds or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Trust Agreement, the Loan Agreement or the Tax Certificate or contesting the powers of the Authority to enter into, adopt or perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Purchase Contract and by the Official Statement, or which, in any way, would materially adversely affect the validity of the Bonds, the Trust Agreement, the Loan Agreement or the Tax Certificate, or any agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the Purchase Contract and by the Official Statement or the exemption from taxation as set forth in the Purchase Contract.

7. The statements contained in the Official Statement relating to the Authority do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

8. To the best of our knowledge, no event affecting the Authority has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the date hereof any statement or information contained in the Official Statement relating to the Authority or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein relating to the Authority not misleading in any material respect.

9. No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Authority that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the Authority of the other transactions contemplated by the Trust Agreement, the Continuing Disclosure Certificate and the Official Statement, except as such may be required for the state securities or blue sky laws.

10. The execution and delivery by the Authority of the Trust Agreement, the Loan Agreement and the Tax Certificate, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any lease, indenture, bond, note, resolution or any other agreement or instrument to which the Authority is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Authority or any of its activities or properties.

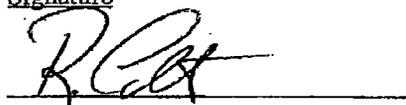
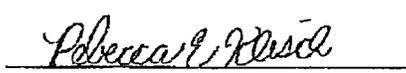
11. The Authority is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any lease, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject which breach or default would materially adversely affect the ability of the Authority to perform its obligations under the Trust Agreement, the Loan Agreement, or the Tax Certificate, and no event has occurred and is continuing which, with the

passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument.

12. A certified copy of Resolution No. 10 of the governing board of the Authority, adopted January 9, 2001 has been furnished to Orrick, Herrington & Sutcliffe LLP as part of the transcript of proceedings for the authorization, issuance and sale of the Bonds, and such resolution adopted at said meeting has not been amended or rescinded and is in full force and effect.

13. All capitalized terms used herein which are not otherwise defined shall have the same meanings as in the Purchase Contract.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this
March 14, 2001.

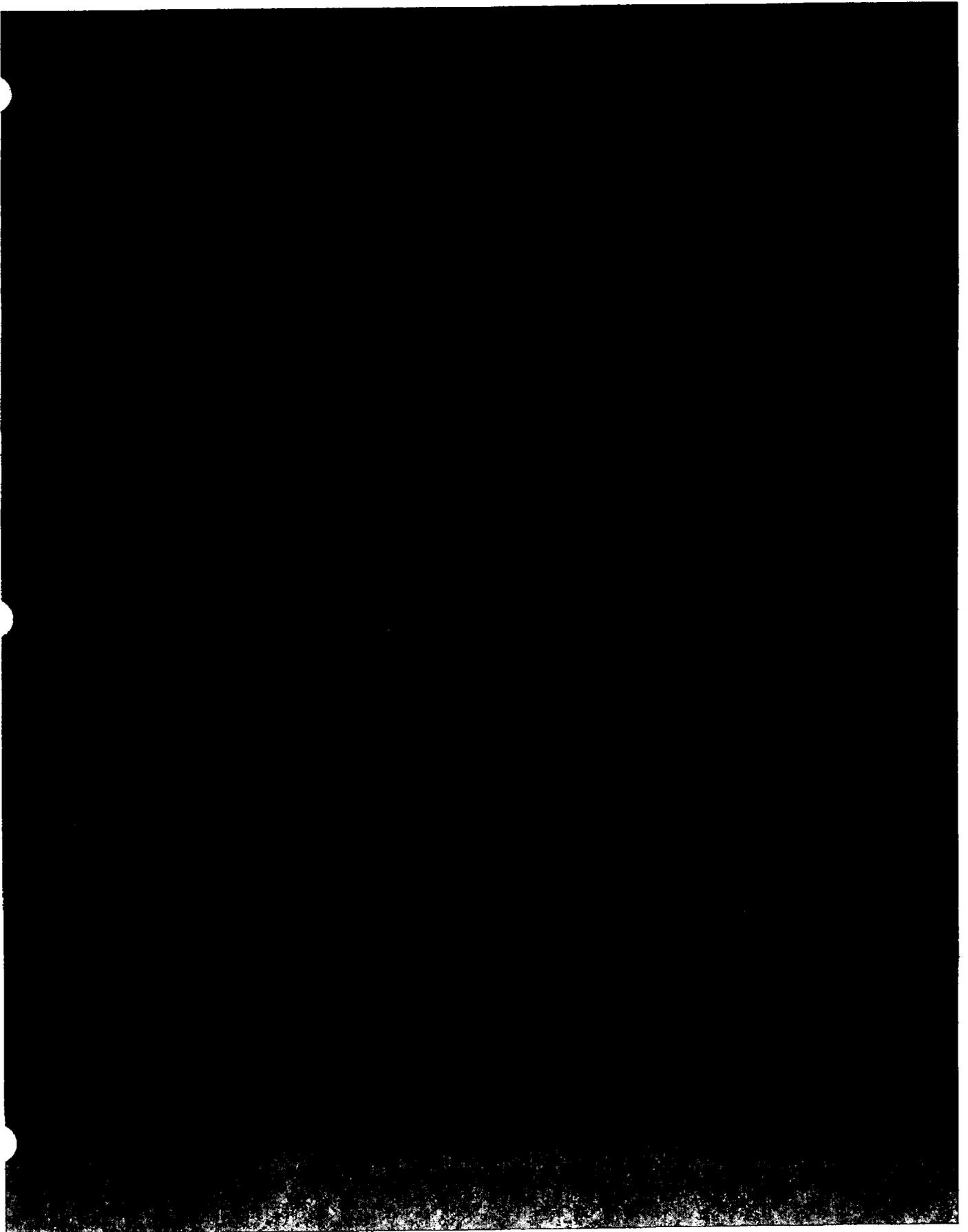
<u>Name</u>	<u>Office</u>	<u>Signature</u>
Randall O. Carlton	Treasurer and Controller	
Rebecca E. Klisch	Secretary	

SCHEDULE A

\$10,000,000

Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001

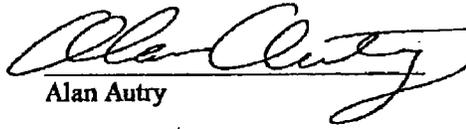
<u>Principal Payment Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2001	\$ 115,000	4.00%
2002	300,000	4.00
2003	315,000	4.00
2004	475,000	4.00
2005	495,000	4.00
2006	510,000	4.00
2007	530,000	4.00
2008	555,000	4.00
2009	575,000	4.00
2010	595,000	4.00
2011	625,000	4.10
2012	645,000	4.20
2013	675,000	4.30
2015	Term Bond 1,445,000	5.50
2018	Term Bond 2,145,000	5.25
	<u>\$10,000,000</u>	



STATE OF CALIFORNIA)
) ss
COUNTY OF Fresno)

In accordance with the Uniform Facsimile Signature of Public Officials Act
(Govt. Code 5500 et seq.), I HEREBY CERTIFY under oath my manual signature.

Manual Signature:


Alan Autry

Titles of Offices:

Mayor of the City of Fresno
Chairperson of the Fresno Joint Powers Financing
Authority

Subscribed and sworn to

before me this 5th day
of March, 2001.

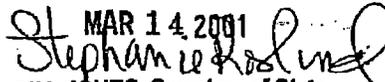

Notary Public, State of California

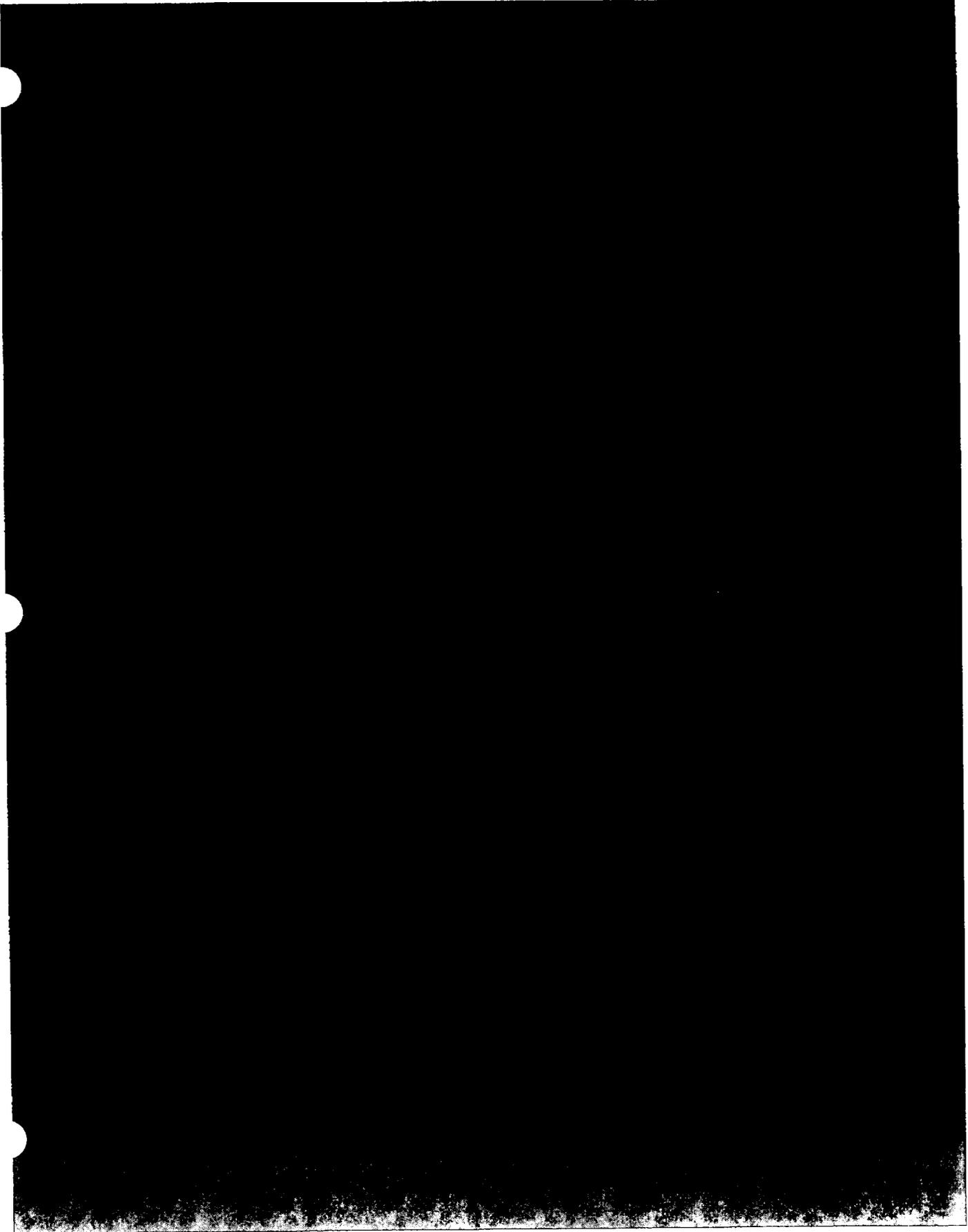


[notary seal]

**ENDORSED
FILED**

In the office of the Secretary of State
of the State of California


MAR 14 2001
BILL JONES, Secretary of State



JOINT EXERCISE OF POWERS AGREEMENT

BY AND BETWEEN

THE CITY OF FRESNO

AND

THE REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO

JOINT EXERCISE OF POWERS AGREEMENT

THIS JOINT EXERCISE OF POWERS AGREEMENT, dated October 25, 1988 (herein called this "Agreement"), by and between the CITY OF FRESNO, a chartered city and municipal corporation duly organized and existing in the State of California, under and by virtue of the Constitution and the laws of the State of California (herein called the "City"), and the REDEVELOPMENT AGENCY OF THE CITY OF FRESNO, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (herein called the "Agency").

W I T N E S S E T H:

WHEREAS, Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes the City and Agency to create a joint exercise of powers entity (herein called the "Fresno Joint Powers Financing Authority" or the "Authority") which has the power to jointly exercise any powers common to the City and the Agency;

WHEREAS, the City and the Agency are each empowered by law to undertake certain projects and programs;

WHEREAS, the City is authorized to issue bonds, expend bond proceeds, and borrow and loan money for certain public purposes pursuant to its charter and the Government Code of the State of California;

WHEREAS, the Agency is authorized to issue bonds, expend bond proceeds, and borrow and loan money for any of its corporate purposes pursuant to the provisions of the Community Redevelopment Law of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Marks-Roos Local Bond Pooling Act of 1985") authorizes and empowers the Authority to issue bonds for financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by the City;

WHEREAS, the Marks-Roos Local Bond Pooling Act of 1985 further authorizes and empowers the Authority to sell such bonds to public or private purchasers at public or negotiated sale; and

WHEREAS, by this Agreement, the City and the Agency desire to create and establish the Fresno Joint Powers Financing Authority for the purposes set forth herein and to exercise the powers described herein;

NOW, THEREFORE, the City and the Agency, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

SECTION 1. DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of this Agreement have the meanings herein specified.

Agency

The term "Agency" shall mean the Redevelopment Agency of the City of Fresno, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

Authority

The term "Authority" shall mean the Fresno Joint Powers Financing Authority created by this Agreement.

Board

The term "Board" shall mean the governing board of the Authority.

City

The term "City" shall mean the existing chartered city and municipal corporation known as the City of Fresno, a city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

Law

The term "Law" shall mean Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (Sections 6500-6599), including the Marks-Roos Local Bond Pooling Act of 1985, as amended.

Pacific Bell Contract

The term "Pacific Bell Contract" shall mean that certain Master Agreement For Provision, Installation And Maintenance of Telecommunications Service, made and entered into October 18, 1988, by and between Pacific Bell, a

California corporation, and the City, as originally executed or as it may from time to time be amended or supplemented as provided therein.

Project

The term "Project" shall mean the acquisition of a telephone system consisting of equipment and the provision of Centrex lines and the services relating to such lines and other telephone related services required to be provided to the City pursuant to the Pacific Bell Contract.

SECTION 2. PURPOSE

This agreement is made pursuant to the Law to provide for the joint exercise of powers common to the City and the Agency for the purpose of financing the Project by exercising the powers referred to in the recitals hereof and described in Section 5 herein.

The City and the Agency desire to assist in the acquisition of the Project and in order to accomplish that goal are willing to assist in financing the Project.

The City and the Agency are empowered by the laws of the State of California to appropriate and expend moneys on and enter into contracts for municipal functions and public capital improvements, including the acquisition of a telephone system benefiting their residents or, in the case of the Agency, its project area.

The Authority will fulfill the purposes of this Agreement by undertaking the sale and issuance of bonds in

accordance with the Marks-Roos Local Bond Pooling Act of 1985. The City and the Agency hereby agree that any such bonds issued by the Authority for the Project shall not constitute general obligations of the Authority but shall be payable solely from the moneys pledged to the repayment of principal of or interest on such bonds under the terms of the resolution, indenture, trust agreement or other instrument pursuant to which the bonds are issued.

SECTION 3. TERM

This Agreement shall become effective as of the date hereof and shall continue in full force and effect until December 1, 1999, unless extended or earlier terminated by a supplemental written agreement of the Agency and the City; provided, however, that in no event shall this Agreement terminate while any bonds of the Authority remain outstanding under the terms of the Trust Agreement or other instrument pursuant to which such bonds are issued. In any event, the Authority shall cause all records regarding its formation, existence, the Project, any bonds issued by it and proceedings pertaining to its termination to be retained for at least six years following termination of the Authority or final payment of any bonds issued by the Authority, whichever is later.

SECTION 4. AUTHORITY

A. Creation of Authority

There is hereby created pursuant to the Law an agency and public entity to be known as the "Fresno Joint Powers Financing Authority." As provided in the Law, the Authority shall be a public entity separate from the City and the Agency. The debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of the City or the Agency.

Within 30 days after the effective date of this Agreement or any amendment hereto, the Authority will cause a notice of this Agreement or amendment to be prepared and filed with the office of the Secretary of State of the State of California in the manner set forth in Section 6503.5 of the Law.

B. Governing Board

The Authority shall be administered by the Board, which shall consist of three members, each serving in his or her individual capacity as a member of the Board. Each member of the Board shall be appointed by the Chief Administrative Officer of the City. Each member of the Board serves at the pleasure of the Chief Administrative Officer of the City. The term of office of any member of the Board may be terminated at any time by the Chief Administrative Officer of the City.

Members of the Board shall not receive any compensation for serving as such, but shall be entitled to

reimbursement for any expenses actually incurred in connection with serving as a member if the Board and the City shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

C. Meetings of Board

(1) Regular Meetings. The Board shall hold at least one regular meeting each year, and, by resolution, may provide for the holding of regular meetings at more frequent intervals. The date upon which, and the hour and place at which, each such regular meeting shall be held shall be fixed by resolution of the Board.

(2) Legal Notice. All meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (Sections 54950-54961)) or any successor legislation hereinafter enacted.

(3) Minutes. The secretary of the Authority shall cause minutes of all meetings of the Board to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to the City and the Agency.

(4) Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time.

D. Officers; Duties

(1) The Board shall elect a chairperson of the Authority and a vice-chairperson of the Authority from among its members and shall appoint a secretary of the Authority who may, but need not, be a member of the Board.

(2) The Treasurer of the City is hereby designated as Treasurer of the Authority. Subject to the applicable provisions of any indenture, trust agreement or resolution providing for a trustee or other fiscal agent, the Treasurer is designated as the depository of the Authority to have custody of all the money of the Authority, from whatever source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Law.

(3) The Treasurer of the City, who performs the functions of auditor and controller for the City, is hereby designated as Controller of the Authority, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Law. The Controller shall draw checks to pay demands against the Authority when the demands have been approved by the Authority.

(4) The City shall determine the charges to be made against the Authority for the services of the Treasurer and Controller.

(5) The Treasurer and Controller of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the

Authority, and such officer shall file an official bond in the amount of \$25,000 as required by Section 6505.1 of the Law; provided that such bond shall not be required if the Authority does not possess or own property or funds with an aggregate value of greater than \$500.00.

(6) The Treasurer and Controller of the Authority is hereby authorized and directed to prepare or cause to be prepared:

(a) a special audit as required pursuant to Section 6505 of the Government Code of the State of California every year during the term of this Agreement; and

(b) a report in writing on the first day of July, October, January, and April of each year to the Board, the City and the Agency which report shall describe the amount of money held by the Treasurer and Controller of the Authority for the Board, the amount of receipts since the last such report, and the amount paid out since the first such report.

(7) The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

SECTION 5. POWERS

The Authority shall have the power to cause the acquisition of the Project and to finance such Project through the issuance of bonds for the purposes set forth in Section 2 hereof, all in accordance with the Law.

The Authority is authorized, in its own name, to do all acts necessary for the exercise of said powers for said purposes, including but not limited to any or all of the following: to make and enter into contracts; to employ agents and employees; and to sue and be sued in its own name.

Such power shall be exercised subject only to such restrictions upon the manner of exercising such power as are imposed upon the City in the exercise of similar powers, as provided in Section 6509 of the Law, except, however, nothing herein shall limit the powers of the Authority under the Marks-Roos Local Bond Pooling Act of 1985.

Notwithstanding the foregoing, the Authority shall have any additional powers conferred under the Law, insofar as such additional powers may be necessary to accomplish the purposes set forth in Section 2 hereof.

SECTION 6. TERMINATION OF POWERS

The Authority shall continue to exercise the powers herein conferred upon it until the termination of this Agreement as provided in Section 3 or until the City and the Agency shall have mutually rescinded this Agreement; provided, however, that in no event shall this Agreement be terminated or rescinded while any bonds of the Authority remain outstanding under the terms of the Trust Agreement or other instrument pursuant to which the bonds are issued.

SECTION 7. FISCAL YEAR

Unless and until changed by resolution of the Board, the fiscal year of the Authority shall be the period from July 1 of each year to and including the following June 30, except for the first fiscal year which shall be the period from the date of this Agreement to the following June 30.

SECTION 8. DISPOSITION OF ASSETS

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 6 hereof, all assets of the Authority shall be distributed to the City, subject to the provisions of Section 9 hereof.

SECTION 9. CONTRIBUTIONS AND ADVANCES

Contributions or advances of public funds and of personnel, equipment or property may be made to the Authority by the City and the Agency for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution. Any such advance shall be made subject to repayment, and shall be repaid, in the manner agreed upon by the City or the Agency, as the case may be, and the Authority at the time of making such advance. It is mutually understood and agreed that neither the City nor the Agency has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though either may do so. The City or the Agency may allow the use of personnel, equipment or property in lieu of other contributions or

advances to the Authority. After termination of this Agreement pursuant to Section 3, any surplus money in possession of the Authority shall be returned to the City and the Agency in proportion to the unreimbursed contributions each has made.

SECTION 10. AGREEMENT NOT EXCLUSIVE

This Agreement shall not be exclusive and shall not be deemed to amend or alter the terms of other agreements between the City and the Agency, except as the terms of this Agreement may conflict therewith, in which case the terms of this Agreement shall prevail.

SECTION 11. ACCOUNTS AND REPORTS

The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice. The books and records of the Authority shall be open to inspection at all reasonable times by the City and the Agency and their representatives. The Authority shall give an audited written report of all financial activities for each fiscal year to the City and to the Agency within 150 days after the close of each fiscal year.

The Controller of the Authority shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government

Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of an account and records is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with the City, the Agency and the County Auditor/Controller of the County of Fresno. Such report shall be filed within 12 months of the end of the fiscal year or years under examination.

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants, in making an audit pursuant to this section shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for the purpose.

In any year the Authority may, by unanimous request of the Board, replace the annual special audit with an audit covering a two-year period.

SECTION 12. CONFLICT OF INTEREST CODE

The Authority by resolution shall adopt a Conflict of Interest Code as required by law.

SECTION 13. BREACH

If default shall be made by the City or the Agency in any covenant contained in this Agreement, such default shall not excuse either the City or the Agency from fulfilling its obligations under this Agreement and the City and the Agency shall continue to be liable for the performance of all conditions herein contained. The City and the Agency hereby

declare that this Agreement is entered into for the benefit of the Authority created hereby and the City and the Agency hereby grant to the Authority the right to enforce by whatever lawful means the Authority deems appropriate all of the obligations of each of the parties hereunder. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

SECTION 14. SEVERABILITY

Should any part, term, or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.

SECTION 15. SUCCESSORS; ASSIGNMENT

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties. Except to the extent expressly provided herein, neither party may assign any right or obligation hereunder without the consent of the other.

SECTION 16. AMENDMENT OF AGREEMENT

This Agreement may be amended by supplemental agreement executed by the City and the Agency at any time; provided, however, that in no event shall this Agreement

terminate while any bonds of the Authority remain outstanding under the terms of the Trust Agreement or other instrument pursuant to which such bonds are issued.

SECTION 17. FORM OF APPROVALS

Whenever an approval is required in this Agreement, unless the context specifies otherwise, it shall be given, in the case of the Agency, by resolution duly and regularly adopted by the members of the Agency, and, in the case of the City, by resolution duly and regularly adopted by the City Council of the City, and, in the case of the Authority, by resolution duly and regularly adopted by the Board. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

SECTION 18. SECTION HEADINGS

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

CITY OF FRESNO

By James E. Aldridge
Chief Administrative Officer

[SEAL]

Attest:

Josephine Kelle
City Clerk

REDEVELOPMENT AGENCY OF THE CITY
OF FRESNO

By James E. Aldridge
Ex Officio Executive Director

[SEAL]

ATTEST:

Josephine Kelle
Ex Officio Clerk

04/30/98

08:56

23209 488 1084

CITY ATTY'S OFC.

0002

EXECUTION COPY

AMENDMENT AND SUPPLEMENT NUMBER ONE TO
JOINT EXERCISE OF POWERS AGREEMENT
BY AND BETWEEN
THE CITY OF FRESNO
AND
THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

AMENDMENT AND SUPPLEMENT NUMBER ONE TO
JOINT EXERCISE OF POWERS AGREEMENT

THIS AMENDMENT AND SUPPLEMENT NUMBER ONE TO THE JOINT EXERCISE OF POWERS AGREEMENT, dated November 1, 1991 (this "Amendment Number One") is entered into by and between the CITY OF FRESNO, a municipal corporation and chartered city duly organized and validly existing under the Constitution and laws of the State of California (the "City"), and the REDEVELOPMENT AGENCY OF THE CITY OF FRESNO, a public body, corporate and politic, duly organized and validly existing under the laws of the State of California (the "Agency").

W I T N E S S E T H :

WHEREAS, the City and the Agency entered into that certain Joint Exercise of Powers Agreement dated October 25, 1988 (the "Agreement"), pursuant to which the City and the Agency formed the Fresno Joint Powers Financing Authority (the "Authority");

WHEREAS, the Agreement empowered the Authority to issue bonds for the purpose of assisting the City and the Agency with the financing of the acquisition by the City of certain telecommunications equipment;

WHEREAS, the City and the Agency now desire to expand the powers of the Authority to enable the Authority to exercise all powers which may be exercised by the Authority in accordance with the laws of the State of California, including, particularly, Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (commencing with Section 6500) (the "Law") and the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Law (commencing with Section 6584);

WHEREAS, Section 16 of the Agreement provides, in part, that the Agreement may be amended by supplemental agreement executed by the City and the Agency at any time; and

WHEREAS, in order to expand the powers of the Authority as described herein, the City and the Agency desire to amend the Agreement by the execution of this Amendment Number One;

NOW, THEREFORE, the City and the Agency, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

Section 1. Amendment of Agreement.

The Agreement is hereby amended in the following respects:

(a) (1) SECTION 1. DEFINITIONS is hereby amended by the deletion of the definition of the term "Project" and by the insertion of a definition of the term "Pacific Bell Project", the definition of which term shall be as set forth below:

Pacific Bell Project

The term "Pacific Bell Project" shall mean the acquisition of a telephone system consisting of equipment and the provision of Centrex lines and the services relating to such lines and other telephone services required to be provided to the City pursuant to the Pacific Bell Contract.

(2) The Agreement is amended by the substitution of the term "Pacific Bell Project" for the term "Project" in each place the term "Project" appears in the Agreement.

(3) SECTION 1. DEFINITIONS is further amended by the addition of definitions for the following terms, which definitions shall be inserted in the appropriate places in such Section 1 so that all definitions therein shall read in alphabetical order:

Agreement

The term "Agreement" shall mean this Joint Exercise of Powers Agreement, as it may be amended from time to time, creating the Authority.

Bond Pooling Act

The term "Bond Pooling Act" shall mean the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of the Law.

Bonds

The term "Bonds" shall mean bonds, notes, commercial paper, lease-purchase agreements, certificates of participation, floating rate, and variable maturity securities or other evidences of indebtedness within the meaning of the term "bond" as defined in Section 6585(c) of the Law issued by the Authority pursuant to the Bond Pooling Act.

Obligation

The term "Obligation" shall mean any bond, note, commercial paper, lease-purchase agreement, certificate of participation, floating rate, and variable maturity securities or other evidences of indebtedness within the meaning of the term "bond"

as defined in Section 6585(c) of the Law, which is purchased by the Authority from either the City or the Agency (whichever is the issuer thereof) at a public or negotiated sale or which is otherwise acquired by the Authority pursuant to the Bond Pooling Act or a trust agreement providing for the issuance of Bonds.

Public Capital Improvement

The term "Public Capital Improvement" shall have the meaning given to such term in Section 6585(g) of the Law.

Working Capital

The term "Working Capital" shall have the meaning given to such term in Section 6585(i) of the Law.

(b) SECTION 2. PURPOSE is hereby amended to read in full as follows:

The purpose of creating this Authority is to accomplish the purposes of the Law and the Bond Pooling Act, including (1) the financing of Public Capital Improvements and the purchase of certain Obligations issued by the City or by the Agency or the sale of such Obligations or issuance of Bonds of the Authority secured in whole or in part by such Obligations, or by any other designated source of revenues, all as permitted by the Law or the Bond Pooling Act, and (2) the acquisition or lease from the City or the Agency of real or personal property and the sale and lease of real or personal property to the City or the Agency.

(c) SECTION 3. TERM is hereby amended by the deletion of the first sentence thereof, and by the insertion in its place of a sentence which shall read in full as follows:

This Agreement shall become effective as of the date hereof and shall continue in full force and effect until terminated; provided, however, that this Agreement shall not be terminated (a) while any Bonds of the Authority remain outstanding under the terms of any trust agreement or similar instrument pursuant to which such Bonds have been issued or (b) while the Authority is the owner or lessor of any real or personal property which is the subject of a lease to the City or the Agency.

(d) SECTION 5. POWERS is hereby amended to read in full as follows:

The Authority shall have all powers common to the City and the Agency and all powers granted by applicable law, including, without limitation, the Law and the Bond Pooling Act, and is authorized, in its own name, to do all acts necessary to exercise such powers and to fulfill the purposes of this Agreement. Without limiting the foregoing, the Authority shall have the power to do each of the following:

- A. Finance and refinance, through the issuance of Bonds or other instruments of indebtedness, Public Capital Improvements and Working Capital and other costs as permitted by the Law and the Bond Pooling Act.
- B. Purchase Obligations.
- C. Incur debts, liabilities, and obligations.
- D. Acquire, hold or dispose of real and personal property by lease, purchase, sale, eminent domain and other appropriate means.
- E. Receive contributions and donations of property, funds, services, and other forms of assistance from any source.
- F. Sue and be sued in its own name.
- G. Employ agents and employees.
- H. Acquire, construct, rehabilitate, remodel, install, manage, or operate buildings, works, or improvements.
- I. Lease real and personal property (including that of the City or the Agency) as lessor and as lessee.
- J. Receive, collect, and disburse moneys.
- K. Invest money in the treasury of the Authority in the same manner and on the same conditions as local agencies pursuant to Government Code Section 53601.
- L. Make and enter into contracts.
- M. Exercise all other powers necessary and proper to carry out the purposes and provisions of this Agreement.

(e) SECTION 6. TERMINATION OF POWERS is hereby amended to read in full as follows:

The Authority shall continue to exercise the powers herein conferred upon it until the termination of this Agreement as provided in section 3 or until the City and the Agency shall have mutually rescinded this Agreement; provided, however, that this Agreement shall not be terminated (a) while any Bonds of the Authority remain outstanding under the terms of any trust agreement or similar instrument pursuant to which such Bonds have been issued or (b) while the Authority is the owner or lessor of any real or personal property which is the subject of a lease to the City or the Agency.

(f) SECTION 16. AMENDMENT OF AGREEMENT is hereby amended to read in full as follows:

This Agreement may be amended by supplemental agreement executed by the City and the Agency at any time; provided, however, that in no event shall this Agreement terminate while (a) any Bonds of the Authority remain outstanding under the terms of any trust agreement or similar instrument pursuant to which such Bonds have been issued or (b) while the Authority is the owner or lessor of any real or personal property which is the subject of a lease to the City or the Agency.

Section 2. Effective Date.

This Amendment Number One shall take effect as of the date first above written.

Section 3. Agreement to Remain in Full Force and Effect.

Except as amended and supplemented by this Amendment Number One, the Agreement shall remain unchanged and in full force and effect.

Section 4. Notice of Amendment.

Within 30 days of the effective date of this Amendment Number One, the Authority will cause a notice of the amendment of the Agreement to be prepared and filed with the office of the Secretary of State of the State of California in the manner set forth in Section 6503.5 of the Law.

Section 5. Section Headings.

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Amendment Number One.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Number One to be executed and attested by their proper officers thereunto duly authorized, and their official seal to be affixed hereto, all as of the day and year first above written.

CITY OF FRESNO

By: Michael A. Beaman
Chief Administrative Officer

[SEAL]

Attest:

Jacqueline Beft
City Clerk

REDEVELOPMENT AGENCY OF THE
CITY OF FRESNO

By: Michael A. Beaman
Ex Officio Executive Director

[SEAL]

Attest:

Jacqueline Beft
Ex Officio Clerk

CERTIFICATE REGARDING
JOINT EXERCISE OF POWERS AGREEMENT

I, REBECCA E. KLISCH, Secretary of the Fresno Joint Powers Financing Authority (the "Authority"), hereby certify that the foregoing is a full, true and correct copy of the Joint Exercise of Powers Agreement dated October 25, 1988, as amended by the Amendment and Supplement Number One to Joint Exercise of Powers Agreement dated November 1, 1991 (collectively, the "Agreement"), by and between the City of Fresno and the Redevelopment Agency of the City of Fresno.

Said Agreement has not been amended, modified or rescinded, and the same is now in full force and effect.

Dated: March 14, 2001.

FRESNO JOINT POWERS FINANCING
AUTHORITY



Rebecca E. Klisch
Secretary

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

State of California

Bill Jones
Secretary of State
SACRAMENTO



I, BILL JONES, Secretary of State of California, hereby certify:

That the annexed transcript of 2 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

*IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California*



SEP 18 1998

Bill Jones

Secretary of State



State of California
March Fong Eu
 Secretary of State

FILE NO. 912

FILED

In the office of the Secretary of State
 of the State of California

NOV 04 1988

March Fong Eu
 MARCH FONG EU, Secretary of State

(Office Use Only)

NOTICE OF A JOINT POWERS AGREEMENT
 (Government Code Section 6503.5 or 6503.7)

Instructions:

1. Complete and mail to: Secretary of State,
 P.O. Box 704, Sacramento, CA 95812-0704 (916) 324-6776
2. Include filing fee of \$5.00.
3. Do not include attachments, unless otherwise specified.

The name of the agency or entity created under the agreement and responsible for the administration of the agreement is: Fresno Joint Powers Financing Authority

Mailing address: 2348 Mariposa Street, Fresno, California 93721

Provide a short title of the agreement if applicable: Joint Exercise of Powers Agreement by and between the City of Fresno and The Redevelopment Agency of the City of Fresno creating the Fresno Joint Powers Financing Authority.

The public agencies party to the agreement are:

- (1) City of Fresno
- (2) The Redevelopment Agency of the City of Fresno
- (3) _____

If more space is needed, continue on a separate sheet and attach it to this form.

The effective date of the agreement is: October 25, 1988

Provide a condensed statement of the agreement's purpose or the powers to be exercised: To assist in the financing of a telephone system and equipment and to issue bonds therefor.

Jacqueline L. Ryle
 Signature

Jacqueline L. Ryle
 Typed Name and Title
 Secretary



ORIGINAL
State of California

March Fong Eu
Secretary of State

FILE NO. 605

FILED
In the Office of the Secretary of State
of the State of California

DEC -2 1991

March Fong Eu
MARCH FONG EU
SECRETARY OF STATE

(Office Use Only)

AMENDMENT TO A JOINT POWERS AGREEMENT
(Government Code Section 6503.5 or 6503.7)

Instructions:

1. Complete and mail to: Secretary of State,
P.O. Box 704, Sacramento, CA 95812-0704 (916) 324-6778
2. Include filing fee of \$5.00.
3. Do not include attachments.

Date of filing initial notice with the Secretary of State: November 4, 1988

File number of initial notice: 912

Name of Joint Powers agreement: FRESNO JOINT POWERS FINANCING AUTHORITY

Mailing Address: 2348 Mariposa Street, Fresno, CA 93721

Complete one or more boxes below. The agreement has been amended to:

Change the parties to the agreement as follows: _____

Change the name of the administering agency or entity as follows: _____

Change the purpose of the agreement or the powers to be exercised as follows: Expand powers of Fresno Joint Powers Financing Authority to, among other things, act as owner/lessor of property and to facilitate future City and Agency financings.

Change the short title of the agreement as follows: _____

Make other changes to the agreement as follows: _____

Jacqueline L. Ryle
Signature

Jacqueline L. Ryle
Secretary

Typed Name and Title



ORIGINAL



BY-LAWS OF THE FRESNO
JOINT POWERS FINANCING AUTHORITY

Adopted October 25, 1988

ARTICLE I - THE AUTHORITY

Section 1.1. Name. The official name of the Authority shall be the "Fresno Joint Powers Financing Authority".

Section 1.2. Board Members. The Authority shall be administered by a governing board (the "Board") whose members shall be appointed by the Chief Administrative Officer of the City of Fresno and who shall serve terms as provided for in the Joint Exercise of Powers Agreement (the "Agreement") by and between the City of Fresno (the "City") and the Redevelopment Agency of the City of Fresno (the "Agency"). The term of office of a member of the Board shall terminate only when a replacement member has been selected and the successor to such member becomes a member of the Board. Members of the Board shall, to the extent required by law, comply with the requirements of the California Political Reform Act, as amended from time to time, and any other requirements applicable to members of the governing board of a joint powers authority.

Section 1.3. Office and Place of Meetings. The business office of the Authority shall be at 2348 Mariposa Street, Fresno, California 93721 or at such other place as may be designated by the Board. Regular meetings shall be held at 2326 Fresno Street, Fresno, California 93721, or at such other place as the Chairperson may designate.

Section 1.4. Compensation. Members may receive their actual and necessary expenses, including traveling expenses incurred in the discharge of their duties, but only when authorized by the Authority and approved by the City and only if there are unencumbered funds available for such purpose.

Section 1.5. Conflict of Interest Code. The Board shall, to the extent required by law, adopt a conflict of interest code and submit such code to the City Council of the City, which is hereby designated as the Authority's code reviewing body.

ARTICLE II - OFFICERS

Section 2.1. Officers. The Officers of the Authority shall be the Chairperson, Vice-Chairperson, Secretary, Treasurer and Controller.

Section 2.2. Chairperson. The Chairperson of the Authority shall be elected by the Board from among its members. The term of office shall be from the date of his or her election through the date of the first regular meeting of the Authority in the next succeeding calendar year; provided that he or she shall serve until a successor has been duly elected. The Chairperson shall preside at all meetings of the Authority, and shall submit such information and recommendations to the Board as he or she may consider proper concerning the business, policies, and affairs of the

Authority. The Chairperson shall also serve as the chief executive officer of the Authority and shall be responsible for execution and supervision of the affairs of the Authority. Except as otherwise authorized by resolution of the Board, the Chairperson or the Chairperson's designee shall sign all contracts, deeds and other instruments executed by the Authority.

Section 2.3. Vice-Chairperson. The Vice-Chairperson shall be elected by the Board from among its members. The term of office shall be from the date of his or her election through the date of the first regular meeting of the Authority in the next succeeding calendar year; provided that he or she shall serve until a successor has been duly elected. The Vice-Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson. In case of the resignation or death of the Chairperson, the Vice-Chairperson shall perform such duties as are imposed on the Chairperson, until such time as the members shall elect a new Chairperson.

Section 2.4. Secretary. The Secretary shall be appointed by the Board and shall serve at the pleasure of the Authority. The Secretary shall keep the records of the Authority, shall act as Secretary of the meetings of the Authority and record all votes, and shall keep a record of the proceedings of the Authority in a journal of proceedings to be

kept for such purpose, and shall perform all duties incident to the office.

Section 2.5. Treasurer and Controller. The Treasurer of the City shall be the Treasurer and the Controller of the Authority, and shall perform the duties set forth in the Agreement.

Section 2.6. Election of Officers. Election of officers shall be the first order of business at the first regular or special meeting of the Authority held in each calendar year.

Section 2.7. Authority to Bind Authority. No member, officer, agent or employee of the Authority, without prior specific or general authority by a vote of the Board, shall have any power or authority to bind the Authority by any contract, to pledge its credit, or to render it liable for any purpose in any amount.

ARTICLE III - EMPLOYEES AND AGENTS

Section 3.1. Appointment of Employees and Agents. The Authority may from time to time request from the City or the Agency the services of such personnel, counsel or agents, permanent or temporary, as may be necessary to carry out the business and affairs of the Authority. The Board may in addition employ temporary professional and technical personnel, on such terms and at such rates of compensation as the Board may determine, for the performance of Authority business and

affairs, provided that adequate sources of funds are identified for the payment of such temporary professional and technical services.

ARTICLE IV - MEETINGS

Section 4.1. Regular Meetings. Regular meetings shall be held at the business office of the Authority, or at such other place as the Chairperson may designate, on dates and at a time as fixed by Resolution of the Authority. If at any time any regular meeting falls on a legal holiday, such regular meeting shall be held on the next business day at the same time.

At least 72 hours before a regular meeting, an agenda containing a brief general description of each item of business to be transacted or discussed shall be posted at a location freely accessible to members of the public. The agenda shall specify the time and location of the regular meeting. No action shall be taken on any item not appearing on the posted agenda except as permitted by law.

Section 4.2. Special Meetings. A special meeting may be called at any time by the Chairperson or upon the request of two of the members of the Board by delivering written notice to each member and to each person or entity entitled by law to receive such notices. Notices to the Board shall be sufficient if delivered to the City Clerk of the City. Notices to other persons or entities entitled by law to

receive notices must be delivered personally or by mail and must be received at least 24 hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted and shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public. No other business shall be considered at such meetings by the Board. Such written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the Secretary of the Authority a written waiver of notice. Such waiver may be given by telegram. Such written notice may also be dispensed with as to any member who is actually present at the time such special meeting convenes.

Section 4.3. Closed Sessions. Nothing contained in these by-laws shall be construed to prevent the Authority Board from holding closed sessions during a regular or special meeting concerning any matter permitted by law to be considered in a closed session.

Section 4.4. Public Hearings. All public hearings held by the Board shall be held during regular or special meetings of the Board.

Section 4.5. Adjourning Meetings and Continuing Public Hearings to Other Times or Places. The Board may adjourn any meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from