
INDENTURE OF TRUST

Dated as of May 1, 2008

by and between the

YUCCA VALLEY REDEVELOPMENT AGENCY

and

THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

Relating to
\$10,625,000
YUCCA VALLEY REDEVELOPMENT AGENCY
(Yucca Valley Redevelopment Project No. 1)
Tax Allocation Bonds, Series 2008

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture") is dated as of May 1, 2008, by and between the YUCCA VALLEY REDEVELOPMENT AGENCY, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "Agency"), and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

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

WHEREAS, a redevelopment plan for the Yucca Valley Redevelopment Project No. 1 (the "Redevelopment Project") in the Town of Yucca Valley has been adopted in compliance with all requirements of the Law;

WHEREAS, the Agency has previously issued its \$1,730,000 Yucca Valley Redevelopment Agency, Yucca Valley Redevelopment Project Area, Tax Allocation Bonds, Series 1995, issued to finance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$1,415,000 principal amount remains outstanding (the "1995 Bonds");

WHEREAS, the Agency has also previously issued its \$2,665,000 Yucca Valley Redevelopment Agency (Yucca Valley Redevelopment Project No. 1) Tax Allocation Bonds, Series 2004, issued to finance redevelopment activities within and for the benefit of the Redevelopment Project, of which \$2,465,000 principal amount remains outstanding (the "2004 Bonds");

WHEREAS, the Agency has determined that, due to prevailing financial market conditions, it is in the best interests of the Agency at this time to refund the 1995 Bonds and the 2004 Bonds and to finance additional redevelopment activities within and for the benefit of the Redevelopment Project;

WHEREAS, to provide moneys for such purposes, the Agency has determined to issue its Yucca Valley Redevelopment Agency Tax Allocation Bonds, Series 2008 (Yucca Valley Redevelopment Project No. 1), in the aggregate principal amount of 10,625,000 (the "Bonds"), under the provisions of Part 1 of Division 24 of the California Health and Safety Code, commencing with section 33640 of said Code;

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 interest and redemption premium (if any) thereon, the Agency and the Trustee have duly authorized the execution and delivery of this Indenture; and

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

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

ARTICLE I

DETERMINATIONS; DEFINITIONS

Section 1.01. Findings and Determinations. The Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Additional Revenues" means, as of the date of calculation, the amount of Tax Revenues which, as shown in the Report of an Redevelopment Consultant, are estimated to be receivable by the Agency within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the Redevelopment Project due to the completion of construction which is not then reflected on the tax rolls, or due to transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the Redevelopment Project is estimated to increase above the assessed valuation of taxable property in the Redevelopment Project (as evidenced in the written records of the County) as of the date on which such calculation is made.

"Agency" means the Yucca Valley Redevelopment Agency, a public body corporate and politic duly organized and existing under the Law.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (b) the principal or sinking fund amount of the Outstanding Bonds payable by their terms in such Bond Year.

"Bonds" means the \$10,625,000 Yucca Valley Redevelopment Agency (Yucca Valley Redevelopment Project No. 1) Tax Allocation Bonds, Series 2008.

"Bond Year" means any twelve-month period beginning on June 2 in any year and ending on the next succeeding June 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on June 1, 2008.

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

"Closing Date" means the date on which the Bonds are delivered by the Agency to the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary

and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 3.04.

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

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

"Defeasance Obligations" means (a) cash, (b) direct non-callable obligations of the United States of America, (c) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (d) Refcorp interest strips, (e) CATS, TIGRS, STRPS, and (f) defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination of the foregoing).

"Escrow Bank" means The Bank of New York Trust Company, N.A., in its capacity as escrow bank under the 1995 Escrow Agreement and the 2004 Escrow Agreement, or any successor thereto appointed as escrow bank thereunder in accordance with the provisions thereof.

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

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

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

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

"Independent Financial Consultant" means any financial consultant or firm of such consultants appointed by the Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Agency; (b) does not have any substantial interest, direct or indirect, with the Agency, other than as original purchaser of the Bonds or any Parity Debt; and (c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Agency, and who, or each of whom: (a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of Redevelopment Project; (b) is in fact independent and not under domination of the Agency; (c) does not have any substantial interest, direct or indirect, with the Agency; and (d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, NJ 07302, Attention: Editor; Mergent/FIS, Inc., 5250-77 Center Drive, Charlotte, NC 28217, Attention: Called Bond Dept.; Kenny S&P, 55 Water Street, New York, NY 10041, Attention: Notification Department; and, in accordance with then current guidelines of the Securities and Exchange Agency, such other addresses and/or such other information services providing information with respect to called bonds as the Agency may designate in a Written Certificate of the Agency delivered to the Trustee.

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

"Interest Payment Date" means June 1 and December 1 in each year, commencing December 1, 2008, so long as any of the Bonds remain Outstanding hereunder.

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

"Low and Moderate Income Housing Fund" means the fund of the Agency established by the Agency pursuant to section 33334.3 of the Law.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year following the anticipated issuance of Bonds. For purposes of such calculation, there shall be excluded a *pro rata* portion of each installment of principal of the Bonds and any Parity Debt, together with the interest to accrue thereon, in the event and to the extent that the proceeds of the Bonds and such Parity Debt are deposited in an escrow fund from which amounts may not be released to the Agency unless the Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County) at least equal one hundred twenty-five percent (125%) of the amount of Maximum Annual Debt Service.

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

"1995 Bonds" means the \$1,730,000 Yucca Valley Redevelopment Agency, (Yucca Valley Redevelopment Project Area, Tax Allocation Bonds, Series 1995, of which \$1,415,000 principal amount remains outstanding.

"1995 Escrow Agreement" means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the Agency and the Escrow Bank, as originally

entered into or as they may be amended or supplemented pursuant to the provisions thereof, providing for the refunding of the 1995 Bonds.

"1995 Escrow Fund" means the fund by that name created and maintained by the Escrow Bank pursuant to the 1995 Escrow Agreement.

"Original Purchaser" means the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 10.05) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 10.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant hereto.

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

"Parity Debt" means any loans, bonds, notes, advances or indebtedness payable from Tax Revenues on a parity with the Bonds to finance or refinance the Redevelopment Project, issued or incurred pursuant to and in accordance with Section 3.05.

"Parity Debt Instrument" means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance of any Parity Debt.

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

"Pass-Through Agreements" means (a) collectively, the following agreements to which the Agency is a party: (1) Cooperation Agreement between the Mojave Water Agency and the Yucca Valley Redevelopment Agency and the Town of Yucca Valley, dated August 11, 1993; (2) Agreement between Desert Community College District, Yucca Valley Redevelopment Agency and the Town of Yucca Valley, dated August 12, 1993; (3) Cooperation Agreement between the Hi Desert Water District and the Yucca Valley Redevelopment Agency and the Town of Yucca Valley, dated September 9, 1993; (4) Cooperation Agreement between the Fire District and the Yucca Valley Redevelopment Agency and the Town of Yucca Valley, dated December 21, 1993; (5) Cooperation Agreement between the Morongo Unified School District, the Yucca Valley Redevelopment Agency and the Town of Yucca Valley, dated August 23, 1993; (6) Agreement for Cooperation between the San Bernardino County Superintendent of Schools and the Yucca Valley Redevelopment Agency, dated August 11, 1993; and (7) Cooperation Agreement between the County of San Bernardino and the Yucca Valley Redevelopment Agency and the Town of Yucca Valley dated October 21, 1993, and (b) payments to affected taxing agencies pursuant to Chapter 942 of the Law, together with any amendments thereof hereafter duly authorized pursuant to the Law.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) debentures of the Federal Housing Administration to the extent such obligations are guaranteed by the full faith and credit of the United States of America;

(c) obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Corporation; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal) or debt obligations of the Federal National Mortgage Association; or (v) letter of credit-backed issues or debt obligations of the Student Loan Marketing Association; provided, however, that not more than ten percent (10%) of the proceeds of the Bonds may, in the aggregate, be invested in any such obligations at one time;

(d) Federal funds, negotiable certificates of deposit, time deposits and bankers acceptances (having maturities of not more than 180 days) of banks (including the Trustee and its affiliates) the short-term obligations of which are rated in one of the two highest Rating Categories by at least one nationally recognized rating agency;

(e) deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation ("FDIC");

(f) debt obligations (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date) rated in one of the two highest Rating Categories by at least one nationally recognized rating agency;

(g) commercial paper (having original maturities of not more than 270 days) rated in one of the two highest Rating Categories by at least one nationally recognized rating agency;

(h) money market funds rated in one of the two highest Rating Categories by at least one nationally recognized rating agency, including funds for which the Trustee, its parent, affiliates or subsidiaries provide investment advisory or other management services, in which case it is agreed that the Trustee, its parent, affiliates or subsidiaries shall have the right to be paid its customary management fees in addition to its fees as Trustee hereunder;

(i) investment contracts or agreements issued or guaranteed by entities whose long-term debt or claims paying ability of which are rated in one of the two highest long-term rating categories of Moody's or S&P;

(j) repurchase agreements or investment agreements issued by banks, broker/dealers or other financial institutions fully secured by obligations listed in paragraphs (a), (b) or (c) of this definition having a market value at least equal to 105% of face amount of the agreement and possession of which obligations is held or controlled by the Trustee, the Agency or by a third party satisfactory to the Agency under arrangements satisfactory to the Trustee or the Agency, as the case may be; and

(k) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

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

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

"Principal Corporate Trust Office" means such principal corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Agency, initially being the address set forth in Section 10.08 hereof, except that, with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

"Rating Category" means any generic rating category of Moody's or S&P, without regard to any refinement of such category by plus or minus sign or by numerical or other qualifying designation.

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

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

"Redevelopment Fund" means the fund by that name established and held by the Agency pursuant to Section 3.03.

"Redevelopment Plan" means the Official Redevelopment Plan for the Redevelopment Project by Ordinance No. 37, adopted by the Town Council of the Town on August 5, 1993, as amended by Ordinance No. 152, adopted by the Town Council of the Town on May 6, 2004, together with any amendments thereof at any time duly authorized pursuant to the Law.

"Redevelopment Project" means the Yucca Valley Redevelopment Project No. 1, as described in the Redevelopment Plan.

"Refunding Debt" means any loan, bond, note, advance or indebtedness payable from Tax Revenues on a parity with the Bonds; provided that the proceeds thereof are used to refund all or a portion of the Bonds or any Parity Debt (and to pay costs of issuance of and fund a reserve fund for such Refunding Debt), and the debt service due on such Refunding Debt in any Bond Year in which the Bonds or such Parity Debt is Outstanding is not greater than the debt service due on the portion of the Bonds or any Parity Debt refunded with the proceeds of such Refunding Debt.

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

"Report" means a document in writing signed by an Independent Financial Consultant or an Independent Redevelopment Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Indenture to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

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

"Reserve Requirement" means with respect to the Bonds or any Parity Debt, as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Bonds or Parity Debt, as applicable, or, if the original issue discount exceeds 2% of such original principal amount, then ten percent (10%) of the original principal amount of, less original issue discount on, such Bonds or Parity Debt, (ii) Maximum Annual Debt Service with respect to the Bonds or Parity Debt, as applicable, or (iii) 125% of average annual debt service on the Bonds or Parity Debt, as applicable; provided that (a) for purposes of such calculation, proceeds of the Bonds or Parity Debt which are held in an escrow fund shall not be included as part of the Bonds or Parity Debt until such time as moneys are released from such escrow fund, and (b) such calculation shall be made by the Agency. The Reserve Requirement as of the Closing Date is \$739,662.50.

"Responsible Officer" means any Vice President, Assistant Vice President or Trust Officer of the Trustee with responsibility for matters related to this Indenture.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., New York, New York, or its successors.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department and, in accordance with then current guidelines of the Securities and Exchange Agency, such other addresses and/or such other securities depositories as the Agency may designate in a Written Certificate of the Agency delivered to the Trustee.

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

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

"State" means the State of California.

"Subordinate Debt" means any loans, advances or indebtedness issued or incurred by the Agency pursuant to Section 3.06, which are either: (a) by its terms payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is expressly subordinate to the pledge of and lien upon the Tax Revenues hereunder for the security of the Bonds.

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

"Tax Revenues" means all taxes pledged and annually allocated within the Plan Limitations, following the Closing Date, and paid to the Agency with respect to the Redevelopment Project pursuant to Article 6 of Chapter 6 (commencing with section 33670) of the Law and section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, *excluding* all other amounts of such taxes (if any) (i) which are required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to section 33334.3 of the Law for increasing and improving the supply of low and moderate income housing (other than amounts required to pay principal or interest or other financing charges with respect to Bonds issued to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Redevelopment Project), (ii) which constitute supplemental subventions payable by the State to the Agency under and pursuant to

Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with section 16110) of the California Government Code, (iii) which constitute amounts payable by the Agency under sections 33607.5 or 33607.7 of the Law for payments to affected taxing entities, except and to the extent such amounts so payable are payable on a basis subordinate to the payment of the Bonds, and (iv) which constitute amounts payable by the Agency under the Pass-Through Agreements except, and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds.

"Term Bonds" means the Bonds maturing on June 1, 2028, and June 1, 2038.

"Trustee" means The Bank of New York Trust Company, N.A., as trustee hereunder, or any successor thereto appointed as trustee hereunder in accordance with the provisions of Article VI.

"2004 Bonds" means the \$2,665,000 Yucca Valley Redevelopment Agency, (Yucca Valley Redevelopment Project No. 1) Tax Allocation Bonds, Series 2004, of which \$2,465,000 principal amount remains outstanding.

"2004 Escrow Agreement" means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the Agency and the Escrow Bank, as originally entered into or as they may be amended or supplemented pursuant to the provisions thereof, providing for the refunding of the 2004 Bonds.

"2004 Escrow Fund" means the fund by that name created and maintained by the Escrow Bank pursuant to the 2004 Escrow Agreement.

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

Section 1.03. Rules of Construction. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

AUTHORIZATION AND TERMS

Section 2.01. Authorization of Bonds. Bonds in the aggregate principal amount of ten million six hundred twenty-five thousand dollars (\$10,625,000) are hereby authorized to be issued by the Agency under and subject to the terms of this Indenture and the Law. This Indenture constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal and redemption premiums (if any) and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "Yucca Valley Redevelopment Agency (Yucca Valley Redevelopment Project No. 1) Tax Allocation Bonds, Series 2008."

Section 2.02. Terms of Bonds.

(a) The Bonds shall be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The Bonds shall mature on the dates and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum as follows:

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2009	\$165,000	3.10%	2017	\$ 225,000	5.00%
2010	170,000	3.70	2018	235,000	5.10
2011	175,000	4.00	2019	250,000	5.20
2012	180,000	4.20	2020	260,000	5.30
2013	190,000	4.20	2021	275,000	5.40
2014	195,000	4.40	2022	290,000	5.50
2015	205,000	4.50	2028	2,110,000	5.50
2016	215,000	4.70	2038	5,485,000	5.75

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

(c) Each Bond shall be dated as of its date of delivery and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before May 15, 2008, in which event it shall bear interest from its date of delivery; *provided, however*, that if, as of the date of authentication of any Bond, interest

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

Section 2.03. Redemption of Bonds.

(a) *Optional Redemption.* The Bonds maturing on or before June 1, 2018, are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 1, 2019, are subject to redemption, at the option of the Agency on any date on and after June 1, 2018, as a whole or in part, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

The Agency shall be required to give the Trustee written notice of its intention to redeem Bonds under this subsection (a)(i) with a designation of the maturities to be redeemed at least forty-five (45), but not more than seventy-five (75) days, prior to the date fixed for such redemption.

(b) *Sinking Account Redemption.* The Bonds maturing on June 1, 2028 (the "2028 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2023, and on each June 1 thereafter to and including June 1, 2028, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2028 Term Bonds have been redeemed pursuant to subsection (a)(i) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2028 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Agency with the Trustee.

Redemption Date (June 1)	Principal Amount	Redemption Date (June 1)	Principal Amount
2023	\$305,000	2026	\$360,000
2024	325,000	2027	380,000
2025	340,000	2028†	400,000

† Maturity.

In lieu of such redemption, the Trustee may apply amounts in the Sinking Account to the purchase of 2028 Term Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by the Agency, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the 2028 Term Bonds, as set forth in a Written Request of the Agency.

The Bonds maturing on June 1, 2038 (the "2038 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2029, and on each June 1 thereafter to and including June 1, 2038, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2038 Term Bonds have been redeemed pursuant to subsection (a)(i) above, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2038 Term Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of

\$5,000, as shall be designated pursuant to written notice filed by the Agency with the Trustee.

<u>Redemption Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Redemption Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>
2029	\$420,000	2034	\$555,000
2030	445,000	2035	590,000
2031	470,000	2036	625,000
2032	500,000	2037	660,000
2033	525,000	2038†	695,000

† Maturity.

In lieu of such redemption, the Trustee may apply amounts in the Sinking Account to the purchase of 2038 Term Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as may be directed by the Agency, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the 2038 Term Bonds, as set forth in a Written Request of the Agency.

(c) *Notice of Redemption.* The Trustee on behalf and at the expense of the Agency shall mail (by first class mail, postage prepaid) notice of any redemption at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Written Request of the Agency filed with the Trustee; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price if an optional redemption, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the Principal Corporate Trust Office for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds under paragraph (a) above, the notice of redemption shall state that the redemption is conditioned upon receipt by the Trustee of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Trustee. In the event that the Trustee does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, such event shall not constitute an Event of Default; the Trustee shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes of this Indenture.

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

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

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

(f) *Manner of Redemption.* Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the Agency thereof. In the event of redemption by lot of Bonds, the Trustee shall assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased pursuant to this Section 2.03 shall be canceled.

(g) *Selection of Bonds for Redemption.* Whenever provision (other than pursuant to Section 2.03(b)) is made in this Indenture for the redemption of Bonds and less than all Bonds then currently outstanding are called for redemption, the Trustee will select Bonds for redemption from Bonds then currently Outstanding and not previously called for redemption, at the written direction of the Agency in such order of maturity as shall be designated by the Agency, and in the absence of such direction, *pro rata* among maturities and by lot within a maturity. The Trustee will promptly notify the Agency in writing of the Bonds so selected for redemption.

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

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

Only such of the Bonds as shall bear thereon a Certificate of Authentication in the form hereinafter set forth, manually executed and dated by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such Certificate shall be conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. In the event temporary Bonds are issued pursuant to Section 2.09 hereof, the temporary Bonds may bear thereon a

Certificate of Authentication executed and dated by the Trustee, may be initially registered by the Trustee, and, until so exchanged as provided under Section 2.09 hereof, the temporary Bonds shall be entitled to the same benefits pursuant to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.06. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the Agency shall execute and the Trustee shall deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denominations. The Trustee shall collect from the Owner any tax or other governmental charge on the transfer of any Bonds pursuant to this Section 2.06. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Agency.

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

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

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

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

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

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Agency, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Agency, at the expense of the Owner, shall execute, and the Trustee shall thereupon deliver, a new Bond of like tenor and amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee and the Agency). The Agency may require payment by the Owner of a sum not exceeding the actual cost of preparing each new Bond issued under this Section 2.10 and of the expenses which may be incurred by the Agency and the Trustee in the premises. Any Bond issued under the provisions of this Section 2.10 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

Section 2.11. CUSIP Numbers. The Trustee and the Agency shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond, check, advise of payment or redemption notice and any such document may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the Agency nor the Trustee shall be liable for any inaccuracy in such numbers.

Section 2.12. Use of Depository. Notwithstanding any provision of this Indenture to the contrary:

(a) At the request of the Original Purchaser, the Bonds shall be initially issued registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one Bond for each maturity, as set forth in Section 2.02. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a Written Request of the Agency, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Agency that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the Agency that The Depository Trust Company or its successor is no longer able to carry out its

functions as depository; provided that no substitute depository which is not objected to by the Agency and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.12, upon receipt of all Outstanding Bonds by the Trustee, together with a Written Request of the Agency to the Trustee, a single new Bond shall be executed and delivered, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such Written Request of the Agency. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.12, upon receipt of all Outstanding Bonds by the Trustee together with a Written Request of the Agency, new Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in a Written Request of the Agency provided the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a Written Request of the Agency.

(c) In the case of partial redemption or an advance refunding of any Bonds evidencing all of the principal maturing in a particular year, The Depository Trust Company shall deliver the Bonds to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The Agency and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the absolute Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Agency; and the Agency and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Bonds. Neither the Agency nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Bond.

(e) So long as all outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the Agency and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal and interest due with respect to the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) So long as all Outstanding Bonds are registered in the name of Cede & Co. or its registered assign (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Bonds' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of Blanket Issuer Letter of Representations executed by the Agency and received and accepted by The Depository Trust Company.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

Section 3.01. Issuance of Bonds. Upon the execution and delivery of this Indenture, the Agency shall execute and deliver to the Trustee Bonds in the aggregate principal amount of ten million six hundred twenty-five thousand dollars (\$10,625,000) and the Trustee shall authenticate and deliver the Bonds upon the Written Request of the Agency.

Section 3.02. Application of Proceeds of Sale. Upon the receipt of payment for the Bonds on the Closing Date of \$10,290,543.20 (being the initial principal amount of the Bonds of \$10,625,000.00, less an underwriter's discount of \$212,500.00, less original discount of \$121,956.80, the Trustee shall apply the proceeds of sale thereof as follows:

- (a) The Trustee shall deposit the amount of \$126,320.06 in the Costs of Issuance Fund;
- (b) The Trustee shall deposit the amount of \$739,662.50 in the Reserve Account, being the initial Reserve Requirement;
- (c) The Trustee shall transfer the amount of \$1,304,254.94 to the Escrow Bank for deposit in the 1995 Escrow Fund;
- (d) The Trustee shall transfer the amount of \$2,620,305.70 to the Escrow Bank for deposit in the 2004 Escrow Fund; and
- (e) The Trustee shall transfer the remaining amount of \$5,500,000.00 to the Agency for deposit in the Redevelopment Fund.

The Trustee may, in its discretion, establish a temporary fund or account to facilitate or properly account for the foregoing transfers and deposits.

Section 3.03. Redevelopment Fund. A fund to be known as the "Yucca Valley Redevelopment Project No. 1 Redevelopment Fund" is hereby created by and will be maintained by the Agency. Amounts deposited to the Redevelopment Fund shall be applied by the Agency from time to time for the financing of the Redevelopment Project. The Agency shall maintain records as to the disposition of all amounts disbursed from the Redevelopment Fund pursuant to this Section 3.03, as necessary to comply with any applicable requirements of the Redevelopment Law.

Section 3.04. Costs of Issuance Fund. There is hereby established a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Request of the Agency shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date six months following the Closing Date, or upon the earlier Written Request of the Agency stating that all known Costs of Issuance have been paid, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Agency for deposit in the Redevelopment Fund and the Costs of Issuance Fund shall be closed.

Section 3.05. Issuance of Parity Debt.

(a) In addition to the Bonds, the Agency may, by Supplemental Indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to finance redevelopment projects within or for the benefit of the Redevelopment Project in such principal amount as shall be determined by the Agency. The Agency may issue and deliver any such other Parity Debt subject to the following specific conditions precedent to the issuance and delivery of such Parity Debt issued under this Section 3.05:

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

(ii) Tax Revenues for the then current Fiscal Year, based on the most recent assessed valuation of property in the Redevelopment Project as evidenced in written documentation from an appropriate official of the County, plus, at the option of the Agency, the Additional Revenues, shall be at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding following the issuance of such Parity Debt (excluding from such calculation debt service on Parity Debt or Bonds on deposit in a special escrow fund).

(iii) The aggregate amount of the principal of and interest on the Bonds, any Parity Debt and any Subordinate Debt coming due and payable following the issuance of such Parity Debt shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limitations to be allocated and paid to the Agency following the issuance of such Parity Debt;

(iv) Interest on such Parity Debt shall be payable on June 1 and December 1 in each year in which interest is payable on such Parity Debt, except the first twelve month period, during which interest may be payable on any June 1 or December 1;

(v) Principal on such Parity Debt shall be payable on June 1 in any year in which principal is payable;

(vi) Money shall be deposited in a reserve account from the proceeds of the sale of such Parity Debt in an amount sufficient to provide a total amount held for the Bonds and such Parity Debt to equal the Reserve Requirement;

(vii) The Agency shall receive an opinion of Bond Counsel stating (i) that the Supplemental Indenture relating to the Parity Debt is valid and enforceable in accordance with its terms (ii) that such Supplemental Indenture creates a valid pledge of that which it purports to pledge, and (iii) that the total principal amount of Parity Debt to be issued or incurred and then Outstanding will not exceed any limit imposed by law; and

(viii) The Agency shall deliver to the Trustee a Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (i), (ii), (iii), (iv), (v), (vi) and (vii) above have been satisfied.

(b) For purposes of calculating Tax Revenues in applying the provisions of Section 3.05(a), such Tax Revenues shall be calculated on the basis of a tax rate of \$1.00 per \$100 of assessed value.

(c) If such Parity Debt is payable at a variable interest rate, interest should be calculated assuming the 30-year Revenue Bond Index as published by *The Bond Buyer* no more than two weeks prior to date of sale.

Section 3.06. Issuance of Subordinate Debt. In addition to the Bonds, the Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Agency. The Agency may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

(a) The Tax Revenues for the then current Fiscal Year, based on the most recent assessed valuation of property in the Redevelopment Project as evidenced in written documentation from an appropriate official of the County, after deducting all amounts required for the payment of the Bonds and any Parity Debt, shall be at least equal to one hundred percent (100%) of Maximum Annual Debt Service on all Subordinate Debt which will be outstanding following the issuance of such Subordinate Debt (excluding from such calculation debt service on Subordinate Debt on deposit in a special escrow fund);

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limitations, then principal and sinking fund installments of and interest on all Outstanding Bonds, Parity Debt and Subordinate Debt coming due and payable following the issuance or incurrence of such Subordinate Debt shall not exceed the maximum amount of Tax Revenues permitted within the Plan Limitations; and

(c) The aggregate amount of all Bonds, Parity Debt and Subordinate Debt to be outstanding following the issuance of such Subordinate Debt shall not exceed the maximum amount of obligations permitted under the Plan Limitations to be outstanding at any time.

Section 3.07. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Redevelopment Project or upon the performance by any person of his obligation with respect to the Redevelopment Project.

ARTICLE IV

SECURITY OF BONDS; FLOW OF FUNDS

Section 4.01. Security of Bonds; Equal Security. Except as provided in Section 6.06, the Bonds shall be equally secured by a pledge of, security interest in and a first and exclusive lien on all of the Tax Revenues, and a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account, the Escrow Fund and the Redemption Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such other moneys, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

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

Section 4.02. Special Fund; Deposit of Tax Revenues. There is hereby established a special fund to be known as the "Special Fund," which shall be held by the Agency. The Agency shall transfer all of the Tax Revenues received in any Bond Year to the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to Section 4.03.

All Tax Revenues received by the Agency during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year pursuant to the preceding paragraph of this Section 4.02, including delinquent amounts if any, shall be released from the pledge and lien hereunder for the security of the Bonds and may be applied by the Agency for any lawful purposes of the Agency, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to Section 5.11. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable hereunder and under any Supplemental Indentures, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in this Indenture and in any Supplemental Indenture.

Section 4.03. Deposit of Amounts by Trustee. There is hereby established a trust fund to be known as the Debt Service Fund, which shall be held by the Trustee hereunder in trust. Moneys in the Special Fund shall be transferred by the Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority:

(a) *Interest Account.* On or before the fifth Business Day preceding each Interest Payment Date, the Agency shall withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Account an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture).

(b) *Principal Account.* On or before the fifth Business Day preceding each principal payment date in each year beginning June 1, 2009, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Bonds on the next June 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal installment to become due on the next June 1 on all of the Outstanding Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it shall become due and payable.

(c) *Sinking Account.* On or before the fifth Business Day preceding each Sinking Account payment date in each year, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the Sinking Account installment becoming due and payable on the Outstanding Bonds on the next June 1. No such transfer and deposit need be made to the Sinking Account if the amount contained therein is at least equal to the Sinking Account installment to become due on the next June 1 on all of the Outstanding Bonds. All moneys in the Sinking Account shall be used and withdrawn by the Trustee solely for the purpose of paying the aggregate principal amount of the Term Bonds required to be redeemed on such June 1 pursuant to Section 2.03(b).

(d) *Reserve Account.* In the event that the Trustee has actual knowledge that the amount on deposit in the Reserve Account at any time is less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall transfer to the Trustee, Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Agency shall be obligated to continue making transfers as Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement (as determined by the Trustee based upon a valuation of investments held in such account performed in accordance with Section 6.07) shall be withdrawn from the Reserve Account semiannually on or before the Business Day preceding each June 1 and December 1 by the Trustee and deposited in the Interest Account. If a valuation discloses that amounts in the Reserve Account are less than the Reserve Requirement, which valuation must occur not less than semi-annually, the Agency shall immediately cause the cure thereof from any available

moneys. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to this Section 4.03 or, (ii) if the Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by this Section 4.03, then, at the Written Request of the Agency, to the Agency for deposit by the Agency into the Special Fund. The Trustee may conclusively presume that there has been no change in the Reserve Requirement unless notified in writing by the Agency.

(e) *Redemption Account.* On or before the fifth Business Day preceding any date on which Bonds are to be redeemed pursuant to Section 2.03(a), the Agency shall withdraw from the Special Fund and transfer to the trustee for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date pursuant to Section 2.03(a), taking into account any funds then on deposit in the Redemption Account. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Agency designated by the Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to Section 2.03(a) on the respective dates set for such redemption.

ARTICLE V

OTHER COVENANTS OF THE AGENCY

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

Section 5.02. Limitation on Additional Indebtedness; Against Encumbrances. The Agency hereby covenants that, so long as the Bonds are Outstanding, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, for which all or any part of the Tax Revenues are pledged as security for payment, excepting only the Bonds, any Parity Debt and any Subordinate Debt. The Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior to the pledge and lien herein created for the benefit of the Bonds. Other than amounts payable by the Agency under sections 33607.5 or 33607.7 of the Law for payments to affected taxing entities, the Agency is not obligated under any tax-sharing agreements that would affect the amount of Tax Revenues available to pay the Bonds.

Section 5.03. Extension of Payment. The Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.04. Payment of Claims. The Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

Section 5.05. Books and Accounts; Financial Statements. The Agency shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the County, in which complete and correct entries shall be made of all transactions relating to the Redevelopment Project, the Tax Revenues the Special Fund and the Redevelopment Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared, within one hundred and eighty (180) days after the close of each Fiscal Year so long as the Bonds and any Parity Debt are Outstanding, complete audited financial statements with respect to such Fiscal Year showing the Tax

Revenues, all disbursements of Tax Revenues and the financial condition of the Redevelopment Project, including the balances in all funds and accounts relating to the Redevelopment Project, as of the end of such Fiscal Year. The Agency shall furnish a copy of such financial statements to any Owner upon reasonable request and at the expense of such Owner.

Section 5.06. Protection of Security and Rights of Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date, the Bonds shall be incontestable by the Agency.

Section 5.07. Payments of Taxes and Other Charges. Except as otherwise provided herein, the Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Redevelopment Project, or upon the revenues therefrom when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Redevelopment Project or any part thereof.

Section 5.08. Taxation of Leased Property. All amounts derived by the Agency pursuant to section 33673 of the Law with respect to the lease of property for redevelopment shall be treated in the same manner as amounts derived pursuant to section 33670(b) of the Law for purposes of determining Tax Revenues under this Indenture.

Section 5.09. Disposition of Property. The Agency will not participate in the disposition of any land or real property in the Redevelopment Project to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of this Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than ten percent (10%) of the land area in, or total assessed valuation of, the Redevelopment Project unless such disposition is permitted as hereinafter provided in this Section 5.09. If the Agency proposes to participate in such a disposition, it shall thereupon appoint an Independent Redevelopment Consultant to report on the effect of said proposed disposition. If the Report of the Independent Redevelopment Consultant concludes that the Tax Revenues following such disposition will be at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the Bonds and on any Parity Debt, the Agency may thereafter make such disposition. If said Report concludes that, following said proposed disposition, the Tax Revenues will not be at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the Bonds and on any Parity Debt, the Agency shall not participate in said proposed disposition. For purposes of this Section 5.09, the amount of Tax Revenues shall be determined as provided in Section 3.05(a)(ii).

Section 5.10. Maintenance of Tax Revenues; Compliance with Plan Limitations. The Agency shall comply with all requirements of the Redevelopment Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State. The Agency shall not amend the Redevelopment Plan or enter into any agreement with the County or any other governmental or private entity, which would have the effect of reducing the amount of Tax Revenues otherwise available to the Agency for payment of the Bonds and on any Parity Debt, unless the Agency shall first obtain the Report of an Independent Redevelopment Consultant stating that the Tax Revenues for the then current Fiscal Year and each Fiscal Year thereafter in which the Bonds are Outstanding (calculated on the assumption that such reduction of Tax Revenues was in

effect throughout such period), plus, at the option of the Agency, the Additional Revenues, shall be at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on the Bonds and all Parity Debt. For purposes of this Section 5.10, the amount of Tax Revenues shall be determined as provided in Section 3.05(a)(ii).

Section 5.11. Tax Covenants.

(a) *Rebate Requirement.* The Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government. In the event that the Agency shall determine that any amounts are due and payable to the United States of America hereunder and that the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the Interest Account, the Principal Account, the Sinking Account or the Reserve Account and excluding any other moneys required to pay the principal of or interest or redemption premium, if any, on the Bonds) to make such payment, the Agency shall promptly pay from available Tax Revenues or any other source of legally available funds the sum of (a) one hundred percent (100%) of the amounts determined to be due and payable to the United States of America as a result of the investment of amounts on deposit in any fund or account established hereunder, plus (b) all other amounts due and payable to the United States of America.

(b) *Private Business Use Limitation.* The Agency shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become "private activity bonds" within the meaning of section 141(a) of the Code.

(c) *Private Loan Limitation.* The Agency shall assure that no more than five percent (5%) of the net proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting nonpurpose obligations as defined in the Code or constituting assessments) to persons other than state or local government units.

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

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

Section 5.12. Compliance with the Plan Limitations and the Law. The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Redevelopment Project are undertaken and accomplished in conformity with the Plan Limitations and all applicable requirements of the Redevelopment Plan and the Redevelopment Law, including, without limitation, duly noticing and holding any public hearing required by either section 33445 or section 33679 of the Redevelopment Law prior to application of proceeds of the Bonds to any portion of the Redevelopment Project. Without limiting the generality of the foregoing, the Agency covenants that it shall deposit or cause to be deposited in the Redevelopment Fund, all amounts when, as and if required to be deposited therein pursuant to the Redevelopment Law.

Section 5.13. Management and Operations of Properties. The Agency will manage and operate all properties owned by the Agency and comprising any part of the Redevelopment Project, in a sound and businesslike manner, and will keep such properties insured at all times in conformity with sound business practice.

Section 5.14. Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be an Event of Default hereunder. However, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under this Section 5.14.

Section 5.15. Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

Section 5.16. Annual Review of Tax Revenues; Compliance with Plan Limitations. The Agency shall annually cause to be prepared a report which sets forth the estimated annual and cumulative total amount of tax increment revenues remaining available to be received by the Agency under the Plan Limitations (the "Remaining Limit Amount"), the estimated Current Year Obligations (as defined below), and the estimated Future Year Obligations (as defined below). Each Fiscal Year, the Agency shall cause to be deposited in a Trustee-held escrow account (the "Defeasance Escrow Account"), for investment in Defeasance Obligations, that portion of tax increment revenues, if any, allocated to the Agency in excess of the Current Year Obligations to the extent necessary, taking into account (i) the Remaining Limit Amount, (ii) all Future Obligations and (iii) the amounts already existing in the Defeasance Escrow Account, to enable repayment when due of all Future Obligations within the Remaining Limit Amount. Amounts in the Defeasance Escrow Account, including interest earned thereon, shall only be used to prepay Bonds or pay debt service on the Bonds.

"Current Year Obligations" means the amounts necessary to pay the debt service and other amounts due in the applicable Fiscal Year for which the annual report is then being prepared with respect to the Bonds, tax sharing payments, deposits in the Low and Moderate Income Housing Fund and other statutory obligations, Subordinate Debt, and the Agency's administrative costs. "Future Obligations" means the estimated amounts necessary to pay the debt service and other amounts due in all succeeding Fiscal Years with respect to the Bonds, tax sharing payments, deposits in the Low and Moderate Income Housing Fund and other statutory obligations, Subordinate Debt, and the Agency's administrative costs; provided that in estimating the portion of the Future Obligations related to the Bonds, the amount of remaining debt service shall take into account the early prepayment or defeasance of the Bonds estimated to occur using amounts deposited or to be deposited in the Defeasance Escrow Account.

ARTICLE VI

THE TRUSTEE

Section 6.01. Duties, Immunities and Liabilities of Trustee.

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

(b) The Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) if at any time the Agency has knowledge that the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 6.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Agency to the Trustee, whereupon the Agency shall immediately appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Agency and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the Agency for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions

herein set forth. Upon request of the successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Agency shall mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Agency.

(e) Any Trustee appointed under the provisions of this Section 6.01 in succession to the Trustee shall be a financial institution having a trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 6.01.

Section 6.02. Merger or Consolidation. Any bank, national banking association, corporation or trust company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank, corporation or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association, corporation or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, corporation or trust company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Liability of Trustee.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of this Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made by a responsible employee or officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.

(c) 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 Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

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

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until a Responsible Officer shall have actual knowledge thereof, or shall have received written notice thereof from the Agency at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no default has occurred and is continuing under this Indenture. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the Agency's certificates to establish the Agency's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Tax Revenues into the Special Fund and the investment and application of moneys on deposit in the Special Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service by the Agency or with respect to the observance or performance by the Agency of the other conditions, covenants and terms contained in this Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Agency pursuant to this Indenture or otherwise.

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

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or receivers and shall be entitled to opinion and advice of counsel concerning all matters of trust and its duties hereunder. The Trustee shall not be responsible for any action taken or not taken on the part of any agent, attorney or receiver appointed with due care by it hereunder.

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

Before taking any action under Article VIII or this Article at the written request of a majority of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners 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.

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee shall not be accountable for the use or application by the Agency or any other party of any funds which the Trustee has released in accordance with the terms of this Indenture. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees, agents and attorneys. Whether or not expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Article VI.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture; *provided, however*, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Section 6.04. Right to Rely on Documents and Opinions. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

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

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Agency, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Agency.

Section 6.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Agency and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Section 6.06. Compensation and Indemnification. The Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture in accordance with the letter proposal from the Trustee approved by the Agency and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee shall have a first lien on the Tax Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

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

Section 6.07. Deposit and Investment of Moneys in Funds. Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account, the Redemption Account and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as directed by the Agency in the Written Request of the Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Written Request of the Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (h) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Investments purchased with moneys deposited in the Reserve Account shall have an average aggregate weighted term to maturity not greater than five years; *provided, however,* that qualifying investment agreements permitting draws at any time need not be restricted to a maturity of five years or less. The Trustee shall be entitled to rely conclusively upon the written instructions of the Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any restrictions set forth in the above list which embody legal conclusions (e.g., the existence, validity and perfection of security interests in collateral), the Trustee shall be entitled to rely conclusively on an opinion of counsel or upon a representation of the provider of such Permitted Investment obtained at the Agency's expense. Moneys in the Special Fund may be invested by the Agency in any obligations in which the Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be deposited in the Interest Account; *provided, however,* that all interest or gain from the investment of amounts in the Reserve Account shall be

deposited by the Trustee in the Interest Account, to the extent not required to cause the balance in the Reserve Account to equal the Reserve Requirement. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Agency or otherwise made pursuant to this Section 6.07.

Such investments shall be valued by the Trustee not less often than quarterly, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored by the Agency no later than the succeeding valuation date. Investments purchased with moneys deposited in the Reserve Account shall have an average aggregate weighted term to maturity not greater than five years; *provided, however*, that qualifying investment agreements permitting draws at any time need not be restricted to a maturity of five years or less.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture. Except as specifically provided in this Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Agency for earnings derived from funds that have been invested.

The Agency acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Agency 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 principal, agent, sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 6.08. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Agency, at least monthly, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to this Indenture. The Trustee shall maintain and store such records for a period of one year after the stated maturity of the Bonds.

Section 6.09. Appointment of Co-Trustee or Agent. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 6.09 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them; *provided, however,* in no event shall the Trustee be responsible or liable for the acts or omissions of any co-trustee.

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

Section 6.10. Other Transactions with Agency. The Trustee, either as principal or agent, may engage in or be interested in any financial or other transaction with the Agency.

ARTICLE VII

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 7.01. Amendment. This Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Agency in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers herein reserved to or conferred upon the Agency; or

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

(c) to provide for the issuance of Parity Debt in accordance with Section 3.05.

(d) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of nationally recognized bond counsel.

Except as set forth in the preceding paragraph, this Indenture and the rights and obligations of the Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners and that all conditions precedent for any supplement or amendment has been satisfied.

Section 7.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to this Article VII, the Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Agency, as to such amendment or modification and in that case upon demand of the Agency, the Owners of such Bonds shall present such Bonds for that purpose

at the Principal Corporate Trust Office, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Agency may determine that new Bonds shall be prepared at the expense of the Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Agency, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office, without cost to such Owners.

Section 7.04. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 8.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) if default shall be made by the Agency in the due and punctual payment of the principal or sinking fund payment of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following receipt by the Agency of written notice from the Trustee or any Owner of the occurrence of such default provided that if in the reasonable opinion of the Agency the failure stated in the notice can be corrected, but not within such 60 day period, such failure will not constitute an event of default if corrective action is instituted by the Agency within such 60 day period and the Agency thereafter diligently and in good faith cures such failure within 120 days; or

(c) if the Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Agency or of the whole or any substantial part of its property.

If an Event of Default has occurred and is continuing, the Trustee may, and if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall exercise any remedies available to the Trustee and the Owners in law or at equity, subject in any event to the provisions of Section 8.08.

Immediately upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds.

Section 8.02. Application of Funds Upon Default. So long as an Event of Default exists, all sums received by the Trustee hereunder shall be applied by the Trustee as follows and in the following order:

(a) To the payment of the reasonable fees, costs and expenses of the Trustee (including reasonable fees and expenses of its counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all reasonable fees, costs and expenses owing to the Trustee pursuant to Section 6.06 hereof; and

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

(i) *first*, to the payment of all installments of interest on the Bonds 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,

(ii) *second*, to the payment of principal of all installments of the Bonds then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full, and

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

Section 8.03. Limitation on Owner's Right to Sue. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made Written Request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such Written Request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

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

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section 8.03 or any other provision of this Indenture.

Section 8.04. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Bonds to the respective Owners on the respective Interest Payment Dates, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

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

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

Section 8.05. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds or Parity Debt shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, *provided, however*, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel).

Section 8.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.07. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Agency and the Trustee and their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation of this Indenture, and all covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Agency and the Trustee and their officers, employees and agents, and the Owners.

ARTICLE IX

MISCELLANEOUS

Section 10.01. Benefits Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Agency, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Trustee and the Owners.

Section 10.02. Successor is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture either the Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.03. Discharge of Indenture. If the Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, interest and redemption premiums; or

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

and, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Section 2.03(d) or provision satisfactory to the Trustee shall have been made for the giving of such notice, then, at the election of the Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the Agency under this Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (i) the obligation of the Trustee to transfer and exchange Bonds hereunder, (ii) the obligations of the Agency under Section 6.06 hereof, and (iii) the obligation of the Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. In the event the Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to Section 6.06 shall be paid over to the Agency.

To accomplish defeasance the Agency shall cause to be delivered (i) a Report of an Independent Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or earlier redemption date ("Verification"), (ii) an escrow deposit agreement, and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under this Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Agency and the Trustee.

Section 10.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

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

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

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Agency or the Trustee and in accordance therewith, *provided, however*, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Agency unless the Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Section 10.05. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Agency or the County (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Upon request of the Trustee, the Agency shall specify to the Trustee those Bonds disqualified pursuant to this Section 10.05.

Section 10.06. Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 10.07. Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such bonds and upon request of the Agency provide the Agency a certificate of destruction. The Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 10.08. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first class, registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to the Agency:

Yucca Valley Redevelopment Agency
57090 29 Palms Highway
Yucca Valley, CA 92284
Attention: Executive Director
Phone: (760) 369-6585 x232
Fax: (760) 369-0626

If to the Trustee:

The Bank of New York Trust Company, N.A.
700 South Flower Street, Suite 500
Los Angeles, CA. 90017-4104
Attention: Corporate Trust Services
Phone: (213) 630.6240
Fax: (213) 630.6215

The Agency and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.09. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal, invalid or unenforceable. such holding shall not affect the validity of the remaining portions of this Indenture. The Agency hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Trustee hereunder shall, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof, be assumed by and vest in the Treasurer of the Agency in trust for the benefit of the Owners. The Agency covenants for the direct benefit of the Owners that its Treasurer in such case shall be vested with all of the rights and powers of the Trustee hereunder, and shall assume all of the responsibilities and perform all of the duties of the Trustee hereunder, in trust for the benefit of the Bonds, pending appointment of a successor Trustee in accordance with the provisions of Section 6.01 hereof.

Section 10.10. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two (2) years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Agency for the payment of the principal of and interest and redemption premium (if any) on of such Bonds.

Section 10.11. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

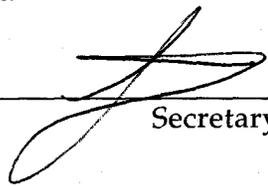
Section 10.12. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the YUCCA VALLEY REDEVELOPMENT AGENCY has caused this Indenture to be signed in its name by its officer thereunto duly authorized and attested by its Secretary, and THE BANK OF NEW YORK TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

YUCCA VALLEY REDEVELOPMENT
AGENCY

By 
Executive Director

Attest:


Secretary

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By _____
Assistant Vice President

IN WITNESS WHEREOF, the YUCCA VALLEY REDEVELOPMENT AGENCY has caused this Indenture to be signed in its name by its officer thereunto duly authorized and attested by its Secretary, and THE BANK OF NEW YORK TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

YUCCA VALLEY REDEVELOPMENT
AGENCY

By _____
Executive Director

Attest:

Secretary

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By _____
Assistant Vice President

EXHIBIT A
FORM OF BOND

United States of America
State of California
San Bernardino County

YUCCA VALLEY REDEVELOPMENT AGENCY
(Yucca Valley Redevelopment Project No. 1)
Tax Allocation Bond, Series 2008

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	June 1, _____	May __, 2008	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The YUCCA VALLEY REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date (the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before November 15, 2008, in which event it shall bear interest from the Dated Date above; *provided however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on each June 1 and December 1, commencing December 1, 2008, or, if such day is not a Business Day (as such term is defined in the Indenture, hereinafter defined), on the next succeeding Business Day (each an "Interest Payment Date"), calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the Principal Corporate Trust Office (as such term is defined in the Indenture) of The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), or at such other place as designated by the Trustee. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained

by the Trustee as of the Record Date for which such Interest Payment Date occurs; *provided however*, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds (hereinafter defined) in the aggregate principal amount of \$1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose on or before the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Agency designated as "Yucca Valley Redevelopment Agency (Yucca Valley Redevelopment Project No. 1) Tax Allocation Bonds, Series 2008" (the "Bonds"), of an aggregate principal amount of ten million six hundred twenty-five thousand dollars (\$10,625,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption and other provisions) and all issued pursuant to the provisions of Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code, commencing with section 33640 of said Code (the "Redevelopment Law"), and pursuant to Resolution No. RDA-08-03 of the Agency, adopted April 10, 2008, and an Indenture of Trust, dated as of May 1, 2008, entered into by and between the Agency and the Trustee (the "Indenture"), authorizing the issuance of the Bonds. Additional bonds, or other obligations may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Agency) and all indentures supplemental thereto and to the Redevelopment Law for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the Agency to finance and refinance redevelopment activities within or for the benefit of the Redevelopment Project, including to (a) finance new development activities, (b) refund the Agency's Yucca Valley Redevelopment Agency, Yucca Valley Redevelopment Project Area, Tax Allocation Bonds, Series 1995, (c) refund the Agency's Yucca Valley Redevelopment Agency (Yucca Valley Redevelopment Project No. 1) Tax Allocation Bonds, Series 2004; (d) fund a reserve account for the Bonds, and (e) provide for the costs of issuing the Bonds.

The Bonds are special obligations of the Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are payable from, and are secured by a pledge of, security interest in and lien on the Tax Revenues (as defined in the Indenture) derived by the Agency from the Redevelopment Project.

There has been created and will be maintained by the Agency, the Special Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Agency shall transfer amounts to the Trustee for payment of the principal of and the interest and redemption premium, if any, on the Bonds when due. As and to the extent set forth in the Indenture, all such Tax Revenues are exclusively and irrevocably pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture and the Redevelopment Law, for the security and payment or redemption of, including any premium upon early redemption, and for the security and payment of interest on, the Bonds. In addition, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Special Fund, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account, and the Redemption Account (as such terms are

defined in the Indenture). Except for the Tax Revenues and such moneys, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

Optional Redemption. The Bonds maturing on or before June 1, 2018, are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 1, 2019, are subject to redemption, at the option of the Agency on any date on and after June 1, 2018, as a whole or in part, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Sinking Account Redemption. The Bonds maturing on June 1, 2028 (the "2028 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2023, and on June 1 in each year thereafter to and including June 1, 2028, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2028 Term Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2028 Term Bonds so redeemed by reducing each such future Sinking Account payment on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Agency with the Trustee.

Redemption Date (June 1)	Principal Amount	Redemption Date (June 1)	Principal Amount
2023	\$305,000	2026	\$360,000
2024	325,000	2027	380,000
2025	340,000	2028†	400,000

† Maturity.

The Bonds maturing on June 1, 2038 (the "2038 Term Bonds") are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on June 1, 2029, and on June 1 in each year thereafter to and including June 1, 2038, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2038 Term Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2038 Term Bonds so redeemed by reducing each such future Sinking Account payment on a *pro rata* basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the Agency with the Trustee.

Redemption Date (June 1)	Principal Amount	Redemption Date (June 1)	Principal Amount
2029	\$420,000	2034	\$555,000
2030	445,000	2035	590,000
2031	470,000	2036	625,000
2032	500,000	2037	660,000
2033	525,000	2038†	695,000

† Maturity.

As provided in the Indenture, notice of redemption shall be given by first class mail no less than thirty (30) nor more than sixty (60) days prior to the redemption date to the

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

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

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

The Bonds are issuable as fully registered bonds without coupons in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Trustee may refuse to transfer or exchange (a) any Bonds during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bonds selected for redemption.

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

The rights and obligations of the Agency and the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the registered owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

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

This Bond is not a debt of the Town of Yucca Valley, the State of California, or any of its political subdivisions, and neither said Town, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

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

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

IN WITNESS WHEREOF, the Yucca Valley Redevelopment Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of Dated Date stated above.

YUCCA VALLEY REDEVELOPMENT
AGENCY

By _____
Executive Director

ATTEST:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Authentication Date: _____

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

STATEMENT OF INSURANCE

[TO COME]

ASSIGNMENT

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

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

the within Certificate and do(es) hereby irrevocably constitute and appoint

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

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stock brokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17 Ad-15.

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