

REPORT TO REDEVELOPMENT AGENCY

DATE: APRIL 23, 2008

TO: HONORABLE CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: GREG RAMIREZ, EXECUTIVE DIRECTOR

BY: NATHAN HAMBURGER, ASSISTANT EXECUTIVE DIRECTOR

SUBJECT: PROPOSED ISSUANCE BY THE AGOURA HILLS REDEVELOPMENT AGENCY OF ITS SERIES 2008 TAX ALLOCATION BONDS AND SERIES 2008 HOUSING SET-ASIDE BONDS

Adoption of the attached resolutions will allow staff to proceed with (i) the issuance of bonds by the Agoura Hills Redevelopment Agency and (ii) the use of proceeds of the bonds to finance the purchase of land for redevelopment projects in the Agoura Hills Redevelopment Project Area (the "Project Area") and the purchase of land or projects consistent with the approved Affordable Housing Implementation Strategy.

The Bonds consist of two series: 1) the "Series 2008 Tax Allocation Bonds", in an aggregate principal amount not to exceed \$7.5 million, and 2) the "Series 2008 Housing Set-Aside Bonds", in an aggregate principal amount not to exceed \$11.0 million. The Series 2008 Tax Allocation Bonds will be issued as taxable bonds. Repayment of the Series 2008 Tax Allocation Bonds will be secured by tax increment revenues generated in the Project Area and repayment of the Series 2008 Housing Set-Aside Bonds will be secured by the housing set-aside portion (e.g., the 20% set-aside) of tax increment generated in the Project Area.

Resolution No. 08-46 approves the issuance of the Series 2008 Tax Allocation Bonds and approves as to form the major legal documents presented to the Agency in connection with the Series 2008 Tax Allocation Bonds. The resolution permits staff to make the necessary changes to all of the documents in order to finalize and execute the documents.

Resolution No. 08-47 approves the issuance of the Series 2008 Housing Set-Aside Bonds and approves as to form the major legal documents presented to the Agency in connection with the Series 2008 Housing Set-Aside Bonds. The resolution permits staff to make the necessary changes to all of the documents in order to finalize and execute the documents.

Resolution No. 08-48 approves the execution and delivery of an agreement to make certain payments from the Agency to the City subordinate to the Bonds.

The following is a summary of each of the documents that are required for issuance of the proposed bonds.

Indentures

There is a separate Indenture for the Series 2008 Tax Allocation Bonds (Attachment A) and for the Series 2008 Housing Set-Aside Bonds (Attachment B). Each Indenture sets forth all of the terms and conditions of the Bonds (e.g., principal amounts, maturity and redemption schedules, payment, registration and transfer provisions and the form of the Bonds), the covenants and other obligations of the Agency to the bondholders, and the role and the duties of the Trustee. As presented, the Indentures are in substantially final form, except that final dollar amounts and interest rates will be added after the Bonds have been priced and sold and that provisions may be added, deleted or otherwise modified to accommodate the bond insurer requirements.

Bond Purchase Agreements

There is a separate Bond Purchase Agreement for the Series 2008 Tax Allocation Bonds (Attachment C) and for the Series 2008 Housing Set-Aside Bonds (Attachment D). These are agreements between the Agency, the Agoura Hills Financing Authority and the Underwriter for the purchase and sale of the Bonds. Pursuant to the Bond Purchase Agreements, the Authority agrees to purchase the Agency's Bonds and, in turn, to sell the Bonds to the Underwriter at specified prices and interest rates, subject to the receipt of certain opinions, certificates and other conditions. The Bond Purchase Agreements will be presented to the appropriate officers of the Agency and Authority for approval and execution as soon as the Underwriter has completed the process of offering and then pricing the Bonds in the market.

On March 28, 2008, the Agency issued a Request for Proposal from Qualified Underwriters and received five (5) proposals. The Agency has not yet selected an Underwriter for the Bonds.

Preliminary Official Statements

There is a separate Preliminary Official Statement for the Series 2008 Tax Allocation Bonds (Attachment E) and for the Series 2008 Housing Set-Aside Bonds (Attachment F). The Preliminary Official Statements are designed to provide material information to investors with respect to the terms and the security of the Bonds. They include a full description of the legal and financial aspects, as well as the various legal documents in regard to the Bonds, except for certain information which will be determined upon the pricing of the Bonds (such as the final principal amounts, the interest rates and the redemption dates). The Preliminary Official Statements also include information regarding the Agency, and the Project Areas. The Preliminary Official Statements will be utilized by the Underwriter in its effort to market the Bonds to the public. Once the Bonds have been priced and the Bond Purchase Agreements have been signed, the final pricing information will be inserted into the Preliminary Official Statements, thereby converting them to the Official Statements. The Underwriter will then distribute the Official Statements to the individuals and institutions that purchased the Bonds.

Continuing Disclosure Agreements

There is a separate Continuing Disclosure Agreement for the Series 2008 Tax Allocation Bonds (Attachment G) and for the Series 2008 Housing Set-Aside Bonds (Attachment H). The Continuing Disclosure Agreements are agreements between the Agency and the Trustee, as the Dissemination Agent. These agreements direct the Agency to provide an annual report to the Dissemination Agent. The Annual Report contains the Agency's audited financial statements and other pertinent information relating to Tax Revenues or Housing Set-Aside Revenues, as appropriate, and the Project Area. The annual report is sent to state and national repositories so that this information is available to the bondholders. This mechanism is used to keep bondholders informed on an annual basis of the financial status of the Agency.

Subordination Agreement

The Subordination Agreement (Exhibit A – Resolution No. 08-48) is an agreement to make certain payments from the Agency to the City subordinate to the Bonds. Pursuant to an Advance and Reimbursement Agreement, dated as of September 22, 1993, between the City and the Agency, the City advanced the costs of the installation and construction of certain public improvements, including necessary rights-of-way, and the Agency agreed to reimburse the City for such advances. Similarly, pursuant to Agency Resolution No. 2, the agency agreed to reimburse the City for advances from the City to the Agency for the Agency's overhead and administrative expenses. By executing the Subordination Agreement, the City and the Agency agree to subordinate these reimbursement payments to the Bonds.

RECOMMENDATION

Staff respectfully recommends the Redevelopment Agency adopt the following Resolutions in connection to the issuance of the Bonds:

Resolution No. 08-46; A RESOLUTION OF THE AGOURA HILLS REDEVELOPMENT AGENCY APPROVING THE ISSUANCE, SALE AND DELIVERY OF ITS TAX ALLOCATION BONDS (AGOURA HILLS REDEVELOPMENT PROJECT AREA), APPROVING AS TO FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH SUCH BONDS, AUTHORIZING CERTAIN OTHER RELATED MATTERS; and

Resolution No. 08-47; A RESOLUTION OF THE AGOURA HILLS REDEVELOPMENT AGENCY APPROVING THE ISSUANCE, SALE AND DELIVERY OF ITS HOUSING SET-ASIDE TAX ALLOCATION BONDS (AGOURA HILLS REDEVELOPMENT PROJECT AREA), APPROVING AS TO FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH SUCH BONDS, AUTHORIZING CERTAIN OTHER RELATED MATTERS; and

Resolution No. 08-48; A RESOLUTION OF THE AGOURA HILLS REDEVELOPMENT AGENCY APPROVING THE EXECUTION AND DELIVERY OF AN AGREEMENT TO MAKE PAYMENTS PURSUANT TO AN ADVANCE AND REIMBURSEMENT AGREEMENT AND PURSUANT TO AGOURA HILLS REDEVELOPMENT AGENCY RESOLUTION NO. 2 SUBORDINATE TO THE AGOURA HILLS REDEVELOPMENT AGENCY'S SERIES 2008 BONDS

- Attachments: Resolution Nos. 08-46, 08-47, and 08-48 (with Subordination Agreement)
- (A) Indenture for the Series 2008 Tax Allocation Bonds
 - (B) Indenture for the Series 2008 Housing Set-Aside Bonds
 - (C) Preliminary Official Statement for the Series 2008 Tax Allocation Bonds
 - (D) Preliminary Official Statement for the Series 2008 Housing Set-Aside Bonds
 - (E) Bond Purchase Agreement for the Series 2008 Tax Allocation Bonds
 - (F) Bond Purchase Agreement for the Series 2008 Housing Set-Aside Bonds
 - (G) Continuing Disclosure Agreement for the Series 2008 Tax Allocation Bonds
 - (H) Continuing Disclosure Agreement for the Series 2008 Housing Set-Aside Bonds

RESOLUTION NO. 08-46

A RESOLUTION OF THE AGOURA HILLS REDEVELOPMENT AGENCY APPROVING THE ISSUANCE, SALE AND DELIVERY OF ITS TAX ALLOCATION BONDS (AGOURA HILLS REDEVELOPMENT PROJECT AREA), APPROVING AS TO FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH SUCH BONDS, AUTHORIZING CERTAIN OTHER RELATED MATTERS

WHEREAS, the Agoura Hills Redevelopment Agency (the “Agency”) is a redevelopment agency authorized pursuant to the Community Redevelopment Law of the State of California, being Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the “Law”) to incur indebtedness for the purpose of financing certain redevelopment activities for the benefit of its redevelopment project areas; and

WHEREAS, pursuant to the Law, the City Council of the City of Agoura Hills (the “City”) approved and adopted a redevelopment plan (the “Redevelopment Plan”) for a redevelopment project area designated as the Agoura Hills Redevelopment Project Area (the “Project Area”); and

WHEREAS, the Redevelopment Plan contemplates that the Agency would issue bonds from time to time to finance the cost of redevelopment within the Project Area; and

WHEREAS, the Agency desires to issue its Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (Taxable) (the “Bonds”), for the purpose of financing the costs of redevelopment within the Project Area; and

WHEREAS, the Bonds will be issued pursuant to the terms of an Indenture (the “Indenture”), to be entered into by and between the Agency and The Bank of New York Trust Company, N.A. (the “Trustee”); and

WHEREAS, there has been presented to the Agency the form of a Bond Purchase Agreement (the “Purchase Agreement”), pursuant to which the Agency will sell the Bonds to the Morgan Hill Financing Authority (the “Authority”) for resale to an underwriter to be selected by the Executive Director for the Bonds (the “Underwriter”); and

NOW, THEREFORE, THE AGOURA HILLS REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. Recitals. The above recitals, and each of them, are true and correct.

Section 2. Bonds; Indenture. The Indenture, in the form on file with the Secretary of the Agency (the “Secretary”), is hereby approved. The issuance of the Series 2008A Bonds, in the aggregate principal amount not to exceed \$7,500,000, pursuant to the terms of the Indenture is hereby authorized. Subject to the parameters set forth in Section 5 below, each of the Chair, the Executive Director and any other officer of the Agency designated by them in writing (each, an “Authorized Officer”), acting singly, is hereby authorized and directed to execute and deliver,

for and in the name of the Agency, the Indenture in substantially said form, with such changes therein as the Authorized Officer executing the document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Appointment of The Bank of New York Trust Company, N.A. as Trustee and Tender Agent. The appointment of The Bank of New York Trust Company, N.A. to act as Trustee under the Indenture is hereby approved.

Section 4. Purchase Agreement. The form of Purchase Agreement, proposed to be entered into by and among the Agency, the Authority and as the Underwriter, and on file with the Secretary is hereby approved. Subject to the limitations set forth in Section 5, each Authorized Officer, acting singly, is hereby authorized and directed to execute and deliver, for and in the name of the Agency, the Purchase Agreement in substantially said form, with such changes therein as the Authorized Office executing the document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Certain Parameters Relating to Sale of Bonds. The authorization set forth in this Resolution regarding the issuance and sale of the Bonds are subject to the following parameters: (a) the aggregate principal amount of the Bonds, shall not exceed \$7,500,000, (b) the true interest cost shall not exceed 9.5 percent, and (c) the Underwriter's compensation with respect to the sale of the Bonds shall not exceed one percent of the aggregate principal amount of the Bonds. The authorization and powers delegated to the Authorized Officer by Section 5 of this Resolution shall be valid for a period of 180 days from the date of adoption of this Resolution.

Section 6. Preliminary Official Statement. The preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), in the form presented and on file with the Secretary, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934. The distribution by the Underwriter of copies of the Preliminary Official Statement to potential purchasers of the Bonds is hereby approved.

Section 7. Official Statement. Each Authorized Officer, acting singly, is hereby authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final Official Statement (the "Official Statement"). The Executive Director (or, in his absence, the Assistant Executive Director) is hereby and to execute the same for and in the name and on behalf of the Agency, with such changes therein as such Authorized Officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The distribution and use of the Official Statement by the Underwriter in connection with the sale of the Bonds are hereby approved.

Section 8. Continuing Disclosure Agreement. The Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with respect to the Bonds, to be entered into by and between the Agency and The Bank of New York Trust Company, N.A., as trustee and dissemination agent, in the form presented to the Agency and on file with the Secretary, is

hereby authorized. Each Authorized Officer, acting singly, is directed to execute and deliver, for and in the name of the Agency, the Continuing Disclosure Agreement in substantially said form, with such changes therein as the Authorized Officer executing the document may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 9. Other Acts. The officers of the Agency are hereby authorized and directed, jointly and severally, to take such actions (including the negotiating and obtaining of an interest rate cap agreement or bond insurance) and execute and deliver any and all documents and instruments which they may deem necessary or proper to effectuate the purposes of this Resolution and each document approved hereby, and any such actions previously taken by such officers are hereby ratified, confirmed and approved.

Section 10. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED, by the Agoura Hills Redevelopment Agency at a meeting held on April, 23, 2008, by the following vote to wit:

AYES: (0)
NOES: (0)
ABSTAIN: (0)
ABSENT: (0)

Denis Weber, Agency Chair

ATTEST:

Kimberly M. Rodrigues, Agency Secretary

CONTINUING DISCLOSURE AGREEMENT

This **Continuing Disclosure Agreement** (the “Disclosure Agreement”), is executed and delivered on this May 1, 2008, by the **Agoura Hills Redevelopment Agency** (the “Agency”) and **The Bank of New York Trust Company, N.A.**, in its capacities as Trustee (the “Trustee”) and Dissemination Agent, in connection with the issuance by the Agency of its \$_____ Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (Taxable) (the “Bonds”).

The Bonds are being issued pursuant to an Indenture, dated as of May 1, 2008 (the “Indenture”), by and between the Agency and the Trustee.

The Agency, the Trustee and the Dissemination Agent hereby covenant and agree as follows:

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

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

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

“Central Post Office” means the Internet-based filing system currently located at www.DisclosureUSA.org, or such other similar filing system approved by the Securities and Exchange Commission.

“Disclosure Representative” shall mean the Executive Director of the Agency or his or her designee, or such other person as the Agency shall designate in writing to the Trustee and the Dissemination Agent from time to time.

“Dissemination Agent” shall mean The Bank of New York Trust Company, N.A., acting in its capacity as the Dissemination Agent hereunder or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

“Official Statement” shall mean the final Official Statement, dated _____, 2008, relating to the Bonds.

“Owners” shall mean the registered owners of the Bonds or, if the Bonds are registered in the name of a depository, the beneficial owners of the Bonds.

“Participating Underwriter” shall mean _____, as the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

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

“State Repository” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than February 15 of each year, commencing with the report for the 2007-2008 fiscal year (which fiscal year currently commences on July 1 and ends on June 30 of each year), provide to each Repository (or to the Central Post Office pursuant to (e) below) an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement, with a copy to the Trustee. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c) hereof. The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Agency and shall have no duty or obligation to review such Annual Report.

(b) If within fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to that effect to the Municipal Securities Rulemaking Board in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Annual Report has been furnished to the Dissemination Agent, file a report with the Agency and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

(e) In lieu of filing the Annual Report with each Repository in accordance with paragraph (a) of this Section 3, the Agency or the Dissemination Agent may file such Annual Report solely with the Central Post Office.

SECTION 4. Content of Annual Reports. The Agency's Annual Report shall be in a format suitable for filing with each Repository and the Central Post Office and shall contain or incorporate by reference:

(a) Audited financial statements of the Agency for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Agency's audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Agency, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update of the tabular information contained in the Official Statement relating to the Bonds under the following headings: "PROJECT AREA – Ten Largest Property Taxpayers" and "-- Assessed Valuation and Incremental Values."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Modifications to rights of Bond Owners;
7. Optional, contingent or unscheduled Bond calls;
8. Defeasances;
9. Release, substitution or sale of property securing repayment of the Bonds; and
10. Rating changes.

(b) The Trustee shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Agency promptly notify the Dissemination Agent in writing whether the Listed Event is material and, if so, whether or not to report the event pursuant to subsection (f), and promptly notify the Trustee in writing whether or not to report the event to the Owners (unless notice to the Owners is already required by the Indenture). For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of such Listed Events shall mean actual knowledge by the officer at the Trust Office of the Trustee with regular responsibility for the administration of the Indenture.

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the Agency shall promptly

notify the Dissemination Agent and the Trustee in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f) and shall instruct the Trustee to report the occurrence to the Owners of the Bonds affected by the occurrence of such event.

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event is not material, the Agency shall so notify the Dissemination Agent and the Trustee in writing and instruct the Dissemination Agent and the Trustee to not report the event.

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository, with a copy to the Trustee. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) and (8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture. In lieu of filing the notice of Listed Event in accordance with the first sentence of this subsection (f), the Agency or the Dissemination Agent may file such notice of a Listed Event solely with the Central Post Office.

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

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Bank of New York Trust Company, N.A..

The Dissemination Agent may resign by giving 30 days written notice to the Agency and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision hereinto the contrary, any provision in the Disclosure Agreement may be amended or waived (and the Trustee and the Dissemination Agent shall agree to any such amendment or waiver requested by the Agency, provided that neither the Trustee nor the Dissemination Agent shall be obligated to enter into any amendment or agree to any waiver that modifies or increases its duties or obligations hereunder), provided that the following conditions are satisfied:

(a) The amendment or waiver, if it relates to annual or event info information to be provided, is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Agency or type of business conducted;

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

(c) The proposed amendment or waiver (i) is approved by Owners of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interest of the Owners; and

(d) No amendment increasing or affecting the obligations or duties of the Dissemination Agent or the Trustee shall be made without the consent of either party.

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

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

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

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Agreement, the Trustee, at the written request of any Participating Underwriter or holders of at least a majority in aggregate principal amount of Outstanding Bonds, shall, but only to the extent indemnified to its satisfaction from and against any loss, cost, expense or liability of any kind whatsoever, including, without limitation, fees and expenses of its attorneys and additional fees and expenses of the Trustee, or any holder or beneficial owner of

the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Use of Central Post Office. The Agency and the Dissemination Agent may satisfy their respective obligations hereunder to file any notice, document or information with a National Repository or State Repository by filing the same with any agent which is responsible for accepting notice, documents or information for transmission to such National Repository or State Repository, to the extent permitted by the Securities and Exchange Commission or its staff, the Central Post Office. For this purpose, permission shall be deemed to have been granted by the staff of the SEC if and to the extent the Central Post Office has received an interpretive letter, which has not been revoked, from the SEC staff to the effect that using the Central Post Office to transmit information to the National Repositories and the State Repositories will be treated for purposes of the Rule as if such information were transmitted directly to the National Repositories and the State Repositories.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity hereunder for the Agency, the Owners, or any other party. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. Any persons succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing or execution of any paper or further act.

Section 13. Beneficiaries. The Disclosure Agreement shall inure solely to the benefit of the Agency, the Dissemination Agent, the Trustee, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Agency: Agoura Hills Redevelopment Agency

3001 Ladyface Court
Agoura Hills, California 91301
(818) 597-7300
(818) 597-7352 Fax

To the Trustee and
Dissemination Agent:

The Bank of New York Trust Company, N.A.
700 S. Flower Street, Suite 500
Los Angeles, California 90017
Attn: Corporate Trust
(213) -
(213) 630-6210 Fax

Any person may, by written notice to the other persons listed above, designate a different address or facsimile transmission number to which subsequent notices or communications should be sent.

SECTION 15. Counterparts. This Disclosure Agreement 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.

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IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Disclosure Agreement as of the date first written above.

AGOURA HILLS REDEVELOPMENT AGENCY

By _____
Authorized Representative

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

By _____
Authorized Officer

EXHIBIT A

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

Name of Obligated Party: Agoura Hills Redevelopment Agency (the "Agency")

Name of Bond Issue: Agoura Hills Redevelopment Agency, Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area), Series 2008 (Taxable)

Date of Issuance: _____, 2008

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of May 1, 2008 between the Agency and The Bank of New York Trust Company, N.A., as Trustee and Dissemination Agent. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__.

**THE BANK OF NEW YORK TRUST
COMPANY, N.A.**

as Dissemination Agent on behalf of
Agoura Hills Redevelopment Agency

By: _____
Name: _____
Title: _____

cc: Executive Director, Agoura Hills Redevelopment Agency

CONTINUING DISCLOSURE AGREEMENT

This **Continuing Disclosure Agreement** (the “Disclosure Agreement”), is executed and delivered on this May 1, 2008, by the **Agoura Hills Redevelopment Agency** (the “Agency”) and **The Bank of New York Trust Company, N.A.**, in its capacities as Trustee (the “Trustee”) and Dissemination Agent, in connection with the issuance by the Agency of its \$_____ Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (the “Bonds”).

The Bonds are being issued pursuant to an Indenture, dated as of May 1, 2008 (the “Indenture”), by and between the Agency and the Trustee.

The Agency, the Trustee and the Dissemination Agent hereby covenant and agree as follows:

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

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

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

“Central Post Office” means the Internet-based filing system currently located at www.DisclosureUSA.org, or such other similar filing system approved by the Securities and Exchange Commission.

“Disclosure Representative” shall mean the Executive Director of the Agency or his or her designee, or such other person as the Agency shall designate in writing to the Trustee and the Dissemination Agent from time to time.

“Dissemination Agent” shall mean The Bank of New York Trust Company, N.A., acting in its capacity as the Dissemination Agent hereunder or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

“Official Statement” shall mean the final Official Statement, dated _____, 2008, relating to the Bonds.

“Owners” shall mean the registered owners of the Bonds or, if the Bonds are registered in the name of a depository, the beneficial owners of the Bonds.

“Participating Underwriter” shall mean _____, as the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

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

“State Repository” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than February 15 of each year, commencing with the report for the 2007-2008 fiscal year (which fiscal year currently commences on July 1 and ends on June 30 of each year), provide to each Repository (or to the Central Post Office pursuant to (e) below) an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement, with a copy to the Trustee. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c) hereof. The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Agency and shall have no duty or obligation to review such Annual Report.

(b) If within fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to that effect to the Municipal Securities Rulemaking Board in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Annual Report has been furnished to the Dissemination Agent, file a report with the Agency and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

(e) In lieu of filing the Annual Report with each Repository in accordance with paragraph (a) of this Section 3, the Agency or the Dissemination Agent may file such Annual Report solely with the Central Post Office.

SECTION 4. Content of Annual Reports. The Agency's Annual Report shall be in a format suitable for filing with each Repository and the Central Post Office and shall contain or incorporate by reference:

(a) Audited financial statements of the Agency for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Agency's audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Agency, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update of the tabular information contained in the Official Statement relating to the Bonds under the following headings: "PROJECT AREA – Ten Largest Property Taxpayers" and "-- Assessed Valuation and Incremental Values."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond Owners;
8. Optional, contingent or unscheduled Bond calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds; and
11. Rating changes.

(b) The Trustee shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Agency promptly notify the Dissemination Agent in writing whether the Listed Event is material and, if so, whether or not to report the event pursuant to subsection (f), and promptly notify the Trustee in writing whether or not to report the event to the Owners (unless notice to the Owners is already required by the Indenture). For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of such Listed Events shall mean actual knowledge by the officer at the Trust Office of the Trustee with regular responsibility for the administration of the Indenture.

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency shall as soon as possible determine if such event would be material under applicable federal securities law.

(d) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the Agency shall promptly notify the Dissemination Agent and the Trustee in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f) and shall instruct the Trustee to report the occurrence to the Owners of the Bonds affected by the occurrence of such event.

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event is not material, the Agency shall so notify the Dissemination Agent and the Trustee in writing and instruct the Dissemination Agent and the Trustee to not report the event.

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository, with a copy to the Trustee. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture. In lieu of filing the notice of Listed Event in accordance with the first sentence of this subsection (f), the Agency or the Dissemination Agent may file such notice of a Listed Event solely with the Central Post Office.

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

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Bank of New York Trust Company, N.A..

The Dissemination Agent may resign by giving 30 days written notice to the Agency and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision hereinto the contrary, any provision in the Disclosure Agreement may be amended or waived (and the Trustee and the Dissemination Agent shall agree to any such amendment or waiver requested by the Agency, provided that neither the Trustee nor the Dissemination Agent shall be obligated to enter into any amendment or agree to any waiver that modifies or increases its duties or obligations hereunder), provided that the following conditions are satisfied:

(a) The amendment or waiver, if it relates to annual or event info information to be provided, is made in connection with a change in circumstances that arises from a change

in legal requirements, change in law, or change in the identity, nature, or status of the Agency or type of business conducted;

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

(c) The proposed amendment or waiver (i) is approved by Owners of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interest of the Owners; and

(d) No amendment increasing or affecting the obligations or duties of the Dissemination Agent or the Trustee shall be made without the consent of either party.

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

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

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

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Agreement, the Trustee, at the written request of any Participating Underwriter or holders of at least a majority in aggregate principal amount of Outstanding

Bonds, shall, but only to the extent indemnified to its satisfaction from and against any loss, cost, expense or liability of any kind whatsoever, including, without limitation, fees and expenses of its attorneys and additional fees and expenses of the Trustee, or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Use of Central Post Office. The Agency and the Dissemination Agent may satisfy their respective obligations hereunder to file any notice, document or information with a National Repository or State Repository by filing the same with any agent which is responsible for accepting notice, documents or information for transmission to such National Repository or State Repository, to the extent permitted by the Securities and Exchange Commission or its staff, the Central Post Office. For this purpose, permission shall be deemed to have been granted by the staff of the SEC if and to the extent the Central Post Office has received an interpretive letter, which has not been revoked, from the SEC staff to the effect that using the Central Post Office to transmit information to the National Repositories and the State Repositories will be treated for purposes of the Rule as if such information were transmitted directly to the National Repositories and the State Repositories.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity hereunder for the Agency, the Owners, or any other party. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. Any persons succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the filing or execution of any paper or further act.

Section 13. Beneficiaries. The Disclosure Agreement shall inure solely to the benefit of the Agency, the Dissemination Agent, the Trustee, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Agency: Agoura Hills Redevelopment Agency
3001 Ladyface Court
Agoura Hills, California 91301
(818) 597-7300
(818) 597-7352 Fax

To the Trustee and
Dissemination Agent: The Bank of New York Trust Company, N.A.
700 S. Flower Street, Suite 500
Los Angeles, California 90017
Attn: Corporate Trust
(213) -
(213) 630-6210 Fax

Any person may, by written notice to the other persons listed above, designate a different address or facsimile transmission number to which subsequent notices or communications should be sent.

SECTION 15. Counterparts. This Disclosure Agreement 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.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Disclosure Agreement as of the date first written above.

AGOURA HILLS REDEVELOPMENT AGENCY

By _____
Authorized Representative

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

By _____
Authorized Officer

EXHIBIT A

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

Name of Obligated Party: Agoura Hills Redevelopment Agency (the "Agency")

Name of Bond Issue: Agoura Hills Redevelopment Agency, Housing Set-Aside Tax
Allocation Bonds (Agoura Hills Redevelopment Project Area),
Series 2008

Date of Issuance: _____, 2008

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of May 1, 2008 between the Agency and The Bank of New York Trust Company, N.A., as Trustee and Dissemination Agent. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__.

**THE BANK OF NEW YORK TRUST
COMPANY, N.A.**
as Dissemination Agent on behalf of
Agoura Hills Redevelopment Agency

By: _____
Name: _____
Title: _____

cc: Executive Director, Agoura Hills Redevelopment Agency

RESOLUTION NO. 08-47

A RESOLUTION OF THE AGOURA HILLS REDEVELOPMENT AGENCY APPROVING THE ISSUANCE, SALE AND DELIVERY OF ITS HOUSING SET-ASIDE TAX ALLOCATION BONDS (AGOURA HILLS REDEVELOPMENT PROJECT AREA), APPROVING AS TO FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH SUCH BONDS, AUTHORIZING CERTAIN OTHER RELATED MATTERS

WHEREAS, the Agoura Hills Redevelopment Agency (the “Agency”) is a redevelopment agency authorized pursuant to the Community Redevelopment Law of the State of California, being Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the “Law”) to incur indebtedness for the purpose of financing certain redevelopment activities for the benefit of its redevelopment project areas; and

WHEREAS, pursuant to the Law, the City Council of the City of Agoura Hills (the “City”) approved and adopted a redevelopment plan (the “Redevelopment Plan”) for a redevelopment project area designated as the Agoura Hills Redevelopment Project Area (the “Project Area”); and

WHEREAS, the Redevelopment Plan contemplates that the Agency would issue bonds from time to time to finance the cost of redevelopment within the Project Area; and

WHEREAS, the Agency desires to issue its Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (the “Bonds”), for the purpose of financing the costs of low and moderate income housing projects of the Agency; and

WHEREAS, the Bonds will be issued pursuant to the terms of an Indenture (the “Indenture”), to be entered into by and between the Agency and The Bank of New York Trust Company, N.A. (the “Trustee”); and

WHEREAS, there has been presented to the Agency the form of a Bond Purchase Agreement (the “Purchase Agreement”), pursuant to which the Agency will sell the Bonds to the Morgan Hill Financing Authority (the “Authority”) for resale to an underwriter to be selected by the Executive Director for the Bonds (the “Underwriter”); and

NOW, THEREFORE, THE AGOURA HILLS REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. Recitals. The above recitals, and each of them, are true and correct.

Section 2. Bonds; Indenture. The Indenture, in the form on file with the Secretary of the Agency (the “Secretary”), is hereby approved. The issuance of the Bonds, in the aggregate principal amount not to exceed \$11,000,000, pursuant to the terms of the Indenture is hereby authorized. Subject to the parameters set forth in Section 5 below, each of the Chair, the Executive Director and any other officer of the Agency designated by them in writing (each, an “Authorized Officer”), acting singly, is hereby authorized and directed to execute and deliver, for

and in the name of the Agency, the Indenture in substantially said form, with such changes therein as the Authorized Officer executing the document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Appointment of The Bank of New York Trust Company, N.A. as Trustee and Tender Agent. The appointment of The Bank of New York Trust Company, N.A. to act as Trustee under the Indenture is hereby approved.

Section 4. Purchase Agreement. The form of Purchase Agreement, proposed to be entered into by and among the Agency, the Authority and an Underwriter to be selected by the Executive Director, and on file with the Secretary is hereby approved. Subject to the limitations set forth in Section 5, each Authorized Officer, acting singly, is hereby authorized and directed to execute and deliver, for and in the name of the Agency, the Purchase Agreement in substantially said form, with such changes therein as the Authorized Office executing the document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Certain Parameters Relating to Sale of Bonds. The authorization set forth in this Resolution regarding the issuance and sale of the Bonds are subject to the following parameters: (a) the aggregate principal amount of the Bonds, shall not exceed \$11,000,000, (b) the true interest cost shall not exceed 6.25 percent, and (c) the Underwriter's compensation with respect to the sale of the Bonds shall not exceed one percent of the aggregate principal amount of the Bonds. The authorization and powers delegated to the Authorized Officer by Section 5 of this Resolution shall be valid for a period of 180 days from the date of adoption of this Resolution.

Section 6. Preliminary Official Statement. The preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), in the form presented and on file with the Secretary, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Agency, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934. The distribution by the Underwriter of copies of the Preliminary Official Statement to potential purchasers of the Bonds is hereby approved.

Section 7. Official Statement. Each Authorized Officer, acting singly, is hereby authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final Official Statement (the "Official Statement"). The Executive Director (or, in his absence, the Assistant Executive Director) is hereby and to execute the same for and in the name and on behalf of the Agency, with such changes therein as such Authorized Officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The distribution and use of the Official Statement by the Underwriter in connection with the sale of the Bonds are hereby approved.

Section 8. Continuing Disclosure Agreement. The Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with respect to the Bonds, to be entered into by and between the Agency and The Bank of New York Trust Company, N.A., as trustee and

dissemination agent, in the form presented to the Agency and on file with the Secretary, is hereby authorized. Each Authorized Officer, acting singly, is directed to execute and deliver, for and in the name of the Agency, the Continuing Disclosure Agreement in substantially said form, with such changes therein as the Authorized Officer executing the document may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 9. Other Acts. The officers of the Agency are hereby authorized and directed, jointly and severally, to take such actions (including the negotiating and obtaining of an interest rate cap agreement or bond insurance) and execute and deliver any and all documents and instruments which they may deem necessary or proper to effectuate the purposes of this Resolution and each document approved hereby, and any such actions previously taken by such officers are hereby ratified, confirmed and approved.

Section 10. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED, by the Agoura Hills Redevelopment Agency at a meeting held on April, 23, 2008, by the following vote to wit:

AYES: (0)
NOES: (0)
ABSTAIN: (0)
ABSENT: (0)

Denis Weber, Agency Chair

ATTEST:

Kimberly M. Rodrigues, Agency Secretary

RESOLUTION NO. 08-48

A RESOLUTION OF THE AGOURA HILLS REDEVELOPMENT AGENCY APPROVING THE EXECUTION AND DELIVERY OF AN AGREEMENT TO MAKE PAYMENTS PURSUANT TO AN ADVANCE AND REIMBURSEMENT AGREEMENT AND PURSUANT TO AGOURA HILLS REDEVELOPMENT AGENCY RESOLUTION NO. 2 SUBORDINATE TO THE AGOURA HILLS REDEVELOPMENT AGENCY'S SERIES 2008 BONDS

WHEREAS, the Agoura Hills Redevelopment Agency (the "Agency") is a redevelopment agency authorized pursuant to the Community Redevelopment Law of the State of California, being Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the "Law") to incur indebtedness for the purpose of financing certain redevelopment activities for the benefit of its redevelopment project areas; and

WHEREAS, the Agency desires to issue its Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 and its Tax Allocation Bonds (Agoura Hills Redevelopment Project Area) Series 2008 (Taxable) (collectively, the "Series 2008 Bonds") for the purpose of financing the costs of redevelopment within the Project Area; and

WHEREAS, pursuant to Health and Safety Code Section 33445, the Agency and the City of Agoura Hills (the "City") entered into an Advance and Reimbursement Agreement, dated as of September 22, 1993 (the "Advance and Reimbursement Agreement"), pursuant to which the City advanced the costs of the installation and construction of certain public improvements, including the necessary rights-of-way, and the Agency agreed to reimburse the City for such advances; and

WHEREAS, pursuant to Agency Resolution No. 2, the Agency has agreed to reimburse the City for advances from the City to the Agency for the Agency's overhead and administrative expenses; and

WHEREAS, the Agency and City desire to enter into a Subordination Agreement (the "Subordination Agreement") to provide that the Agency's obligation to repay the City for the advances described in the previous two recitals shall be subordinate to the Agency's obligation to pay debt service on the Series 2008 Bonds.

NOW, THEREFORE, THE AGOURA HILLS HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. Recitals. The above recitals, and each of them, are true and correct.

Section 2. Subordination Agreement. The Subordination Agreement in the form presented and on file with the Secretary is hereby approved. The Chairperson, or in the Chairperson's absence, the Vice Chairperson, is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver the Subordination Agreement in substantially said form, with such changes therein as the Chairperson, or in the Chairperson's

absence, the Vice Chairperson, may approve (such approval to be conclusively evidenced by such execution and delivery thereof).

Section 3. Other Acts. Each officer of the Agency, is hereby authorized and directed, jointly and severally, to execute and deliver such documents and instruments and to do such things which may be necessary or proper to effectuate the purposes of this Resolution, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 4. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED, by the Agoura Hills Redevelopment Agency at a meeting held on April, 23, 2008, by the following vote to wit:

AYES: (0)
NOES: (0)
ABSTAIN: (0)
ABSENT: (0)

Denis Weber, Agency Chair

ATTEST:

Kimberly M. Rodrigues, Agency Secretary

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into as of _____, 2008 by and between the AGOURA HILLS REDEVELOPMENT AGENCY, a public body, corporate and politic (the "Agency") and the CITY OF AGOURA HILLS, a municipal corporation (the "City").

RECITALS:

A. The Agency is undertaking a program for the redevelopment of the Agoura Hills Redevelopment Project Area (the "Project Area") pursuant to the Community Redevelopment Law (California Health and Safety Code Section 33000, et seq.). In that regard, the Agency is proposing to issue its Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 and its Tax Allocation Bonds (Agoura Hills Redevelopment Project Area) Series 2008 (Taxable) (collectively, the "2008 Bonds") for the purpose of financing the costs of redevelopment within the Project Area.

B. Pursuant to Health and Safety Code Section 33445, the Agency and the City entered into an Advance and Reimbursement Agreement, dated as of September 22, 1993 (the "Advance and Reimbursement Agreement"), pursuant to which the City advanced the costs of the installation and construction of certain public improvements, including the necessary rights-of-way, and the Agency agreed to reimburse the City for such advances.

C. The City advances to the Agency the Agency's overhead and administrative expenses and pursuant to Agency Resolution No. 2, the Agency has agreed to reimburse the City for such advances.

D. The Agency and City desire to enter into this Subordination Agreement to provide that the Agency's obligation to repay the City for the advances described in Paragraphs B and C shall be subordinate to the Agency's obligation to pay debt service on the proposed 2008 Bonds.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

Section 1. The obligation of the Agency to repay its indebtedness to the City, including interest, incurred pursuant to the Advance and Reimbursement Agreement and Agency Resolution No. 2 shall be subordinate to the Agency's pledge of tax increment revenues derived from the Project Area to repay any bonds of the Agency payable from such tax increment revenues, including the Proposed 2008 Bonds.

AGOURA HILLS REDEVELOPMENT
AGENCY

By _____
Denis Weber, Chair

ATTEST:

Kimberly M. Rodrigues, Secretary

CITY OF AGOURA HILLS

By _____
John M. Edelston, Mayor

ATTEST:

Kimberly M. Rodrigues, City Clerk

AGOURA HILLS REDEVELOPMENT AGENCY

and

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

as Trustee

INDENTURE

Dated as of May 1, 2008

Relating to

Agoura Hills Redevelopment Agency
Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008 (Taxable)

TABLE OF CONTENTS

ARTICLE I DEFINITIONS; EQUAL SECURITY	2
SECTION 1.01 Definitions.....	2
SECTION 1.02 Equal Security.....	14
ARTICLE II THE BONDS; SERIES 2008 BOND PROVISIONS	15
SECTION 2.01 Authorization.	15
SECTION 2.02 Terms of Series 2008 Bonds.....	15
SECTION 2.03 Form of Series 2008 Bonds.....	16
SECTION 2.04 Redemption of Series 2008 Bonds; General Provisions Relating to Redemption.	16
SECTION 2.05 Execution of Bonds.....	19
SECTION 2.06 Transfer and Registration of Bonds.	20
SECTION 2.07 Exchange of Bonds.	20
SECTION 2.08 Bond Registration Books.	20
SECTION 2.09 Mutilated, Destroyed, Stolen or Lost Bonds.....	20
SECTION 2.10 Temporary Bonds.....	21
SECTION 2.11 Validity of Bonds.....	21
SECTION 2.12 Book-Entry System.....	21
ARTICLE III ISSUANCE OF SERIES 2008 BONDS; APPLICATION OF PROCEEDS OF SALE.....	23
SECTION 3.01 Issuance of Series 2008 Bonds.	23
SECTION 3.02 Sale of Series 2008 Bonds -- Allocation of Proceeds among Funds and Accounts.	23
ARTICLE IV ISSUANCE OF ADDITIONAL BONDS	23
SECTION 4.01 Conditions for the Issuance of Additional Bonds.....	23
SECTION 4.02 Procedure for the Issuance of Additional Bonds.	25
ARTICLE V TAX REVENUES; CREATION OF FUNDS	26
SECTION 5.01 Pledge of Tax Revenues.....	26
SECTION 5.02 Special Fund; Receipt and Deposit of Tax Revenues; Debt Service Fund..	26
SECTION 5.03 Establishment of Other Funds.....	27
SECTION 5.04 Redevelopment Fund.	27
SECTION 5.05 Expense Fund.....	28
SECTION 5.06 Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund.	28
SECTION 5.07 Investment of Moneys in Funds and Accounts.....	30
ARTICLE VI COVENANTS OF THE AGENCY.....	31
SECTION 6.01 Punctual Payment.....	31
SECTION 6.02 Against Encumbrances.....	31
SECTION 6.03 Extension or Funding of Claims for Interest.....	31
SECTION 6.04 Management and Operation of Properties.	31
SECTION 6.05 Payment of Claims.....	32
SECTION 6.06 Records and Accounts; Continuing Disclosure.	32
SECTION 6.07 Protection of Security and Rights of Owners.	32

SECTION 6.08	Payment of Taxes and Other Charges.....	32
SECTION 6.09	Financing the Project.	32
SECTION 6.10	Taxation of Leased Property.....	33
SECTION 6.11	Disposition of Property in Project Area.....	33
SECTION 6.12	Amendment of Redevelopment Plan.	33
SECTION 6.13	Tax Revenues.....	33
SECTION 6.14	Further Assurances.....	33
SECTION 6.15	Housing Fund.....	34
ARTICLE VII THE TRUSTEE.....		34
SECTION 7.01	The Trustee	34
SECTION 7.02	Liability of Trustee.	35
SECTION 7.03	Reliance by Trustee.....	38
SECTION 7.04	Trustee’s Acceptance of Instructions by Electronic Transmission.....	38
SECTION 7.05	Merger or Consolidation.....	39
ARTICLE VIII AMENDMENT OF THE INDENTURE		39
SECTION 8.01	Amendment by Consent of Owners.....	39
SECTION 8.02	Disqualified Bonds.....	40
SECTION 8.03	Endorsement or Replacement of Bonds After Amendment.	40
SECTION 8.04	Opinion of Counsel.....	40
ARTICLE IX EVENTS OF DEFAULT AND REMEDIES OF OWNERS		41
SECTION 9.01	Events of Default and Acceleration of Maturities.	41
SECTION 9.02	Application of Funds upon Acceleration.	42
SECTION 9.03	Other Remedies of Owners.....	42
SECTION 9.04	Non-Waiver.....	43
SECTION 9.05	Actions by Trustee as Attorney-in-Fact.	43
SECTION 9.06	Remedies Not Exclusive.....	43
SECTION 9.07	Owners’ Direction of Proceedings.....	43
SECTION 9.08	Limitation on Owners’ Right to Sue.....	43
ARTICLE X DEFEASANCE.....		44
SECTION 10.01	Discharge of Indebtedness.	44
SECTION 10.02	Unclaimed Moneys.	46
ARTICLE XI series 2008 bond insurance policy		46
ARTICLE XII MISCELLANEOUS.....		46
SECTION 12.01	Liability of Agency Limited to Tax Revenues.	46
SECTION 12.02	Benefits of Indenture Limited to Parties.....	47
SECTION 12.03	Successor Deemed Included in All References to Predecessor.....	47
SECTION 12.04	Execution of Documents by Owners.	47
SECTION 12.05	Waiver of Personal Liability.....	47
SECTION 12.06	Acquisition of Bonds by Agency.....	48
SECTION 12.07	Content of Certificates and Reports.....	48
SECTION 12.08	Funds and Accounts.....	48
SECTION 12.09	Article and Section Headings and References.	48
SECTION 12.10	Partial Invalidity.....	48
SECTION 12.11	Notices.	49

SECTION 12.12 Execution in Several Counterparts.....	49
SECTION 12.13 Business Days.....	49
SECTION 12.14 Governing Law.....	50

APPENDIX A – FORM OF SERIES 2008A BOND

APPENDIX B – FORM OF SERIES 2008 BOND

APPENDIX C – FORM OF EXPENSE FUND REQUISITION

INDENTURE

This Indenture (the “Indenture”), dated as of May 1, 2008, is made and entered into by and between the Agoura Hills Redevelopment Agency, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the “Agency”), and The Bank of New York Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

RECITALS

A. The Agency is a redevelopment agency, a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and referred to in this Indenture as the “Law”) and the powers of such agency include the power to issue bonds for any of its corporate purposes.

B. Pursuant to the Law, the City Council of the City of Agoura Hills (the “City”) approved and adopted a redevelopment plan for the Agoura Hills Redevelopment Project (the “Project Area”).

C. The Redevelopment Plan contemplates the Agency will issue bonds to finance the cost of redevelopment activities within the Project Area.

D. The Agency, by Resolution No. _____, adopted on _____, 2008, authorized the issuance of its Tax Allocation Bonds (Agoura Hills Redevelopment Project Area) Series 2008 (Taxable) (the “Bonds”) for the purpose of financing the cost of redevelopment activities within the Project Area.

E. The Agency has determined to issue the Series 2008 Bonds pursuant to this Indenture and to secure the Series 2008 Bonds in the manner provided in this Indenture.

F. All things necessary to cause the Series 2008 Bonds, when authenticated by the Trustee and issued as in this Indenture provided, to be legal, special obligations of the Agency, enforceable in accordance with their terms, and to constitute this Indenture as a valid agreement for the uses and purposes set forth in this Indenture in accordance with its terms, have been done and taken, and the creation, execution and delivery of this Indenture and the creation, execution and issuance of the Series 2008 Bonds, subject to the terms of this Indenture, have in all respects been duly authorized.

NOW THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions set forth therein and in this Indenture, 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 contained in this Indenture and of the purchase and acceptance of the Bonds by Owners thereof, and for

other valuable consideration, the receipt whereof is hereby acknowledged, the Agency does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS; EQUAL SECURITY

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and the Bonds and of any certificate, opinion, report, request or other document herein or therein mentioned have the meanings specified below.

Accreted Value

The term “Accreted Value” means, with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial amount thereof and the interest accrued and compounded thereon, as determined in accordance with the provisions of the Supplemental Indenture authorizing issuance of such Bonds, to such date of calculation.

Additional Allowance

The term “Additional Allowance” means, as of the date of calculation, the amount of Tax Revenues which, as shown in a Consultant’s Report, are estimated to be receivable by the Agency in the next Fiscal Year as a result of increases in the assessed valuation of taxable property in the Project Area due to either (i) construction which has been completed but has not yet been reflected on the tax roll, or (ii) transfer of ownership or any other interest in real property, which is not then reflected on the tax roll.

Agency

The term “Agency” means the Agoura Hills Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

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

The term “Annual Debt Service,” with respect to the Outstanding Bonds for which the calculation is being made, means for each Bond Year, the sum of (1) the interest falling due on such Outstanding Bonds in that Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds, if any, are redeemed from the Sinking Account, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) the principal amount of such Outstanding Serial Bonds, if any, maturing by their terms in such Bond Year, and (3) the minimum principal amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

With respect to Capital Appreciation Bonds, the Accreted Value payment shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bonds.

If any Bonds bear interest payable pursuant to a variable interest rate formula, the interest rate on such Bonds for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of (a) the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if such 25 Bond Revenue Index is no longer published) or (b) the average variable rate of interest borne by such Bonds during the preceding 36 months or, if such Bonds were not outstanding during all of the preceding 36 months, the highest interest rate borne by variable interest rate debt for which the interest rate is computed by reference to a variable interest rate formula comparable to that utilized for such Bonds.

“Annual Debt Service” shall not include (a) interest on Bonds which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Bonds required to remain unexpended and to be held in escrow pursuant to the terms of a Supplemental Indenture, provided that (i) projected interest earnings on such amounts, if any, deposited by the Agency in the Interest Account, are sufficient to pay the interest due on such portion of the Bonds so long as it is required to be held in escrow and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Tax Revenues coverage and satisfaction of the Reserve Requirement, are substantially the same as those for the issuance of Additional Bonds.

The term “Average Annual Debt Service” means the average Annual Debt Service over all Bond Years.

The term “Maximum Annual Debt Service” means the largest Annual Debt Service during the period from the date of calculation through the final maturity date of any Outstanding Bonds.

Authorized Officer

The term “Authorized Officer” means, with respect to the Agency, the Chair (or in the Chair’s absence, the Vice Chair), or the Executive Director of the Agency, or any other officer of the Agency duly authorized to act on behalf of the Agency for purposes of this Indenture.

Authorized Investments

[The term “Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities;
- (b) Federal Home Loan Mortgage Corporation participation certificates or senior debt obligations;
- (c) Federal National Mortgage Association mortgage-backed securities or senior debt obligations;
- (d) certificates of deposit, time deposits or bankers’ acceptances with a

maturity of one (1) year or less of any bank (including the Trustee) the debt obligations of which or the debt obligations of the holding company of which have been rated “A-1+” by S&P and “P-1” by Moody’s;

(e) obligations rated at least “AA” by S&P and “Aa” by Moody’s;

(f) investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including funds for which the Trustee or an affiliate provides investment management or other services;

(g) deposits which are fully insured by the Federal Deposit Insurance Corporation;

(h) repurchase agreements with financial institutions fully insured by the Federal Deposit Insurance Corporation or any broker-dealer with “retail customers” which falls under Securities Investors Protection Corporation jurisdiction, and at the time of execution of such repurchase agreement, having unsecured debt obligations rated in one of the two highest rating categories (without regard to any modifier) by S&P and Moody’s, which repurchase agreements are secured by any of the obligations referred to in (a) above, provided that the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral securing such repurchase agreement and the Trustee has a perfected first security interest in the collateral securing such repurchase agreement;

(i) an investment agreement or guaranteed investment contract with a national or state chartered bank or savings and loan institution (including the Trustee) or other financial institution or insurance company, respecting the investment of moneys in certain funds or accounts established pursuant to this Indenture; provided that, at the time of execution thereof, any such bank, institution, or company has unsecured debt obligations or claims paying ability rated in one of the two highest rating categories (without regard to any modifier) by S&P and/or Moody’s;

(j) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended, to the extent such shares are held in the name and to the credit of the Trustee; or

(k) Any state administered pool investment fund in which the Agency is statutorily permitted or required to invest will be deemed a permitted investment, including, but not limited to the Local Agency Investment Fund in the treasury of the State.]

Book-Entry Bonds

The term “Book-Entry Bonds” means Bonds of any Series registered in the name of the Nominee of a Depository as the Owner thereof pursuant to the terms and provisions of Section 2.12 of this Indenture.

Bond Year

The term “Bond Year” means each twelve-month period extending from _____ in one calendar year to _____ of the succeeding calendar year, both dates inclusive; except that the first Bond Year shall extend from the Closing Date to _____.

Bonds, Series 2008 Bonds, Additional Bonds, Capital Appreciation Bonds, Serial Bonds, Term Bonds

The term “Additional Bonds” means all tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with Article IV.

The term “Bonds” means the Series 2008 Bonds and all Additional Bonds.

The term “Capital Appreciation Bonds” means any Additional Bonds described as such when issued.

The term “Serial Bonds” means Bonds for which no mandatory sinking account payments are provided.

The term “Series 2008 Bonds” means the Agoura Hills Redevelopment Agency Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (Taxable).

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

Business Day

The term “Business Day” means a day other than a Saturday, a Sunday or a day on which banks located in the city where the corporate trust office of the Trustee is located are required or authorized to remain closed.

Certificate of the Agency

The term “Certificate of the Agency” means an instrument in writing signed by an Authorized Officer of the Agency.

City

The term “City” means the City of Agoura Hills, California.

Closing Date

The term “Closing Date” means, with respect to each Series of Bonds, the date of delivery of such Series of Bonds to the original purchaser thereof. The Closing Date for the Series 2008 Bonds shall be _____, 2008.

Code

The term “Code” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

Consultant’s Report

The term “Consultant’s Report” means a report signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and including:

- (1) 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;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based;
- (3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

Continuing Disclosure Agreements

The term “Continuing Disclosure Agreements” means all continuing disclosure undertakings of the Agency with respect to the Bonds in connection with Securities Exchange Commission Rule 15c2-12, as originally executed and as the same may be amended and supplemented from time to time in accordance to the terms thereof.

County

The term “County” means the County of Los Angeles, California.

Debt Service Fund

The term “Debt Service Fund” means the Project Area Debt Service Fund held by the Trustee pursuant to Section 5.02.

Depository

The term “Depository” means any securities depository acting as Depository pursuant to Section 2.12 of this Indenture.

DTC

The term “DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

Escrow Bonds

The term “Escrow Bonds” has the meaning ascribed to it in Section 4.01.

Expense Fund

The term “Expense Fund” means the Project Area Bonds Expense Fund held by the Trustee pursuant to Section 5.05.

Federal Securities

The term “Federal Securities” means United States Treasury notes, bonds, bills or certificates of indebtedness, or other evidences of indebtedness secured by the full faith and credit of the United States of America; and also any securities now or hereafter authorized both the interest on and principal of which are guaranteed directly by the full faith and credit of the United States of America, as and to the extent that such securities are eligible for the legal investment of Agency funds.

Final Compounded Amount

The term “Final Compounded Amount” means the Accreted Value of a Capital Appreciation Bond at maturity.

Fiscal Year

The term “Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with the Law and identified in writing to the Trustee.

Housing Fund

The term “Housing Fund” means the low and moderate income housing fund with respect to the Project Area established pursuant to Section 33334.3 of the Law and held by the Agency.

Housing Set-Aside

The term “Housing Set-Aside” means the amounts required to be deposited by the Agency in the Housing Fund pursuant to Section 33334.2 or 33334.6 of the Law.

Indenture

The term “Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

The term “Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Agency, and who, or each of whom:

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

Independent Financial Consultant

The term “Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Agency and who, or each of whom:

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

Independent Redevelopment Consultant

The term “Independent Redevelopment Consultant” means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, appointed and paid by the Agency, and who, or each of whom:

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

Information Services

The term “Information Services” means Financial Information, Inc.’s “Daily Called Bond Service”, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina

28217, Attn: Call Notification; Standard & Poor's Securities Evaluation, Inc., 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; Xcitek, 5 Hanover Square, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the Agency may designate to the Trustee in writing.

Interest Account

The term "Interest Account" means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 5.06(a).

Interest Payment Date

The term "Interest Payment Date" means each _____ or _____ in which interest on any Series of Bonds is scheduled to be paid. With respect to the Series 2008 Bonds, the first Interest Payment Date shall be _____, 2008.

Law

The term "Law" means the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.

Letter of Representations

The term "Letter of Representations" means the Blanket Issuer Letter of Representations, dated _____, from the Agency to the Depository, qualifying bonds issued by the Agency for the Depository's book-entry system, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

Moody's

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

Nominee

The term "Nominee" means Cede & Co., or another nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.12 of this Indenture.

Outstanding

The term "Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02) all Bonds except --

- (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 10.01;
and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

Owner

The term “Owner” means the registered owner of any Outstanding Bond according to the registration books held by the Trustee pursuant to Section 2.08.

Participants

The term “Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as securities depository.

Principal Account

The term “Principal Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 5.06(b).

Principal Payment Date

The term “Principal Payment Date” means each _____ on which principal of any Bond is scheduled to be paid.

Project

The term “Project” means the undertaking of the Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

Project Area

The term “Project Area” has the meaning ascribed to it in the Redevelopment Plan, and refers to the geographical area of the Agoura Hills Redevelopment Project Area, and any territory that may be hereafter added thereto by an amendment to the Redevelopment Plan.

Qualified Reserve Account Credit Instrument

The term “Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 5.06(d), provided that all of the following requirements are met: (i) at the time of issuance of the instrument, the long-term credit rating of such bank is within the highest rating category of Moody’s and S&P, or the claims paying ability of such insurance company is rated within the highest rating category of A.M. Best & Company and S&P, or if any of the Bonds are insured, the long-term credit rating of such bank or claims paying ability of such insurance company is at least as high as the insured

rating of the Bonds; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 5.06(d); and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in Section 5.06(d), including the replenishment of the Interest Account, the Principal Account or the Sinking Account.

Rebate Amount

The term “Rebate Amount” means the arbitrage rebate required to be paid to the U.S. Government under the Code.

Record Date

The term “Record Date” means with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

Redevelopment Fund

The term “Redevelopment Fund” means the one or more redevelopment funds established and held by the Agency for the purposes described in Section 5.04.

Redevelopment Plan

The term “Redevelopment Plan” means the redevelopment plan for the Agoura Hills Redevelopment Project Area, adopted by the City Council of the City and as such plan is amended to date and as the same may be further amended and supplemented from time to time.

Reserve Account

The term “Reserve Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 5.06(d).

Reserve Requirement

The term “Reserve Requirement” means, as of any calculation date, an amount (to be confirmed by the Agency to the Trustee upon the Trustee’s request) equal to the least of (i) 10 percent of the sum of the original stated principal amounts of all Series of Bonds at issuance, (ii) 125 percent of Average Annual Debt Service or (iii) Maximum Annual Debt Service.

S&P

The term “S&P” means Standard & Poor’s Rating Services, its successors and assigns.

Securities Depositories

The term “Securities Depositories” means: The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-7232; or such other addresses and/or such other securities depositories as the Agency may designate to the Trustee in writing.

Series

The term “Series,” when used with reference to the Bonds, means all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Indenture (including any Supplemental Indenture) as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

Sinking Account

The term “Sinking Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 5.06(c).

Sinking Account Installment

The term “Sinking Account Installment” means the amount of money required by or pursuant to this Indenture to be paid by the Agency on any single date toward the retirement of any particular Term Bonds of any particular Series on or prior to their respective stated maturities.

Sinking Account Payment Date

The term “Sinking Account Payment Date” means any date on which Sinking Account Installments on any Series of Bonds are scheduled to be paid.

Special Fund

The term “Special Fund” means the Project Area Special Fund held by the Agency pursuant to Section 5.02.

State

The term “State” means the State of California.

Supplemental Indenture

The term “Supplemental Indenture” means any indenture then in full force and effect which has been entered into by the Agency and the Trustee, amendatory of or supplemental to this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under this Indenture.

Tax Certificate

The term “Tax Certificate” means the Certificate Regarding Compliance with Certain Tax Matters (or similar document) pertaining to the use and investment of proceeds of a Series of Tax-Exempt Bonds, executed and delivered by an Authorized Officer of the Agency on the related Closing Date, including any and all exhibits and attachments thereto.

Tax-Exempt

The term “Tax-Exempt” means, with respect to interest on any obligations of a state or local government that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

Tax Revenues

The term “Tax Revenues” means the tax revenues (including all payments, reimbursements and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Law in connection with the Project Area; provided, however, that “Tax Revenues” shall exclude (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts paid to the County as an administrative fee pursuant to Senate Bill 2557 (Chapter 466 of the Statutes of 1990); (c) amounts allocable to the various taxing entities under the Tax Sharing Agreements, except to the extent that any portion of such amounts is subordinated pursuant to the Tax Sharing Agreements; (d) amounts, if any, payable to affected taxing agencies pursuant to Section 33607.5, 33607.7 or other provisions of the Law, except to the extent that such payments are subordinated pursuant to the Law; and (e) the Housing Set-Aside.

Tax Sharing Agreements

The Term “Tax Sharing Agreements” means, collectively (a) the Agreement for Allocation of Tax Increment Funds (Agoura Hills Redevelopment Project), dated as of June 11, 1992, by and among the Agency, the Consolidated Fire Protection District of Los Angeles County, the Los Angeles County Public Library, the Los Angeles County Office of Education, the Los Angeles County Flood Control District and the County of Los Angeles, (b) the Fiscal Detriment Alleviation Agreement Between the Los Angeles County West Mosquito Abatement District and the Agency by and between the Agency and the Los Angeles County West Mosquito Abatement District, (c) the Agoura Hills Redevelopment Project (Fiscal Mitigation and Public Improvement Agreement), dated as of September 9, 1992, by and between the Agency and the Los Angeles Community College District and (d) the Cooperative Agreement, dated July 1, 1993, by and between the Agoura Hills Redevelopment Agency and the Las Virgenes Unified School District.

Total Maturity Amount

The term “Total Maturity Amount” means with respect to any Outstanding Bond other than a Capital Appreciation Bond, the aggregate principal amount thereof and, with respect to any Outstanding Capital Appreciation Bond, the Final Compounded Amount thereof.

Trust Office

The term “Trust Office” means the principal corporate trust office of the Trustee in Los Angeles, California or such other offices as may be specified by the Trustee in writing.

Trustee

The term “Trustee” means The Bank of New York Trust Company, N.A., and its successors and assigns, or any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

Written Request of the Agency

The term “Written Request of the Agency” means an instrument in writing signed by an Authorized Officer of the Agency.

SECTION 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the Agency and the Trustee for the benefit of Owners from time to time of all Bonds issued under this Indenture and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds authorized, executed, issued and delivered under this Indenture; and the agreements and covenants set forth in this Indenture 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 Bonds over any other Bonds, subject to the agreements, conditions, covenants and provisions contained in this Indenture.

ARTICLE II
THE BONDS; SERIES 2008 BOND PROVISIONS

SECTION 2.01 Authorization. Subject to Agency authorization, Bonds in unlimited amount may be issued at any time under and subject to the terms of this Indenture. The Agency has reviewed all proceedings heretofore taken relative to the authorization of the Series 2008 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2008 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 authorized pursuant to each and every requirement of law, to issue the Series 2008 Bonds in the manner and form provided in this Indenture. Accordingly, the Agency hereby authorizes the issuance of the Series 2008 Bonds for the purpose of providing funds to aid in the financing of the Project.

SECTION 2.02 Terms of Series 2008 Bonds.

(a) The Series 2008 Bonds shall be dated as of the Closing Date, shall mature on _____ in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

Year (_____)	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Series 2008 Bonds shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order. The Series 2008 Bonds shall be executed and delivered in the denominations of \$5,000 or any integral multiple thereof.

(b) Each Series 2008 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is

authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Series 2008 Bond, interest with respect to such Series 2008 Bond is in default, such Series 2008 Bond shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Series 2008 Bond.

Interest with respect to any Series 2008 Bond shall be payable in lawful money of the United States of America on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date, such interest to be paid by check of the Trustee, mailed by first class mail on the Interest Payment Date to the Owner at such Owner's address as it appears, on such Record Date, on the bond registration books maintained by the Trustee; provided, however, that at the written request of the Owner of Series 2008 Bonds in the aggregate principal amount of \$1,000,000 or more filed with the Trustee prior to any Record Date, interest on such Series 2008 Bonds shall be paid to such Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by transfer of immediately available funds to an account in the United States designated in such written request. Payments of defaulted interest with respect to the Series 2008 Bonds shall be paid by check to the Owners of the Series 2008 Bonds as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the registered Owners of the Series 2008 Bonds not less than ten days prior to such special record date. The principal of and premium, if any, on the Series 2008 Bonds are payable when due at the Trust Office in lawful money of the United States of America.

Notwithstanding the foregoing provisions of this Section 2.02(c), payments with respect to Book-Entry Bonds shall be subject to the Depository's procedures pursuant to Section 2.12

SECTION 2.03 Form of Series 2008 Bonds. The Series 2008 Bonds, the certificate of authentication and the assignment to appear thereon shall be substantially in the form attached as Appendix A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

SECTION 2.04 Redemption of Series 2008 Bonds; General Provisions Relating to Redemption.

(a) Optional Redemption of Series 2008 Bonds. The Series 2008 Bonds maturing on or before _____, 20__ shall not be subject to optional redemption prior to their maturity. The Series 2008 Bonds maturing on or after _____, 20__ shall be subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after _____, 20__, from funds derived by the Agency from any source, at a redemption price equal to [100 percent of the principal amount of the Series 2008 Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium].

(b) Mandatory Sinking Fund Redemption. The Series 2008 Bonds maturing on _____, 20__ and _____, 20__ are also subject to redemption prior to their

stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account on _____ of each year commencing _____, 20__ and _____, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Series 2008 Bonds maturing _____, 20__

Redemption Date (_____)	Principal Amount <u>Redeemed</u>
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Series 2008 Bonds maturing _____, 20__

Redemption Date (_____)	Principal Amount <u>Redeemed</u>
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(c) General Redemption Provisions.

(1) Selection of Bonds.

With respect to any Series of Bonds, whenever less than all of the Outstanding Bonds of a maturity are called for redemption at any one time, the Trustee shall select the Bonds to be redeemed, from the Outstanding Bonds of such maturity not previously selected for redemption, by lot; provided, that if less than all of the Outstanding Term Bonds of any maturity of a Series are called for optional redemption, each future Sinking Account Installment with respect to such Term Bonds will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total amount of Sinking Account

Installment payments (with respect to such Term Bonds) to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds so redeemed, as shall be designated by the Agency to the Trustee in writing.

(2) Purchase in Lieu of Redemption.

In lieu of redemption of any Term Bond, upon the Written Request of the Agency, the Trustee may apply amounts on deposit in the Debt Service Fund or the Sinking Account therein at any time, for the purchase of such 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 the Agency may determine in its discretion, but not in excess of the principal amount thereof. No Series 2008 Bonds shall be so purchased by the Trustee with a settlement date more than 60 days prior to the redemption date. The principal amount of any Term Bonds so purchased by the Trustee in any 12 month period ending 30 days prior to any Principal Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Bonds required to be redeemed on such Principal Payment Date in such year.

(3) Notice.

Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its nominee, any Information Services or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the Agency, not more than 60 days and not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services designated in writing to the Trustee by the Agency and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series designation of such Bonds, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice redemption is mailed to the Owner, the Agency has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the deposit of funds by the Agency on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to any one or more of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. The failure

of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so sent shall not affect the sufficiency of the proceedings for redemption.

(4) Partial Redemption.

Upon surrender of any Bond redeemed in part only, the Agency shall execute (manually or by facsimile) and the Trustee shall authenticate and deliver to the Owner of such Bond, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same series, interest rate and the same maturity. A partial redemption shall be valid upon payment of the amount required to be paid to the registered owner, and the Agency and the Trustee shall be released and discharged from all liability to the extent of such payment.

(5) Right to Rescind.

The Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under this Indenture. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

(6) Effect of Redemption.

From and after the date fixed for redemption, if notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Bonds so called for redemption shall have been duly provided, no interest shall accrue on such Bonds from and after the redemption date specified in such notice. Such Bonds, or parts thereof redeemed, will cease to be entitled to any lien, benefit or security under the Indenture.

All Bonds redeemed pursuant to the provisions of this Section shall be canceled by the Trustee and the Trustee shall upon Written Request of the Agency deliver a certificate of destruction to the Agency.

SECTION 2.05 Execution of Bonds. The Chair of the Agency is hereby authorized and directed to execute each of the Bonds on behalf of the Agency and the Secretary of the Agency is hereby authorized and directed to attest each of the Bonds on behalf of the Agency. Any of the signatures of the Chair or the Secretary may be printed, lithographed or reproduced by other kinds of facsimile reproduction, on a Bond to the extent permitted by law. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes the same as though such officer had remained in office until such delivery of the Bonds.

Only such Series 2008 Bonds bearing thereon a certificate of authentication and registration in the respective forms set forth in Appendix A, executed manually by the Trustee, shall be entitled to any benefits under the Indenture or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Series 2008 Bonds, so

registered has been duly issued and delivered under this Indenture and is entitled to the benefits of the Indenture.

SECTION 2.06 Transfer and Registration of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08, by the person in whose name it is registered, in person or by that person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in substantially the form set forth in Appendix A (with respect to the Series 2008 Bonds) or in the appendix of the applicable Supplemental Indenture (with respect to other Bonds), duly executed.

Whenever any Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of like series, tenor, maturity and Total Maturity Amount. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer shall be paid by the Agency, except that the Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Trustee shall not be required to register the transfer or exchange of any Bond during the 15 days preceding any date established by the Trustee for selection of Bonds for redemption or any Bonds which have matured or been selected for redemption.

SECTION 2.07 Exchange of Bonds. Bonds may be exchanged at the Trust Office for the same aggregate Total Maturity Amount of Bonds of the same series and maturity of other authorized denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the Agency, except that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No such exchange shall be required to be made during the 15 days preceding any date established by the Trustee for selection of Bonds for redemption or any Bonds which have matured or been selected for redemption.

SECTION 2.08 Bond Registration Books. The Trustee will keep at the Trust Office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency during regular business hours with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds on said books as hereinbefore provided.

SECTION 2.09 Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated in respect of the body of such Bond, or shall be believed by the Agency to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Trustee, and upon the surrender of such mutilated Bond at the Trust Office, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss, and upon receipt also of indemnity satisfactory to the Agency and the Trustee, and upon payment of all expenses incurred by the Agency and the Trustee, the Agency shall execute (manually or by facsimile) and the Trustee shall authenticate and deliver at the Trust Office a new Bond or Bonds of the same series and maturity and for the same Total Maturity Amount, of like tenor and date, with such notations as

the Agency shall determine, in exchange and substitution for and upon cancellation of the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Trustee upon receipt by the Trustee and the Agency of like proof, indemnity and payment of expenses.

Any such replacement Bonds issued pursuant to this Section shall be entitled to equal and proportionate benefits with all other Bonds issued under this Indenture. The Agency and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under this Indenture or for the purpose of determining any percentage of Bonds Outstanding under this Indenture, but both the original and replacement Bond shall be treated as one and the same.

SECTION 2.10 Temporary Bonds. Until definitive Bonds shall be prepared, the Agency may cause to be executed and delivered in lieu of such definitive Bonds and subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds, except that they may be in any denominations authorized by the Agency, one or more temporary typed, printed, lithographed or engraved Bonds in fully registered form, as may be authorized by the Agency, substantially of the same tenor and, until exchanged for definitive Bonds, entitled and subject to the same benefits and provisions of the Indenture as definitive Bonds. If the Agency issues temporary Bonds it will execute and furnish definitive Bonds without unnecessary delay and thereupon the temporary Bonds shall be surrendered to the Trustee at the Trust Office, without expense to the Owner in exchange for such definitive Bonds. All temporary Bonds so surrendered shall be canceled by the Trustee and shall not be reissued.

SECTION 2.11 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Agency for the financing or refinancing of the Project, or by any contracts made by the Agency in connection therewith, and shall not be dependent upon the completion of the financing or refinancing of the Project or upon the performance by any person of such person's obligation with respect to the Project, and the recital contained in the Bonds that the same are issued pursuant to the Law shall be conclusive evidence of their validity and of the regularity of their issuance.

SECTION 2.12 Book-Entry System. Unless otherwise provided with respect to a Series of Bonds in the related Supplemental Indenture, the Bonds of each Series shall be issued as Book-Entry Bonds in fully registered form with no distribution of physical bonds made to the public. Each maturity of each Series of Book-Entry Bonds shall be in the form of a separate single fully registered Bond (which may be typewritten); provided, that if there are different interest rates within a maturity, then there shall be one separate single fully registered Bond for each interest rate within such maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the bond register in the name of the Nominee, as nominee of the Depository.

With respect to Book-Entry Bonds, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the bond register, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds to be redeemed in the event the Agency redeems such in part, or (iv) the payment of any Participant or any other person, other than an Owner as shown in the bond register, of any amount with respect to principal of, premium, if any, or interest on Book-Entry Bonds. The Agency and the Trustee may treat and consider the person in whose name each Book-Entry Bond is registered in the bond register as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the bond register, shall receive a Bond evidencing the obligation of the Agency to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and Agency of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in this Indenture with respect to record dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Agency has executed and delivered to the Depository the Letter of Representations. The execution and delivery of the Letter of Representations do not in any way impose upon the Agency or the Trustee any obligation whatsoever with respect to persons having interests in such Book-Entry Bonds other than the Owners, as shown on the bond register. In addition to the execution and delivery of the Letter of Representations, the Agency and the Trustee, at the Written Request of the Agency, shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

In the event (i) the Depository determines not to continue to act as securities depository for any Series of Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee and the Agency of such determination, then the Agency will discontinue the book-entry system with the Depository. If the Agency determines to replace the Depository with another qualified securities depository, the Agency shall prepare or direct the preparation of a new single, separate, fully registered Bond for each maturity of such Book Entry Bonds (provided, that if there are different interest rates within a maturity, then there shall be one separate single fully registered Bond for each interest rate within such maturity), registered in the name of such successor or substitute qualified securities depository or its nominee. If the

Agency fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such bond register in the name of the Nominee, but shall be registered in whatever name or names Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.06 and 2.07.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

ARTICLE III ISSUANCE OF SERIES 2008 BONDS; APPLICATION OF PROCEEDS OF SALE

SECTION 3.01 Issuance of Series 2008 Bonds. The Agency may at any time execute and deliver the Series 2008 Bonds authorized to be issued under this Indenture and upon the Written Request of the Agency the Trustee shall authenticate and deliver the Series 2008 Bonds.

SECTION 3.02 Sale of Series 2008 Bonds -- Allocation of Proceeds among Funds and Accounts.

(a) Upon receipt of payment for the Series 2008A Bonds, the Trustee shall set aside and deposit the proceeds received from such sale in the amount of \$_____ (which is equal to the par amount of the Series 2008A Bonds, [plus/less] a net original issue [premium/discount] of \$_____, and less an underwriter's discount of \$_____) as follows:

(i) The Trustee shall deposit in the Series 2008A Reserve Subaccount the amount of \$_____ (which equals the initial Reserve Requirement with respect to the Series 2008A Bonds).

(ii) The Trustee shall deposit in the Series 2008A Expense Account within the Expense Fund the amount of \$_____ to pay the costs incurred or to be incurred by the Agency in connection with the issuance of the Series 2008A Bonds.

(iii) The Trustee shall transfer the amount of \$_____ to the Agency for deposit in the Series 2008A Account of the Redevelopment Fund (which shall be established pursuant to Section 5.03).

ARTICLE IV ISSUANCE OF ADDITIONAL BONDS

SECTION 4.01 Conditions for the Issuance of Additional Bonds. The Agency may at any time after the issuance and delivery of the Series 2008 Bonds under this Indenture issue Additional Bonds payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding

Bonds theretofore issued under the Indenture, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) No Events of Defaults shall have occurred and be continuing under this Indenture (including any Supplemental Indenture), and a Certificate of the Agency to that effect shall have been filed with the Trustee.

(b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture duly adopted by the Agency which shall specify the following:

(1) The purpose for which such Additional Bonds are to be issued and the fund or funds into which the proceeds of the Additional Bonds are to be deposited, including a provision requiring the proceeds of such Additional Bonds to be applied solely for (i) the purpose of aiding in financing the Project, including payment of all costs incidental to or connected with such financing, and/or (ii) the purpose of refunding any Bonds or other indebtedness related to the Project, including payment of all costs incidental to or connected with such refunding;

(2) The authorized principal amount of such Additional Bonds;

(3) The date and the maturity date or dates of such Additional Bonds; provided that Principal Payment Dates and Sinking Account Payment Dates with respect to such Additional Bonds may occur only on _____;

(4) The Interest Payment Dates, which shall be on _____ and _____ of each year; provided, that such Additional Bonds may provide for compounding of interest in lieu of payment of interest on such dates;

(5) The denomination and method of numbering of such Additional Bonds;

(6) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(7) The amount and due date of each mandatory Sinking Account Installment, if any, for such Additional Bonds;

(8) The amount, if any, to be deposited from the proceeds of such Additional Bonds in the Interest Account;

(9) The amount, if any, to be deposited from the proceeds of such Additional Bonds into the Reserve Account; provided that the balance of the Reserve Account shall be increased at the time such Additional Bonds are issued to an amount at least equal to the Reserve Requirement on all then Outstanding Bonds and such Additional Bonds;

(10) The form of such Additional Bonds; and

(11) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The Agency shall provide a Consultant's Report to the Trustee evidencing that Tax Revenues (based upon the assessed valuation of taxable property in the Project Area for the fiscal year shown on the most recently equalized assessment roll preceding the date of the Agency's execution and delivery of the Supplemental Indenture providing for the issuance of such Additional Bonds) plus, at the option of the Agency, the Additional Allowance, shall be in an amount equal to at least 1.50 times Maximum Annual Debt Service following the issuance of such Additional Bonds, and

For the purposes of the issuance of Additional Bonds, Outstanding Bonds shall not include any Bonds the proceeds of which are deposited in an escrow fund held by the Trustee or an escrow agent ("Escrow Bonds"), provided that the Supplemental Indenture authorizing issuance of such Escrow Bonds shall provide that: (i) such proceeds shall be invested in Federal Securities that bear interest at a rate which, together with amounts made available by the Agency from bond proceeds or otherwise, is at least sufficient to pay Annual Debt Service on the Escrow Bonds during the specified escrow period; (ii) moneys may be transferred from said escrow fund only if Tax Revenues for the then current Fiscal Year plus, at the option of the Agency, the Additional Allowance, shall be at least equal to 1.50 times Maximum Annual Debt Service (computed using the criteria set forth above based on the then Outstanding Bonds, less that portion the Annual Debt Service of which will be supported by moneys on deposit in such escrow fund after such transfer); and (iii) such Escrow Bonds shall be redeemed at par from moneys remaining on deposit in such escrow fund at the expiration of the specified escrow period. In addition, the Agency shall obtain an opinion of nationally recognized bond counsel on the delivery date of such Escrow Bonds to the effect that such escrow of proceeds will not affect the exclusion of the interest on any Outstanding Tax-Exempt Bonds from gross income for federal income tax purposes.

In the event such Additional Bonds are to be issued solely for the purpose of refunding and retiring any Outstanding Bonds, interest and principal payments on the Outstanding Bonds to be so refunded and retired from the proceeds of such Additional Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service. Nothing contained in the Indenture shall limit the issuance of any tax allocation bonds of the Agency payable from the Tax Revenues and secured by a lien and charge on the Tax Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Bonds theretofore issued under this Indenture will be Outstanding. Nothing contained in this Indenture shall prohibit the issuance of any tax allocation bonds or other indebtedness by the Agency secured by a pledge of tax increment revenues (including Tax Revenues) subordinate to the pledge of Tax Revenues securing the Bonds; provided, however, that no such issuance shall cause the Agency to exceed any applicable tax increment limit under the Redevelopment Plan or the Law.

SECTION 4.02 Procedure for the Issuance of Additional Bonds. All of the Additional Bonds shall be executed by the Agency for issuance under the Indenture and

delivered to the Trustee and thereupon shall be delivered by the Trustee upon the Written Request of the Agency, but only upon receipt by the Trustee of the following documents or money or securities:

(1) The fully executed Supplemental Indenture authorizing the issuance of such Additional Bonds;

(2) A Written Request of the Agency as to the delivery of such Additional Bonds;

(3) An opinion of counsel of recognized standing in the field of law relating to municipal bonds substantially to the effect that (a) the Agency has the right and power under the Law to execute and deliver such Supplemental Indenture thereto, and the Indenture, as so amended, is in full force and effect and are valid and binding upon the Agency and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and similar qualifications); and (b) such Additional Bonds are valid and binding special obligations of the Agency, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights);

(4) A Certificate of the Agency containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture; and

(5) Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Additional Bonds.

ARTICLE V TAX REVENUES; CREATION OF FUNDS

SECTION 5.01 Pledge of Tax Revenues. All the Tax Revenues and all money in the Special Fund and in the funds or accounts so specified and provided for in this Indenture, whether held by the Agency or the Trustee (except any funds set aside for payment of the Rebate Amount pursuant to the Code), are hereby irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Tax Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding, subject to the provisions of this Indenture permitting application thereof for the purposes and on the terms and conditions set forth in this Indenture. This pledge shall constitute a first lien on the Tax Revenues and such other money for the payment of the Bonds in accordance with the terms thereof. The Agency hereby represents that, as of the Closing Date for the Series 2008 Bonds, the Agency does not have any other outstanding indebtedness secured by Tax Revenues which is ranked senior to or on a parity with the Series 2008 Bonds.

SECTION 5.02 Special Fund; Receipt and Deposit of Tax Revenues; Debt Service Fund. (a) There is hereby established a special fund known as the "Project Area Special Fund" (the "Special Fund") held by the Agency. The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the

Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee pursuant to this Section 5.02 and Section 5.06 for such Bond Year; provided, that there shall not be deposited with the Trustee any taxes eligible for allocation to the Agency pursuant to the Law in an amount in excess of that amount which, together with all money then on deposit with the Trustee in the Debt Service Fund and the accounts therein, shall be sufficient to discharge all Outstanding Bonds pursuant to Article X.

(b) There is hereby established a fund known as the “Project Area Debt Service Fund” (the “Debt Service Fund”), to be held by the Trustee. On or before the fifth Business Day immediately preceding any Interest Payment Date, the Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money necessary to make the deposits required in Sections 5.06(a), (b) and (c). After the deposits required by Sections 5.06(a), (b) and (c) have been made and upon notice from the Trustee, the Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money necessary to make any deposit required by Section 5.06(d).

(c) All Tax Revenues received by the Agency at any time during any Bond Year in excess of the amount required to be transferred to the Trustee during such Bond Year pursuant to subsection (b) of this Section shall be released from the pledge and lien under this Indenture and the Agency may apply such excess Tax Revenues for any lawful purpose of the Agency. So long as any Bonds are outstanding, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund or the Debt Service Fund, except as may be provided in this Indenture.

SECTION 5.03 Establishment of Other Funds. There has been previously established a redevelopment fund (the “Redevelopment Fund”) held by the Agency with respect to the Project Area. There is hereby established a special trust fund held by the Trustee called the “Project Area Bonds Expense Fund” (the “Expense Fund”).

So long as any of the Bonds authorized in this Indenture, or any interest thereon, remains unpaid, the moneys in the foregoing funds shall be used for no purpose other than those required or permitted by this Indenture and the Law.

The funds and accounts established in this Indenture may be divided by the Agency or by the Trustee, as applicable, as necessary or appropriate for record keeping purposes, and upon the Written Request of the Agency, in order to perform the necessary rebate calculations.

SECTION 5.04 Redevelopment Fund. Moneys in the Redevelopment Fund shall be used for the purpose of aiding in financing the Project (or for making reimbursements to the Agency for such costs theretofore paid by it), including payment of all costs incidental to or connected with such financing. The Agency warrants that each withdrawal from the Redevelopment Fund shall be made in the manner provided by law for the purpose of aiding in financing the Project or for making reimbursements to the Agency for such costs theretofore paid by the Agency. The Agency shall establish a separate and segregated account in the Redevelopment Fund designated the “Series 2008 Project Account” for the purpose of

accounting for the deposit and use of the proceeds of the Series 2008 Bonds in the Redevelopment Fund.

SECTION 5.05 Expense Fund. All moneys in the Expense Fund shall be applied to the payment of costs and expenses incurred by the Agency in connection with the authorization, issuance and sale of the Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached hereto as Appendix B, executed by an Authorized Officer of the Agency. Each such requisition shall be sequentially numbered and state the name and address of the person, firm or corporation to whom payment is due, the amount to be disbursed, the purposes for such disbursement and that such obligation has been properly incurred and is a proper charge against the Expense Fund. The Trustee shall establish and maintain an account within the Expense Fund for the Series 2008 Bonds issued under this Indenture known as the "Series 2008 Expense Account." All proceeds of each Series of Bonds deposited in the Expense Fund shall be held in the account established for such Series and shall be accounted for separately from all other amounts in the Expense Fund. Amounts in each such account shall be used for the purposes authorized for use of amounts in the Expense Fund. Upon the earlier of the payment in full of such costs and expenses (or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Agency to the Trustee) or 180 days after delivery of each Series of Bonds to the original purchaser thereof, any balance remaining in the related account of the Expense Fund shall be transferred to the Debt Service Fund and such related account of the Expense Fund shall be closed. Pending the application and transfer of the balance to the Debt Service Fund, the moneys in each account of the Expense Fund may be invested as permitted by Section 5.07 and investment income resulting from any such investment shall be retained in the respective account of the Expense Fund.

SECTION 5.06 Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund. All moneys in the Debt Service Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby agrees to cause to be maintained), in the following order of priority (except as otherwise provided in subsection (b) below):

- (i) Interest Account;
- (ii) Principal Account;
- (iii) Sinking Account; and
- (iv) Reserve Account (and within the Reserve Account, the Series 2008 Reserve Subaccount).

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 5.06.

(a) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least

equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. 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 purchased or redeemed prior to maturity).

(b) Principal Account. On or before each Principal Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on such Principal Payment Date. In the event that there shall be insufficient money in the Debt Service Fund to make in full all such principal payments and Sinking Account Installments required to be made pursuant to Section 5.06(c) of this Indenture in such Bond Year, then the money available in the Debt Service Fund shall be applied pro rata to the making of such principal payments and such Sinking Account Installments in the proportion which all such principal payments and Sinking Account Installments bear to each other.

No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds becoming due and payable on the upcoming Principal Payment Date.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and redemption premium, if any, of the Serial Bonds as they shall become due and payable.

(c) Sinking Account. On or before each Principal Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. All moneys in the Sinking Account shall be used by the Trustee to redeem Term Bonds.

(d) Reserve Account.

(1) On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit into each subaccount of the Reserve Account such amount of money (or other Qualified Reserve Account Credit Instrument, as contemplated by the following paragraph) as shall be required to restore the balance in such subaccount to an amount equal to the Reserve Requirement for the related series of Bonds. The Trustee shall value the balance in the Reserve Account semi-annually at least 30 days before each Interest Payment Date in accordance with Section 5.07. If at any time the balance in the subaccount of the Reserve Account falls below the Reserve Requirement for the related Series of Bonds, the Trustee shall promptly notify the Agency in writing. The Agency, upon receipt of such notice from the Trustee, shall include the amount necessary to restore the balance of such subaccount of the Reserve Account to the applicable Reserve Requirement in its immediately next transfer of moneys from the Special Fund to the Debt Service Fund pursuant to Section 5.02(b). No deposit need be made in a subaccount of the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Requirement for the Bonds of such series then Outstanding. So

long as the Agency is not in default under this Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Debt Service Fund.

All money in (or available to) a subaccount of the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of (i) replenishing the Interest Account, the Principal Account or the Sinking Account in such order, in the event of any deficiency at any time in any of such accounts or for the purpose of paying the interest on or principal of the Bonds of the related series in the event that no other money in the Special Fund or the Debt Service Fund is lawfully available therefor, or (ii) making the final payments of principal of and interest on a Series of Bonds.

(2) The Reserve Requirement may be satisfied by crediting to the Reserve Account one or more Qualified Reserve Account Credit Instruments, which together with the cash, if any, on deposit in the Reserve Account, in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee shall release moneys then on hand in the Reserve Account to the Agency, to be used for any lawful purpose, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

(e) Surplus. After making the deposits referred to in paragraphs (a) through (d) above in any Bond Year, the Trustee shall transfer any amount remaining on deposit in the Debt Service Fund to the Agency to be used for any lawful purpose.

SECTION 5.07 Investment of Moneys in Funds and Accounts. Upon the Written Request of the Agency received by the Trustee at least two Business Days prior to the date of such investment, moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account, or the Expense Fund (and any account therein) shall be invested by the Trustee in Authorized Investments, which shall mature or be withdrawable prior to the date on which such moneys are required to be paid out under this Indenture. In the absence of such instructions the Trustee shall invest in the investments described in clause (f) of the definition of “Authorized Investments” set forth in Section 1.01. Any interest, income or profits from the deposits or investments of all funds (except the Expense Fund) and accounts maintained by the Trustee under this Indenture shall be deposited in the Debt Service Fund.

For purposes of determining the amount on deposit in any fund or account held by the Trustee under this Indenture, all Authorized Investments credited to such fund or account shall be valued at the lower of cost or market value (excluding accrued interest and brokerage commissions, if any) no less frequently than every six months. Except as otherwise provided in this Section, Authorized Investments representing an investment of moneys attributable to any fund or account and all investment profits or losses thereon shall be deemed at all times to be a part of said fund or account. Absent negligence or willful misconduct by the Trustee, the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Section.

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 will not receive 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 under this Indenture. The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture. For investment purposes, the Trustee may commingle the funds and accounts established under this Indenture and shall account for them separately.

Amounts deposited in the Special Fund and the Redevelopment Fund may be invested in Authorized Investments or any other investments in which the Agency may lawfully invest its funds.

ARTICLE VI COVENANTS OF THE AGENCY

SECTION 6.01 Punctual Payment. The Agency shall punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds, but only from Tax Revenues, in strict conformity with the terms of the Bonds and of the Indenture and shall faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of the Indenture.

SECTION 6.02 Against Encumbrances. The Agency shall not mortgage or otherwise encumber, pledge or place any charge upon any of the Tax Revenues, except as provided in the Indenture. The Agency shall not issue any additional obligation or security superior to the Bonds payable in whole or in part from the Tax Revenues, or on a parity with the Bonds payable in whole or in part from the Tax Revenues, except as permitted by Article IV. Nothing contained in the Indenture shall limit the Agency's ability to incur any additional indebtedness secured by a pledge of tax increment revenues (including Tax Revenues) subordinate to the pledge of Tax Revenues securing the Bonds; provided, that no such incurrence shall cause the Agency to exceed any tax increment limit applicable to it under the Redevelopment Plan or the Law.

SECTION 6.03 Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Agency shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and shall not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default under this Indenture, to the benefits of the 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 6.04 Management and Operation of Properties. The Agency shall manage and operate all properties owned by the Agency and comprising any part of the Project

in a sound and business-like manner and in conformity with all valid requirements of any governmental authority relative to the Project or any part thereof, and shall keep such properties insured at all times in conformity with sound business practice.

SECTION 6.05 Payment of Claims. The Agency shall pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds; provided that nothing contained in this Indenture shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

SECTION 6.06 Records and Accounts; Continuing Disclosure. The Agency shall keep proper books of record and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Project. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee (who shall have no duty to inspect) or of the Owners of not less than 10 percent of the aggregate principal amount of the Bonds then Outstanding or their representatives authorized in writing.

The Trustee shall provide such statements with regard to any funds held by the Trustee under this Indenture to the Agency as the Agency may reasonably require to comply with the terms of this Section.

The Agency shall comply with the Continuing Disclosure Agreements. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with a Continuing Disclosure Agreement shall not be considered an Event of Default; provided, that any Owner or beneficial owner of the applicable Bonds may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligation under such Continuing Disclosure Agreement.

SECTION 6.07 Protection of Security and Rights of Owners. The Agency shall preserve and protect the security of the Bonds and the rights of the Owners, and shall warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

SECTION 6.08 Payment of Taxes and Other Charges. The Agency shall pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or any properties owned by the Agency in the Project Area, or upon the revenues therefrom, when the same shall become due; provided that nothing contained in this Indenture shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges.

SECTION 6.09 Financing the Project. The Agency shall continue the financing of the Project to be aided with the proceeds of any Bonds with all practicable dispatch, and such financing shall be accomplished and completed in a sound, economical and expeditious manner and in conformity with the Redevelopment Plan and the Law.

SECTION 6.10 Taxation of Leased Property. All ad valorem property taxes derived by the Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of this Indenture.

SECTION 6.11 Disposition of Property in Project Area. Except as hereinafter provided in this Section, the Agency shall not participate in the disposition of any land or real property in the Project Area which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property shown in the Redevelopment Plan as planned for public use, or property to be used for public streets, public off-street parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) if such disposition, when taken together with other such dispositions occurring after the earliest issuance date of the Outstanding Bonds, would aggregate more than 10 percent of the assessed valuation of the property in the Project Area. If the Agency proposes to participate in a disposition described in the preceding sentence, it shall appoint an Independent Redevelopment Consultant to prepare a written report. Only if the Independent Redevelopment Consultant's report concludes that Tax Revenues to be received in the succeeding Fiscal Year following such disposition shall at least equal 1.50 times Maximum Annual Debt Service, then the Agency may make such disposition.

SECTION 6.12 Amendment of Redevelopment Plan. So long as the Bonds are Outstanding, the Agency shall not amend the Redevelopment Plan (except for the purpose of extending or eliminating the time limit on the establishment of loans, advances, and indebtedness, extending the time limit on the effectiveness of the Redevelopment Plan, extending the time limit on the payment of indebtedness, extending the time limit for the receipt of tax increment, or increasing the limitation on the number of dollars of taxes to be allocated to the Agency) or enter into any new agreement with the County or any other governmental or private entity, which would have the effect of reducing the amount of Tax Revenues available to the Agency for payment of Annual Debt Service, unless the Agency shall first obtain a Consultant's Report prepared by an Independent Redevelopment Consultant stating that the amount of Tax Revenues for the then current Fiscal Year (calculated on the assumption that such reduction of Tax Revenues was in effect throughout such Fiscal Year), plus at the option of the Agency, the Additional Allowance, shall be at least equal to 1.50 times Maximum Annual Debt Service. The Agency shall furnish a copy of such Consultant's Report to the Trustee. The Trustee shall be entitled to rely upon any said Consultant's Report and shall have no duty to verify the information or statements set forth therein.

SECTION 6.13 Tax Revenues. The Agency shall comply with all requirements of the 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.

SECTION 6.14 Further Assurances. The Agency shall adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

SECTION 6.15 Housing Fund. The Agency covenants and agrees to use the moneys in the Housing Fund in accordance with Sections 33334.2, 33334.3, and 33334.6 of the Law, and further covenants and agrees to disburse, expend or encumber any “excess surplus” (as defined in Section 33334.12 of the Law) in the Housing Fund at such times and in such manner that the Agency shall not be subject to sanctions pursuant to subdivision (e) of said Section 33334.12.

ARTICLE VII THE TRUSTEE

SECTION 7.01 The Trustee

(a) The Bank of New York Trust Company, N.A., having a corporate trust office in Los Angeles, California, is hereby appointed Trustee under this Indenture for the purpose of receiving all money which the Agency is required to deposit with the Trustee under this Indenture and to allocate, use and apply the same as provided in the Indenture.

(b) The Agency may at any time, but only prior to an Event of Default or after the curing or waiver of an Event of Default and only upon 30 days written notice, at its sole discretion remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank, national banking association, banking institution (state or federal) or trust company with a corporate trust office in California, having a combined capital, exclusive of borrowed capital, and surplus (or whose parent holding company has a combined capital, exclusive of borrowed capital, and surplus) of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state authority. If such bank, banking institution or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association, banking institution or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(c) The Trustee may at any time resign by giving written notice to the Agency. Any successor trustee appointed under this Indenture shall give notice of such appointment to the Owners, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If, within 30 days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

(d) The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel

all Bonds upon payment thereof or upon the surrender thereof by the Agency and shall upon Written Request of the Agency deliver a certificate of destruction to the Agency. The Trustee shall keep accurate records of all Bonds paid and discharged and destroyed by it.

(e) The Agency shall from time to time, subject to any agreement between the Agency and the Trustee then in force, pay to the Trustee compensation for its services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties under this Indenture of the Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the Agency shall reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel's work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties under this Indenture.

(f) The Agency shall indemnify and save the Trustee, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project, (ii) any breach of default on the part of the Agency in the performance of any of its obligations under this Indenture and any other agreement made and entered into for purposes of the Project, (iii) any act or omission of the Agency or of any of its agents, assignees or licensees with respect to the Project, (iv) the acquisition, construction, installation and equipping of the Project or the authorization of payment of delivery costs or acquisition and construction costs, (v) the exercise and performance by the Trustee of any of its powers and duties under this Indenture, or (vi) the offering and sale of the Bonds or the distribution of any official statement or other offering circular utilized in connection with the sale of the Bonds; provided, that the Agency shall not be liable for actions caused by the Trustees' own negligence or willful misconduct. The Trustee's rights to indemnification and protection from liability under this Indenture and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. The Trustee shall not be liable for the sufficiency or collection of any Tax Revenues or other moneys required to be paid to it under the Indenture (except as provided in this Indenture), or its right to receive moneys pursuant to the Indenture.

SECTION 7.02 Liability of Trustee.

(a) The recitals of facts, covenants and agreements contained in this Indenture, in the Bonds and in any instruments of further assurance shall be taken as statements, covenants and agreements of the Agency, and the Trustee does not assume any responsibility for the correctness of the same, or make any representation as to the validity or sufficiency of the Indenture or of the Bonds, the adequacy of any security afforded thereunder, or the correctness or completeness of any information contained in any offering material distributed in connection with the sale of the Bonds, or incur any responsibility in respect of any of the foregoing, other than in connection with the duties or obligations in this Indenture or in the Bonds assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties under this Indenture, except for its own negligence or willful misconduct. The Trustee may

become an Owner of Bonds with the same rights it would have if it 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 Bond 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 responsible for the validity, genuineness or performance of any leases, contracts or other instruments at any time conveyed, mortgaged, hypothecated, pledged, assigned or transferred to it under this Indenture, or with respect to the obligation of the Agency to preserve and keep unimpaired the rights of the Agency under or concerning any such leases, contracts or other instruments. The Trustee makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Bonds. In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners, the Agency and the City, having any claim against the Trustee arising from this Indenture not attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee under this Indenture for payment except as otherwise specifically provided in this Indenture.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Owner pursuant to this Indenture unless the Trustee shall have received reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(e) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(f) In the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture.

(g) The Trustee is not accountable for the use by the Agency of funds which the Trustee releases to the Agency or which the Agency otherwise receives, or to verify compliance by the Agency with the provisions of Section 5.02, or for the adequacy or validity of any collateral or security interest securing this Indenture or the Bonds. The Trustee has no obligation to incur individual financial or other liability or risk in performing any duty or in exercising any right under this Indenture.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default other than a payment default under this Indenture unless the Trustee shall be specifically notified in writing of such default by the Agency or by the Owners of at least 25 percent in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms conditions, covenants or agreements in this Indenture or in any of the documents executed in connection with the Bonds. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Indenture upon the request of authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond executed and delivered in exchange therefor or in place thereof.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) 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 a majority in aggregate principal amount of the Outstanding Bonds 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.

(k) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture. The Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations (fiduciary or otherwise) shall be read into this Indenture against the Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Bonds. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee, in its individual or any other capacity, may become the Owner of any Bonds or other obligations of any party hereto with the same rights which it would have if not the Trustee and may act as a 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 owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding. At any and all reasonable times, the Trustee, and its agents shall have the right (but not any duty) to inspect the Project, including all books, papers and records of the Agency and the City pertaining to the Project and the Bonds, and to take such memoranda therefrom and with regard thereto and make photocopies thereof as may be desired. Before taking or refraining from any action under this Indenture at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect.

(1) The Trustee shall not be considered in breach of or in default with respect to any obligations created under this Indenture, in the event of an enforced 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, acts of a government, acts of the other party hereto, 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 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; provided, that in the event of any such enforced delay, the Trustee shall notify the Agency in writing within five Business Days after (i) the occurrence of the event giving rise to such delay, (ii) the Trustee's actual knowledge of the impending enforced delay, or (iii) the Trustee's knowledge of sufficient facts under which a reasonable person would conclude the enforced delay will occur.

SECTION 7.03 Reliance by Trustee. The Trustee shall be protected in acting upon any notice, indenture, request, consent, order, certificate, report, bond, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the Agency, with regard to legal questions.

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 is the registered owner of such Bond as shown on the registration books.

Whenever in the administration of its duties under the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Agency (unless other evidence in respect thereof is specifically prescribed in this Indenture) and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

SECTION 7.04 Trustee's Acceptance of Instructions by Electronic Transmission. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Agency elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee elects to act upon such instructions, the Trustee's reasonable understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon

and compliance with such instructions notwithstanding whether such instructions conflict or are inconsistent with a subsequent written instruction. The Agency agrees to assume all risks arising out of the use by the Agency of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties. Notwithstanding the foregoing, the protection afforded to the Trustee in each provision of this paragraph shall be operative only in the absence of the Trustee's negligence or willful misconduct.

SECTION 7.05 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 7.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything in this Indenture to the contrary notwithstanding.

ARTICLE VIII AMENDMENT OF THE INDENTURE

SECTION 8.01 Amendment by Consent of Owners. The Indenture and the rights and obligations of the Agency and of the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the affected Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Agency to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided in this Indenture, of any Bond, without the express written consent of the Owner of such Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds, except as provided in Article IV, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the Agency and of the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, but subject to Section 11.02 and only to the extent permitted by law, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Agency contained in the Indenture, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Agency under this Indenture;

(b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency may deem necessary or desirable

and not inconsistent with the Indenture, and which shall not materially adversely affect the interest of the Owners;

(c) To provide for the issuance of any Additional Bonds, and to provide the terms and conditions under which such Additional Bonds may be issued, subject to and in accordance with the provisions of Article IV;

(d) To modify, amend or supplement this Indenture in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(e) To maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes (except with respect to the Bonds which the Agency certifies to the Trustee are not intended to qualify for such exclusion);

(f) To the extent necessary to obtain a bond insurance policy, to obtain a rating on the Bonds or in connection with satisfying all or a portion of the Reserve Requirement by crediting a letter of credit or other forms of Qualified Reserve Account Credit Instrument to the Reserve Account; or

(g) For any other purpose that does not materially adversely affect the interests of the Owners.

SECTION 8.02 Disqualified Bonds. Bonds owned or held by or for the account of the Agency or the City shall not be deemed Outstanding for the purpose of any consent or other action in this Indenture provided for, and shall not be entitled to consent to, or take any other action in this Indenture provided for; provided, however, that for purposes of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held will be disregarded.

SECTION 8.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as provided above in this Indenture, the Agency may determine that the Bonds may bear a notation, by endorsement in form approved by the Agency, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of such Owner's Bond for such purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bond. If the Agency shall so determine, new Bonds so modified as, in the opinion of the Agency, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

SECTION 8.04 Opinion of Counsel. The Trustee may conclusively accept an opinion of nationally recognized bond counsel to the Agency that an amendment of the Indenture is in conformity with the provisions of this Article.

ARTICLE IX
EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 9.01 Events of Default and Acceleration of Maturities. If one or more of the following events (herein called “Events of Default”) shall happen, that is to say:

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

(b) If default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(c) If default shall be made by the Agency in the observance of any of its agreements, conditions or covenants contained in the Indenture or in the Bonds, and such default shall have continued for a period of 30 days after the Agency shall have been given notice in writing of such default by the Trustee; provided, however, that such default shall not constitute an Event of Default under this Indenture if the Agency shall commence to cure such default within said 30-day period and thereafter diligently and in good faith proceed to cure such default within said 30-day period or such longer period as the Trustee or the Owners of a majority in aggregate principal amount of the affected Bonds then Outstanding may consent to in writing; or

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

Then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, by notice in writing to the Agency, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in the Indenture or in the Bonds to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of interest which would have been paid on such overdue principal on such overdue installments of principal, and the fees and expenses of the Trustee, including attorneys fees, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be

adequate shall have been made for the Bonds, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. No such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent on the Bonds.

SECTION 9.02 Application of Funds upon Acceleration. All money in the funds and accounts provided for in the Indenture (other than any moneys for payment of the Rebate Amount) upon the date of the declaration of acceleration by the Trustee as provided in Section 9.01, and all Tax Revenues in the Special Fund and thereafter received by the Agency (which shall be promptly transmitted to the Trustee) shall be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents and counsel, to the payment of any other amounts then due and payable to the Trustee, including any predecessor trustee, with respect to or in connection with this Indenture, whether as compensation, reimbursement, indemnification or otherwise, and, thereafter, to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents and counsel;

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on the overdue principal to the extent permitted by law at the net effective interest rate then borne by the Outstanding Bonds; provided, however, that in the event the amount then so held by the Trustee shall be insufficient to make all the payments required by this clause, then such money shall be applied to the payment of the principal of and interest on all Outstanding Bonds then due and payable ratably (based on the principal amount of Bonds owned by each Owner), without any discrimination or preferences.

SECTION 9.03 Other Remedies of Owners. Any Owner shall have the right, subject to the provisions of Section 9.08, for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce such Owner's rights against the Agency and any of the members, officers and employees of the Agency, and to compel the Agency or any such members, officers or employees to perform and carry out their duties under the Law and their agreements with the Owners as provided in the Indenture;

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

(c) Upon the happening of an Event of Default (as defined in Section 9.01), by a suit in equity to require the Agency and its members, officers and employees to account as the trustee of an express trust.

SECTION 9.04 Non-Waiver. A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner or the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence in such default, and every power and remedy conferred upon the Owners by the Law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the Trustee, the Agency 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 9.05 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 under this Indenture may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued under this Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the 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 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 enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense including without limitation fees and expenses of its attorneys.

SECTION 9.06 Remedies Not Exclusive. No remedy conferred upon or reserved to the Owners in this Indenture 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 under this Indenture 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, subject to the provisions of Section 9.08.

SECTION 9.07 Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee under this Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

SECTION 9.08 Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Law or any other

applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall not have received contrary directions from the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender or indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under this Indenture or under law. It is understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under this Indenture, the Law or other applicable law with respect to the Bonds, except in the manner provided in this Indenture. All proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in this Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Nothing in this Section or in any other provision of the Indenture, or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity and Sinking Account Payment Dates, as provided in this Indenture, out of the Tax Revenues pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

ARTICLE X DEFEASANCE

SECTION 10.01 Discharge of Indebtedness. If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest on and the principal of such Bonds, when due, at the times and in the manner stipulated in such Bonds and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Tax Revenues, and all covenants, agreements and other obligations of the Agency to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute at the Written Request of the Agency, and at the expense of the Agency, and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall, after payment of amounts due the Trustee under this Indenture, pay over or deliver to the Agency all money or securities held by the Trustee pursuant to the Indenture which are not required for the payment of the interest due on and the principal of and premium, if any, due on such Bonds other than the moneys, if any, for the payment of the applicable Rebate Amount.

Bonds for the payment of which money shall have been set aside (through deposit by the Agency or otherwise) to be held in trust by the Trustee for such payment at the maturity or redemption date of such Bonds shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this Section.

Any Outstanding Bonds shall prior to the maturity date of such Bonds be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if:

- (1) there shall have been deposited with the Trustee, or another fiduciary or escrow agent, either money in an amount which shall be sufficient, or Federal Securities (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the principal of and the interest on which when paid will provide money that, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the interest due and to become due on such Bonds on and prior to the maturity date of such Bonds or such earlier redemption date as shall be irrevocably established, and the principal of and redemption premium, if any, on such Bonds (such interest, principal and redemption premium, if any, being referred to below as the "Refunding Requirements"); provided that, unless such deposit consists of an amount in cash, which in and of itself, is sufficient to pay the Refunding Requirements in full, the sufficiency of the Federal Securities and other moneys so deposited with the Trustee, escrow agent or fiduciary shall be appropriately verified by an Independent Certified Public Accountant in a verification report.
- (2) The Agency shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (1) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or earlier redemption date upon which money is to be available for the payment of the principal of such Bonds.

Neither Federal Securities nor money deposited with the Trustee pursuant to this Section nor interest or principal payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of such Bonds; provided that any cash received from such interest or principal payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested at the written direction of the Agency in Federal Securities maturing at times and in amounts sufficient to pay when due the interest on and principal of such Bonds on and prior to such maturity date thereof, and interest earned from such reinvestments shall be maintained in the related escrow fund until such time as the Refunding Requirements have been paid in full (but solely to the extent that does not affect the Tax-Exempt status of any Bonds. For the purposes of this Section, Federal Securities shall mean and include only such securities as are not subject to redemption prior to their maturity.

SECTION 10.02 Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest on such Bonds which remain unclaimed for two years after the date when such Bonds or interest on such Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the said date when such Bonds or interest on such Bonds become due and payable, shall be repaid by the Trustee to the Agency, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of such Bonds; provided, however, that before being required to make any such payment to the Agency, the Trustee shall, at the Written Request of the Agency and at the expense of the Agency, cause to be mailed to the registered Owners of such Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Agency. Any money held by the Trustee in trust for the payment and discharge of any Bonds shall not bear interest or be otherwise invested from and after such maturity or redemption date.

ARTICLE XI
SERIES 2008 BOND INSURANCE POLICY

[to come]

ARTICLE XII
MISCELLANEOUS

SECTION 12.01 Liability of Agency Limited to Tax Revenues.

Notwithstanding anything contained in the Indenture, the Agency shall not be required to advance any money derived from any source of income other than the Tax Revenues for the payment of the interest on or the principal of the Bonds. The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose. The Agency's obligation to pay the Rebate Amount, if any, to the United States of America pursuant to the Tax Certificate shall be considered the general obligation of the Agency and shall be payable from any available funds of the Agency.

The Bonds are limited obligations of the Agency and are payable, as to interest on and principal of the Bonds, exclusively from the Tax Revenues, and the Agency is not obligated to pay them except from the Tax Revenues. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City, the State or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable therefor, nor in any event shall the Bonds 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 limitation or restriction, and neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

SECTION 12.02 Benefits of Indenture Limited to Parties. Nothing in the 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 the Indenture. Any covenants, stipulations, promises or agreements contained in the Indenture by and on behalf of the Agency or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 12.03 Successor Deemed Included in All References to Predecessor. Whenever in the Indenture either the Agency or any member, officer or employee of the Agency is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Agency, that are presently vested in the Agency or such member, officer or employee, and all the agreements, covenants and provisions contained in the Indenture by or on behalf of the Agency or any member, officer or employee of the Agency shall bind and inure to the benefit of the respective successors of the Agency whether so expressed or not.

SECTION 12.04 Execution of Documents by Owners. Any request, consent, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise expressly provided in this Indenture, the fact and date of the execution by any Owner or such Owner's attorney of such request, consent, 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 or territory in which such Owner purports to act, that the person signing such request, consent, declaration or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise expressly provided in this Indenture, the amount of Bonds transferable by delivery held by any person executing such request, consent, declaration or other instrument or writing as an Owner, and the numbers thereof, and the date of such Owner's holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by a trust company, bank or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with such depository the Bonds described in such certificate. The Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The ownership of Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books provided for in Section 2.08.

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

SECTION 12.05 Waiver of Personal Liability. No member, officer or employee of the Agency shall be individually or personally liable for the payment of the interest on or

principal of the Bonds; but nothing contained in this Indenture shall relieve any member, officer or employee of the Agency from the performance of any official duty provided by law.

SECTION 12.06 Acquisition of Bonds by Agency. All Bonds acquired by the Agency, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 12.07 Content of Certificates and Reports. Any certificate made or given by an officer of the Agency may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which such officer's Certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters or information with respect to which is in the possession of the Agency, upon the certificate or opinion of or representations by an officer or officers of the Agency, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in exercise of reasonable care should have known that the same were erroneous.

SECTION 12.08 Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Agency or the Trustee may be established and maintained in the accounting records of the Agency or the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

SECTION 12.09 Article and Section Headings and References. The headings or titles of the several articles and sections of this Indenture, and the table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Indenture.

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

SECTION 12.10 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof provided in the Indenture to be performed on the part of the Agency (or of the Trustee) should be contrary to law, then such agreement or agreements, such covenant or covenants, or such portions thereof, shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Indenture or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The Agency hereby declares that it would have adopted the Indenture and each and every other section,

paragraph, subdivision, sentence, clause and phrase of this Indenture and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 12.11 Notices. Any notice, request, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled to such notice at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class, registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if by other means of personal delivery, upon receipt by the intended recipient of the notice. Each entity below may, by written notice to the other party, from time to time modify the address or number to which communications are to be given under this Indenture:

If to the Agency: Agoura Hills Redevelopment Agency
30001 Ladyface Court
Agoura Hills, California 91301
Attention: Executive Director
Facsimile No.: (818) 597-7352

If to the Trustee: The Bank of New York Trust Company, N.A.
700 S. Flower Street, Suite 500
Los Angeles, California 90017
Attention: Corporate Trust
Facsimile No.: (213) 630-6210

Any of the foregoing persons may, by notice given under this Section, designate any further or different addresses, telephone numbers or facsimile transmission numbers to which subsequent notices, certificates, requests or other communications shall be directed.

SECTION 12.12 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 12.13 Business Days. When any action is provided for in this Indenture to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 12.14 Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Agoura Hills Redevelopment Agency has caused this Indenture to be signed in its name by its Authorized Officer and The Bank of New York Trust Company, N.A., in token of its acceptance of the trusts created under this Indenture, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

**AGOURA HILLS REDEVELOPMENT
AGENCY**

By _____
Executive Director

Attest:

Secretary

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

By _____
Authorized Officer

**APPENDIX A
FORM OF SERIES 2008 BOND**

[Unless this certificate is presented by an authorized representative of the Depository Trust Company, a New York Corporation (“DTC”), to the Agoura Hills Redevelopment Agency or its agent for registration of transfer, exchange, or payment, and any certificate 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 persons is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

No. _____ \$ _____

AGOURA HILLS REDEVELOPMENT AGENCY
TAX ALLOCATION BOND
(AGOURA HILLS REDEVELOPMENT PROJECT AREA)
SERIES 2008 (Taxable)

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
	_____, 20__	May __, 2008	

REGISTERED OWNER: [CEDE & CO.]

PRINCIPAL AMOUNT:

The Agoura Hills Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (the “Agency”), for value received hereby promises to pay to the registered owner specified above, or registered assigns, on the Maturity Date specified above the Principal Amount specified above, together with interest thereon until the principal of this bond (the “Series 2008 Bond”) shall have been paid. Interest on this Series 2008 Bond shall be payable on _____, 2008, and semiannually thereafter on _____ and _____ in each year (each an “Interest Payment Date”). This Series 2008 Bond shall bear interest at the Rate of Interest specified above from the Interest Payment Date next preceding the date of authentication hereof, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date (i.e., the 15th day of the month next preceding such Interest Payment Date) to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the dated date shown above; provided, however, that if, at the time of authentication, interest with respect to this Series 2008 Bond is in default, it shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to this Series 2008 Bond. Both the interest on and principal of this Series 2008 Bond are payable in lawful money of the United States of America. The principal (or redemption price) hereof is payable upon surrender of this Series 2008 Bond at maturity or the

earlier redemption of this Series 2008 Bond at the corporate trust office of The Bank of New York Trust Company, N.A. (the "Trustee") in Los Angeles, California, or at such other office as the Trustee may designate (the "Trust Office"). Interest on this Series 2008 Bond is payable by check mailed on each Interest Payment Date by first class mail to the person in whose name this Series 2008 Bond is registered at the close of business on the Record Date of the applicable Interest Payment Date at such person's address as it appears on the registration books of the Trustee, or upon written request received by the Trustee prior to the Record Date for an Interest Payment Date of an Owner of Bonds in the aggregate principal amount of \$1,000,000 or more, by transfer in immediately available funds to an account within the United States designated by such Owner.

This Series 2008 Bond is one of a duly authorized issue of bonds of the Agency designated Agoura Hills Redevelopment Agency, Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (Taxable) (the "Series 2008A Bonds"), limited in aggregate principal amount to \$_____, issued under the provisions of the Community Redevelopment Law of the State of California, as supplemented and amended (the "Law"), and pursuant to the provisions of an Indenture, dated as of May 1, 2008 (the "Indenture"), between the Agency and the Trustee. All Series 2008 Bonds and all other parity bonds issued pursuant to the Indenture (collectively, the "Bonds") are equally and ratably secured in accordance with the terms and conditions of the Indenture. Reference is hereby made to the Indenture, to any indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds. All the terms of the Indenture and the Law are hereby incorporated in this Series 2008 Bond and constitute a contract between the Agency and the registered owner from time to time of this Series 2008 Bond, and to all the provisions thereof the registered owner of this Series 2008 Bond, by such owner's acceptance of this Series 2008 Bond, consents and agrees. Capitalized terms used but not defined in this Series 2008 Bond have the meanings ascribed to them in the Indenture. Each registered owner of this Series 2008 Bond shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Series 2008 Bonds are issued for the purposes of financing costs of redevelopment activities within a duly created project area in Agoura Hills, California, as more particularly described in the Indenture.

The Bonds are limited obligations of the Agency and are payable, as to interest thereon, principal thereof and any premiums upon the redemption thereof, exclusively from the Tax Revenues and certain other funds, and the Agency is not obligated to pay them except from the Tax Revenues and such other funds. The Bonds are equally secured by a pledge of, and charge and lien upon, the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds. Additional tax allocation bonds payable from the Tax Revenues may be issued which will rank equally as to security with the Bonds, but only subject to the terms and conditions set forth in the Indenture.

The Agency hereby covenants and warrants that, for the payment of the interest on and principal of and redemption premium, if any, on this Series 2008 Bond and all other Bonds issued under the Indenture when due, there has been created and will be maintained by the Agency a special fund into which all Tax Revenues shall be deposited, and as an irrevocable charge the Agency has allocated the Tax Revenues to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Agency will pay promptly when due the interest on and principal of and redemption premium, if any, on this Series 2008 Bond and all other Bonds of this issue and all additional tax allocation bonds authorized by the Indenture out of said special fund, all in accordance with the terms and provisions set forth in the Indenture.

The Series 2008 Bonds maturing on or before _____ shall not be subject to optional redemption prior to their maturity. The Series 2008 Bonds maturing on or after _____ shall be subject to redemption as a whole or in part, from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date) prior to their maturity at the option of the Agency on any date on or after _____, from funds derived by the Agency from any source, at a redemption price equal to [100 percent of the principal amount of the Series 2008 Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium].

The Series 2008 Bonds maturing on _____ and _____ shall be subject to mandatory sinking fund redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, without premium, on _____ of the years and in the aggregate respective principal amounts set forth in the Indenture.

As provided in the Indenture, notice of redemption of this Series 2008 Bond shall be sent by first class mail (or such other means as acceptable to the recipient of such notice) not more than 60 days and not less than 30 days prior to the redemption date, to the respective Owner of this Series 2008 Bond at the address appearing on the registration books of the Trustee and to certain securities depositories and information services. Failure to receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice of redemption has been duly given as aforesaid and money for payment of the above-described redemption price is held by the Trustee, then such Series 2008 Bonds shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue and registered owners of such Series 2008 Bonds shall have no rights in respect thereof except to receive payment of such redemption price thereof.

If an Event of Default 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; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding.

The owner of any Series 2008 Bond(s) may surrender the same at the Trust Office in exchange for an equal aggregate principal amount of fully registered Series 2008 Bonds of any

other authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Series 2008 Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the Trust Office by the registered owner of this Series 2008 Bond in person, or by such registered owner's duly authorized attorney, upon surrender of this Series 2008 Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such registered owner's duly authorized attorney, and thereupon a new fully registered Series 2008 Bond(s), in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Agency and the Trustee may deem and treat the person in whose name this Series 2008 Bond is registered as the absolute owner of this Series 2008 Bond for the purpose of receiving payment of, or on account of, the interest on and principal of and redemption premium, if any, on this Series 2008 Bond and for all other purposes. The Trustee shall not be required to register the transfer or exchange of any Bond during the 15 days preceding any date established by the Trustee for selection of Series 2008 Bonds for redemption or any Series 2008 Bonds which have matured or been selected for redemption.

The rights and obligations of the Agency and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such amendment shall (1) extend the maturity of this Series 2008 Bond, or reduce the interest rate on this Series 2008 Bond, or otherwise alter or impair the obligation of the Agency to pay the interest on, principal of or any premium payable on the redemption of this Series 2008 Bond at the time and place and at the rate and in the currency provided in this Series 2008 Bond, without the express written consent of the registered owner of this Series 2008 Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Series 2008 Bonds and all additional parity tax allocation bonds authorized by the Indenture or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Indenture.

This Series 2008 Bond is not a debt of the City of Agoura Hills, the State of California or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable on this Series 2008 Bond, nor in any event shall this Series 2008 Bond or any interest on this Series 2008 Bond or any redemption premium on this Series 2008 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, and neither the members of the Agency nor any persons executing the Bonds shall be personally liable on the Bonds by reason of their issuance.

This Series 2008 Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration on this Series 2008 Bond endorsed shall have been manually signed by the Trustee.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Series 2008 Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Series 2008 Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the Agoura Hills Redevelopment Agency has caused this Series 2008 Bond to be executed in its name and on its behalf by its Chair and attested by its Secretary, and has caused this Series 2008 Bond to be dated the date first written above.

**AGOURA HILLS
REDEVELOPMENT AGENCY**

By _____
Chair

Attest:

Secretary

[TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2008 Bonds described in the within-mentioned Indenture and registered on the Bond Registration Books.

Date: _____, 20__

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

By _____
Authorized Signatory

=====

[FORM OF ASSIGNMENT]

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

_____,
whose tax identification number is_____, the within-mentioned registered Bond and hereby
irrevocably constitute(s) and appoint(s) _____ attorney to
transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

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

NOTICE: Signature must be guaranteed by a
member of an institution which is a participant
in the Securities Transfer Agent Medallion
Program (STAMP) or other similar program.

APPENDIX B
FORM OF EXPENSE FUND REQUISITION

REQUISITION NO. ____

with reference to

\$ _____
Agoura Hills Redevelopment Agency
Tax Allocation Bonds,
(Agoura Hills Redevelopment Project Area)
Series _____

I. The Agoura Hills Redevelopment Agency (the “Agency”) hereby requests The Bank of New York Trust Company, N.A., as trustee (the “Trustee”) pursuant to that certain Indenture dated as of May 1, 2008 (the “Indenture”) between the Agency and the Trustee, under the terms of which the Agency has issued the above-captioned Bonds to pay from the moneys in the Series ____ Expense Account of the Expense Fund established pursuant to Sections 5.03 and 5.05 of the Indenture (the “Series ____ Expense Account”), the amounts shown on Schedule I attached hereto to the parties indicated in Schedule I. Such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule I or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions given by the Agency with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule I hereto.

III. Each obligation mentioned in Schedule I hereto has been properly incurred and is a proper charge against the Series ____ Expense Account. None of the items for which payment is requested has been reimbursed previously from the Series ____ Expense Account.

DATED: _____, 20__

AGOURA HILLS REDEVELOPMENT AGENCY

By: _____
[Title]

AGOURA HILLS REDEVELOPMENT AGENCY
and
THE BANK OF NEW YORK TRUST COMPANY, N.A.

as Trustee

INDENTURE

Dated as of May 1, 2008

Relating to

Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008

TABLE OF CONTENTS

ARTICLE I DEFINITIONS; EQUAL SECURITY	2
SECTION 1.1 Definitions.....	2
SECTION 1.2 Equal Security.....	14
ARTICLE II THE BONDS; SERIES 2008 BOND PROVISIONS	14
SECTION 2.1 Authorization.	14
SECTION 2.2 Terms of Series 2008 Bonds.....	14
SECTION 2.3 Form of Series 2008 Bonds.....	16
SECTION 2.4 Redemption of Series 2008 Bonds; General Provisions Relating to Redemption.	16
SECTION 2.5 Execution of Bonds.....	19
SECTION 2.6 Transfer and Registration of Bonds.	19
SECTION 2.7 Exchange of Bonds.	20
SECTION 2.8 Bond Registration Books.....	20
SECTION 2.9 Mutilated, Destroyed, Stolen or Lost Bonds.....	20
SECTION 2.10 Temporary Bonds.....	20
SECTION 2.11 Validity of Bonds.....	21
SECTION 2.12 Book-Entry System.....	21
ARTICLE III ISSUANCE OF SERIES 2008 BONDS; APPLICATION OF PROCEEDS OF SALE	22
SECTION 3.1 Issuance of Series 2008 Bonds.	22
SECTION 3.2 Sale of Series 2008 Bonds -- Allocation of Proceeds among Funds and Accounts.....	23
ARTICLE IV ISSUANCE OF ADDITIONAL BONDS	23
SECTION 4.1 Conditions for the Issuance of Additional Bonds.	23
SECTION 4.2 Procedure for the Issuance of Additional Bonds.	25
ARTICLE V HOUSING SET-ASIDE REVENUES; CREATION OF FUNDS	26
SECTION 5.1 Pledge of Housing Set-Aside Revenues.	26
SECTION 5.2 Special Fund; Receipt and Deposit of Housing Set-Aside Revenues; Debt Service Fund.....	26
SECTION 5.3 Establishment of Other Funds.....	27
SECTION 5.4 Redevelopment Fund.	27
SECTION 5.5 Expense Fund.....	27
SECTION 5.6 Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund.....	28
SECTION 5.7 Investment of Moneys in Funds and Accounts.....	30
ARTICLE VI COVENANTS OF THE AGENCY.....	31
SECTION 6.1 Punctual Payment.....	31
SECTION 6.2 Against Encumbrances.....	31
SECTION 6.3 Extension or Funding of Claims for Interest.....	31
SECTION 6.4 Management and Operation of Properties.	31

SECTION 6.5	Payment of Claims.....	31
SECTION 6.6	Records and Accounts; Continuing Disclosure.	31
SECTION 6.7	Protection of Security and Rights of Owners.	32
SECTION 6.8	Payment of Taxes and Other Charges.....	32
SECTION 6.9	Financing the Project.	32
SECTION 6.10	Taxation of Leased Property.....	32
SECTION 6.11	Disposition of Property in Project Area.....	32
SECTION 6.12	Amendment of Redevelopment Plan.	33
SECTION 6.13	Housing Set-Aside Revenues.....	33
SECTION 6.14	Further Assurances.....	33
SECTION 6.15	Tax Covenants Relating to Series 2008 Bonds.....	33
SECTION 6.16	Housing Fund.....	34
ARTICLE VII THE TRUSTEE.....		34
SECTION 7.1	The Trustee.	34
SECTION 7.2	Liability of Trustee.	35
SECTION 7.3	Reliance by Trustee.....	38
SECTION 7.4	Trustee’s Acceptance of Instructions by Electronic Transmission.....	38
SECTION 7.5	Merger or Consolidation.	39
ARTICLE VIII AMENDMENT OF THE INDENTURE.....		39
SECTION 8.1	Amendment by Consent of Owners.....	39
SECTION 8.2	Disqualified Bonds.....	40
SECTION 8.3	Endorsement or Replacement of Bonds After Amendment.	40
SECTION 8.4	Opinion of Counsel.....	41
ARTICLE IX EVENTS OF DEFAULT AND REMEDIES OF OWNERS		41
SECTION 9.1	Events of Default and Acceleration of Maturities.	41
SECTION 9.2	Application of Funds upon Acceleration.....	42
SECTION 9.3	Other Remedies of Owners.....	42
SECTION 9.4	Non-Waiver.....	43
SECTION 9.5	Actions by Trustee as Attorney-in-Fact.....	43
SECTION 9.6	Remedies Not Exclusive.....	43
SECTION 9.7	Owners’ Direction of Proceedings.....	43
SECTION 9.8	Limitation on Owners’ Right to Sue.....	44
ARTICLE X DEFEASANCE.....		44
SECTION 10.1	Discharge of Indebtedness.....	44
SECTION 10.2	Unclaimed Moneys.	46
ARTICLE XI SERIES 2008 BOND INSURANCE POLICY		46
ARTICLE XII MISCELLANEOUS.....		46
SECTION 12.1	Liability of Agency Limited to Housing Set-Aside Revenues.	46
SECTION 12.2	Benefits of Indenture Limited to Parties.....	47
SECTION 12.3	Successor Deemed Included in All References to Predecessor.....	47
SECTION 12.4	Execution of Documents by Owners.	47

SECTION 12.5	Waiver of Personal Liability.....	48
SECTION 12.6	Acquisition of Bonds by Agency.....	48
SECTION 12.7	Content of Certificates and Reports.....	48
SECTION 12.8	Funds and Accounts.....	48
SECTION 12.9	Article and Section Headings and References.....	48
SECTION 12.10	Partial Invalidity.....	49
SECTION 12.11	Notices.....	49
SECTION 12.12	Execution in Several Counterparts.....	50
SECTION 12.13	Business Days.....	50
SECTION 12.14	Governing Law.....	50

- APPENDIX A – FORM OF SERIES 2008 BOND
- APPENDIX B – FORM OF SERIES 2008B BOND
- APPENDIX C – FORM OF EXPENSE FUND REQUISITION

INDENTURE

This Indenture (the “Indenture”), dated as of May 1, 2008, is made and entered into by and between the Agoura Hills Redevelopment Agency, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the “Agency”), and The Bank of New York Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

RECITALS

A. The Agency is a redevelopment agency, a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and referred to in this Indenture as the “Law”) and the powers of such agency include the power to issue bonds for any of its corporate purposes.

B. Pursuant to the Law, the City Council of the City of Agoura Hills (the “City”) approved and adopted a redevelopment plan for the Agoura Hills Redevelopment Project (the “Project Area”).

C. The Redevelopment Plan contemplates the Agency will issue bonds to finance the cost of redevelopment activities within the Project Area.

D. The Agency, by Resolution No. _____, adopted on _____, 2008, authorized the issuance of its Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (the “Series 2008 Bonds”) for the purpose of financing low and moderate income housing projects of the Agency.

E. The Agency has determined to issue the Series 2008 Bonds pursuant to this Indenture and to secure the Series 2008 Bonds in the manner provided in this Indenture.

F. All things necessary to cause the Series 2008 Bonds, when authenticated by the Trustee and issued as in this Indenture provided, to be legal, special obligations of the Agency, enforceable in accordance with their terms, and to constitute this Indenture as a valid agreement for the uses and purposes set forth in this Indenture in accordance with its terms, have been done and taken, and the creation, execution and delivery of this Indenture and the creation, execution and issuance of the Series 2008 Bonds, subject to the terms of this Indenture, have in all respects been duly authorized.

NOW THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions set forth therein and in this Indenture, 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 contained in this Indenture and of the purchase and acceptance of the Bonds by Owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Agency does

hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS; EQUAL SECURITY

SECTION 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and the Bonds and of any certificate, opinion, report, request or other document herein or therein mentioned have the meanings specified below.

Accreted Value

The term “Accreted Value” means, with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the initial amount thereof and the interest accrued and compounded thereon, as determined in accordance with the provisions of the Supplemental Indenture authorizing issuance of such Bonds, to such date of calculation.

Additional Allowance

The term “Additional Allowance” means, as of the date of calculation, the amount of Housing Set-Aside Revenues which, as shown in a Consultant’s Report, are estimated to be receivable by the Agency in the next Fiscal Year as a result of increases in the assessed valuation of taxable property in the Project Area due to either (i) construction which has been completed but has not yet been reflected on the tax roll, or (ii) transfer of ownership or any other interest in real property, which is not then reflected on the tax roll.

Agency

The term “Agency” means the Agoura Hills Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

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

The term “Annual Debt Service,” with respect to the Outstanding Bonds for which the calculation is being made, means for each Bond Year, the sum of (1) the interest falling due on such Outstanding Bonds in that Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds, if any, are redeemed from the Sinking Account, as may be scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) the principal amount of such Outstanding Serial Bonds, if any, maturing by their terms in such Bond Year, and (3) the minimum principal amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

With respect to Capital Appreciation Bonds, the Accreted Value payment shall be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bonds.

If any Bonds bear interest payable pursuant to a variable interest rate formula, the interest rate on such Bonds for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the greater of (a) the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if such 25 Bond Revenue Index is no longer published) or (b) the average variable rate of interest borne by such Bonds during the preceding 36 months or, if such Bonds were not outstanding during all of the preceding 36 months, the highest interest rate borne by variable interest rate debt for which the interest rate is computed by reference to a variable interest rate formula comparable to that utilized for such Bonds.

“Annual Debt Service” shall not include (a) interest on Bonds which is to be paid from amounts constituting capitalized interest or (b) principal and interest allocable to that portion of the proceeds of any Bonds required to remain unexpended and to be held in escrow pursuant to the terms of a Supplemental Indenture, provided that (i) projected interest earnings on such amounts, if any, deposited by the Agency in the Interest Account, are sufficient to pay the interest due on such portion of the Bonds so long as it is required to be held in escrow and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to Housing Set-Aside Revenues coverage and satisfaction of the Reserve Requirement, are substantially the same as those for the issuance of Additional Bonds.

The term “Average Annual Debt Service” means the average Annual Debt Service over all Bond Years.

The term “Maximum Annual Debt Service” means the largest Annual Debt Service during the period from the date of calculation through the final maturity date of any Outstanding Bonds.

Authorized Officer

The term “Authorized Officer” means, with respect to the Agency, the Chair (or in the Chair’s absence, the Vice Chair), or the Executive Director of the Agency, or any other officer of the Agency duly authorized to act on behalf of the Agency for purposes of this Indenture.

Authorized Investments

[The term “Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities;
- (b) Federal Home Loan Mortgage Corporation participation certificates or senior debt obligations;
- (c) Federal National Mortgage Association mortgage-backed securities or senior debt obligations;

(d) certificates of deposit, time deposits or bankers' acceptances with a maturity of one (1) year or less of any bank (including the Trustee) the debt obligations of which or the debt obligations of the holding company of which have been rated "A-1+" by S&P and "P-1" by Moody's;

(e) obligations rated at least "AA" by S&P and "Aa" by Moody's;

(f) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or an affiliate provides investment management or other services;

(g) deposits which are fully insured by the Federal Deposit Insurance Corporation;

(h) repurchase agreements with financial institutions fully insured by the Federal Deposit Insurance Corporation or any broker-dealer with "retail customers" which falls under Securities Investors Protection Corporation jurisdiction, and at the time of execution of such repurchase agreement, having unsecured debt obligations rated in one of the two highest rating categories (without regard to any modifier) by S&P and Moody's, which repurchase agreements are secured by any of the obligations referred to in (a) above, provided that the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral securing such repurchase agreement and the Trustee has a perfected first security interest in the collateral securing such repurchase agreement;

(i) an investment agreement or guaranteed investment contract with a national or state chartered bank or savings and loan institution (including the Trustee) or other financial institution or insurance company, respecting the investment of moneys in certain funds or accounts established pursuant to this Indenture; provided that, at the time of execution thereof, any such bank, institution, or company has unsecured debt obligations or claims paying ability rated in one of the two highest rating categories (without regard to any modifier) by S&P and/or Moody's;

(j) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended, to the extent such shares are held in the name and to the credit of the Trustee; or

(k) Any state administered pool investment fund in which the Agency is statutorily permitted or required to invest will be deemed a permitted investment, including, but not limited to the Local Agency Investment Fund in the treasury of the State.]

Book-Entry Bonds

The term "Book Entry Bonds" means Bonds of any Series registered in the name of the Nominee of a Depository as the Owner thereof pursuant to the terms and provisions of Section 2.12 of this Indenture.

Bond Year

The term “Bond Year” means each twelve month period extending from _____ in one calendar year to _____ of the succeeding calendar year, both dates inclusive; except that the first Bond Year shall extend from the Closing Date to _____.

Bonds, Series 2008 Bonds, Series 2008B Bonds, Additional Bonds, Capital Appreciation Bonds, Serial Bonds, Term Bonds

The term “Additional Bonds” means all tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with Article IV.

The term “Bonds” means the Series 2008 Bonds and all Additional Bonds.

The term “Capital Appreciation Bonds” means any Additional Bonds described as such when issued.

The term “Serial Bonds” means Bonds for which no mandatory sinking account payments are provided.

The term “Series 2008 Bonds” means the Agoura Hills Redevelopment Agency, Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008.

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

Business Day

The term “Business Day” means a day other than a Saturday, a Sunday or a day on which banks located in the city where the corporate trust office of the Trustee is located are required or authorized to remain closed.

Certificate of the Agency

The term “Certificate of the Agency” means an instrument in writing signed by an Authorized Officer of the Agency.

City

The term “City” means the City of Agoura Hills, California.

Closing Date

The term “Closing Date” means, with respect to each Series of Bonds, the date of delivery of such Series of Bonds to the original purchaser thereof. The Closing Date for the Series 2008 Bonds shall be _____, 2008.

Code

The term “Code” means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

Consultant’s Report

The term “Consultant’s Report” means a report signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and including:

- (1) 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;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based;
- (3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

Continuing Disclosure Agreements

The term “Continuing Disclosure Agreements” means all continuing disclosure undertakings of the Agency with respect to the Bonds in connection with Securities Exchange Commission Rule 15c2-12, as originally executed and as the same may be amended and supplemented from time to time in accordance to the terms thereof.

County

The term “County” means the County of Los Angeles, California.

Debt Service Fund

The term “Debt Service Fund” means the Project Area Debt Service Fund held by the Trustee pursuant to Section 5.02.

Depository

The term “Depository” means any securities depository acting as Depository pursuant to Section 2.12 of this Indenture.

DTC

The term “DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

Escrow Bonds

The term “Escrow Bonds” has the meaning ascribed to it in Section 4.01.

Expense Fund

The term “Expense Fund” means the Project Area Bonds Expense Fund held by the Trustee pursuant to Section 5.05.

Federal Securities

The term “Federal Securities” means United States Treasury notes, bonds, bills or certificates of indebtedness, or other evidences of indebtedness secured by the full faith and credit of the United States of America; and also any securities now or hereafter authorized both the interest on and principal of which are guaranteed directly by the full faith and credit of the United States of America, as and to the extent that such securities are eligible for the legal investment of Agency funds.

Final Compounded Amount

The term “Final Compounded Amount” means the Accreted Value of a Capital Appreciation Bond at maturity.

Fiscal Year

The term “Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with the Law and identified in writing to the Trustee.

Housing Fund

The term “Housing Fund” means the low and moderate income housing fund with respect to the Project Area established pursuant to Section 33334.3 of the Law and held by the Agency.

Housing Set-Aside Revenues

The term “Housing Set-Aside Revenues” means the amounts required to be deposited by the Agency in the Housing Fund pursuant to Section 33334.2 or 33334.6 of the Law.

Indenture

The term “Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

The term “Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Agency, and who, or each of whom:

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

Independent Financial Consultant

The term “Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Agency and who, or each of whom:

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

Independent Redevelopment Consultant

The term “Independent Redevelopment Consultant” means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, appointed and paid by the Agency, and who, or each of whom:

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

Information Services

The term “Information Services” means Financial Information, Inc.’s “Daily Called Bond Service”, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attn: Call Notification; Standard & Poor’s Securities Evaluation, Inc., 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; Xcitek, 5 Hanover Square, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the Agency may designate to the Trustee in writing.

Interest Account

The term “Interest Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 5.06(a).

Interest Payment Date

The term “Interest Payment Date” means each _____ or _____ in which interest on any Series of Bonds is scheduled to be paid. With respect to the Series 2008 Bonds, the first Interest Payment Date shall be _____, 2008.

Law

The term “Law” means the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.

Letter of Representations

The term “Letter of Representations” means the Blanket Issuer Letter of Representations, dated _____, from the Agency to the Depository, qualifying bonds issued by the Agency for the Depository’s book-entry system, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

Moody’s

The term “Moody’s” means Moody’s Investors Service, its successors and assigns.

Nominee

The term “Nominee” means Cede & Co., or another nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.12 of this Indenture.

Outstanding

The term “Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02) all Bonds except

- (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 10.01; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

Owner

The term “Owner” means the registered owner of any Outstanding Bond according to the registration books held by the Trustee pursuant to Section 2.08.

Participants

The term “Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as securities depository.

Principal Account

The term “Principal Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 5.06(b).

Principal Payment Date

The term “Principal Payment Date” means each _____ on which principal of any Bond is scheduled to be paid.

Project

The term “Project” means the undertaking of the Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

Project Area

The term “Project Area” has the meaning ascribed to it in the Redevelopment Plan, and refers to the geographical area of the Agoura Hills Redevelopment Project Area, and any territory that may be hereafter added thereto by an amendment to the Redevelopment Plan.

Qualified Reserve Account Credit Instrument

The term “Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 5.06(d), provided that all of the following requirements are met: (i) at the time of issuance of the instrument, the long-term credit rating of such bank is within the highest rating category of Moody’s and S&P, or the claims paying ability of such insurance company is rated within the highest rating category of A.M. Best & Company and S&P, or if any of the Bonds are insured, the long-term credit rating of such bank or claims paying ability of such insurance company is at least as high as the insured rating of the Bonds; (ii) such letter of credit or surety bond has a term of at least 12 months; (iii) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 5.06(d); and (iv) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder amounts necessary to carry out the purposes specified in Section 5.06(d), including the replenishment of the Interest Account, the Principal Account or the Sinking Account.

Rebate Amount

The term “Rebate Amount” has the meaning ascribed to it in the Tax Certificate relating to the Series 2008 Bonds.

Record Date

The term “Record Date” means with respect to any Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

Redevelopment Fund

The term “Redevelopment Fund” means the one or more redevelopment funds established and held by the Agency for the purposes described in Section 5.04.

Redevelopment Plan

The term “Redevelopment Plan” means the redevelopment plan for the Agoura Hills Redevelopment Project Area, adopted by the City Council of the City and as such plan is amended to date and as the same may be further amended and supplemented from time to time.

Reserve Account

The term “Reserve Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 5.06(d).

Reserve Requirement

The term “Reserve Requirement” means, as of any calculation date, an amount (to be confirmed by the Agency to the Trustee upon the Trustee’s request) equal to the least of (i) 10 percent of the sum of the original stated principal amounts of all Series of Bonds at issuance, (ii) 125 percent of Average Annual Debt Service or (iii) Maximum Annual Debt Service.

S&P

The term “S&P” means Standard & Poor’s Rating Services, its successors and assigns.

Securities Depositories

The term “Securities Depositories” means: The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855 7232; or such other addresses and/or such other securities depositories as the Agency may designate to the Trustee in writing.

Series

The term “Series,” when used with reference to the Bonds, means all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Indenture (including any Supplemental Indenture) as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

Sinking Account

The term “Sinking Account” means the account by that name within the Debt Service Fund held by the Trustee pursuant to Section 5.06(c).

Sinking Account Installment

The term “Sinking Account Installment” means the amount of money required by or pursuant to this Indenture to be paid by the Agency on any single date toward the retirement of any particular Term Bonds of any particular Series on or prior to their respective stated maturities.

Sinking Account Payment Date

The term “Sinking Account Payment Date” means any date on which Sinking Account Installments on any Series of Bonds are scheduled to be paid.

Special Fund

The term “Special Fund” means the Project Area Special Fund held by the Agency pursuant to Section 5.02.

State

The term “State” means the State of California.

Supplemental Indenture

The term “Supplemental Indenture” means any indenture then in full force and effect which has been entered into by the Agency and the Trustee, amendatory of or supplemental to this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under this Indenture.

Tax Certificate

The term “Tax Certificate” means the Certificate Regarding Compliance with Certain Tax Matters (or similar document) pertaining to the use and investment of proceeds of a Series of Tax-Exempt Bonds, executed and delivered by an Authorized Officer of the Agency on the related Closing Date, including any and all exhibits and attachments thereto.

Tax-Exempt

The term “Tax-Exempt” means, with respect to interest on any obligations of a state or local government that such interest is excluded from gross income for federal income tax purposes whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax, under the Code.

Tax Revenues

The term “Tax Revenues” means that portion of taxes levied upon taxable property in the Project Area allocated and paid into a special fund of the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the California Constitution.

Total Maturity Amount

The term “Total Maturity Amount” means with respect to any Outstanding Bond other than a Capital Appreciation Bond, the aggregate principal amount thereof and, with respect to any Outstanding Capital Appreciation Bond, the Final Compounded Amount thereof.

Trust Office

The term “Trust Office” means the principal corporate trust office of the Trustee in Los Angeles, California or such other offices as may be specified by the Trustee in writing.

Trustee

The term “Trustee” means The Bank of New York Trust Company, N.A., and its successors and assigns, or any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01.

Written Request of the Agency

The term “Written Request of the Agency” means an instrument in writing signed by an Authorized Officer of the Agency.

SECTION 1.2 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the Agency and the Trustee for the benefit of Owners from time to time of all Bonds issued under this Indenture and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds authorized, executed, issued and delivered under this Indenture; and the agreements and covenants set forth in this Indenture 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 Bonds over any other Bonds, subject to the agreements, conditions, covenants and provisions contained in this Indenture.

ARTICLE II THE BONDS; SERIES 2008 BOND PROVISIONS

SECTION 2.1 Authorization. Subject to Agency authorization, Bonds in unlimited amount may be issued at any time under and subject to the terms of this Indenture. The Agency has reviewed all proceedings heretofore taken relative to the authorization of the Series 2008 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2008 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 authorized pursuant to each and every requirement of law, to issue the Series 2008 Bonds in the manner and form provided in this Indenture. Accordingly, the Agency hereby authorizes the issuance of the Series 2008 Bonds for the purpose of providing funds to aid in the financing of the Project.

SECTION 2.2 Terms of Series 2008 Bonds.

(a) The Series 2008 Bonds shall be dated as of the Closing Date, shall mature on _____ in each of the years and in the amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

Year (_____)	Principal <u>Amount</u>	Interest <u>Rate</u>
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The Series 2008 Bonds shall be delivered in fully registered form, numbered from one upwards in consecutive numerical order. The Series 2008 Bonds shall be executed and delivered in the denominations of \$5,000 or any integral multiple thereof.

(b) Each Series 2008 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any Series 2008 Bond, interest with respect to such Series 2008 Bond is in default, such Series 2008 Bond shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Series 2008 Bond.

Interest with respect to any Series 2008 Bond shall be payable in lawful money of the United States of America on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date, such interest to be paid by check of the Trustee, mailed by first class mail on the Interest Payment Date to the Owner at such Owner's address as it appears, on such Record Date, on the bond registration books maintained by the Trustee; provided, however, that at the written request of the Owner of Series 2008 Bonds in the aggregate principal amount of \$1,000,000 or more filed with the Trustee prior to any Record Date, interest on such Series 2008 Bonds shall be paid to such Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by transfer of immediately available funds to an account in the United States designated in such written request. Payments of defaulted interest with respect to the Series 2008 Bonds shall be paid by check to the Owners of the Series 2008 Bonds as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the registered Owners of the Series 2008 Bonds not less than ten days prior to such special record date. The principal of and premium, if any, on the Series 2008 Bonds are payable when due at the Trust Office in lawful money of the United States of America.

Notwithstanding the foregoing provisions of this Section 2.02(c), payments with respect to Book-Entry Bonds shall be subject to the Depository's procedures pursuant to Section 2.12

SECTION 2.3 Form of Series 2008 Bonds. The Series 2008 Bonds, the certificate of authentication and the assignment to appear thereon shall be substantially in the form attached as Appendix A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

SECTION 2.4 Redemption of Series 2008 Bonds; General Provisions Relating to Redemption.

(a) Optional Redemption of Series 2008 Bonds. The Series 2008 Bonds maturing on or before _____, 20__ shall not be subject to optional redemption prior to their maturity. The Series 2008 Bonds maturing on or after _____, 20__ shall be subject to redemption as a whole or in part from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date), prior to their maturity at the option of the Agency on any date on or after _____, 20__, from funds derived by the Agency from any source, at a redemption price equal to [100 percent of the principal amount of the Series 2008 Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium].

(b) Mandatory Sinking Fund Redemption. The Series 2008 Bonds maturing on _____, 20__ and _____, 20__ are also subject to redemption prior to their stated maturity, in part by lot, from Sinking Account Installments deposited in the Sinking Account on _____ of each year commencing _____, 20__ and _____, 20__, respectively, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, according to the following schedules:

Series 2008 Bonds maturing _____, 20__

Redemption Date (_____)	Principal Amount <u>Redeemed</u>
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Series 2008 Bonds maturing _____, 20__

Redemption Date (_____)	Principal Amount <u>Redeemed</u>
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(c) General Redemption Provisions.

(1) Selection of Bonds.

With respect to any Series of Bonds, whenever less than all of the Outstanding Bonds of a maturity are called for redemption at any one time, the Trustee shall select the Bonds to be redeemed, from the Outstanding Bonds of such maturity not previously selected for redemption, by lot; provided, that if less than all of the Outstanding Term Bonds of any maturity of a Series are called for optional redemption, each future Sinking Account Installment with respect to such Term Bonds will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total amount of Sinking Account Installment payments (with respect to such Term Bonds) to be made after the optional redemption shall be reduced by an amount equal to the principal amount of the Term Bonds so redeemed, as shall be designated by the Agency to the Trustee in writing.

(2) Purchase in Lieu of Redemption.

In lieu of redemption of any Term Bond, upon the Written Request of the Agency, the Trustee may apply amounts on deposit in the Debt Service Fund or the Sinking Account therein at any time, for the purchase of such 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 the Agency may determine in its discretion, but not in excess of the principal amount thereof. No Series 2008 Bonds shall be so purchased by the Trustee with a settlement date more than 60 days prior to the redemption date. The principal amount of any Term Bonds so purchased by the Trustee in any 12 month period ending 30 days prior to any Principal Payment Date in any year shall be credited towards and shall reduce the principal amount of such Term Bonds required to be redeemed on such Principal Payment Date in such year.

(3) Notice.

Notice of redemption shall be sent by first class mail (or with respect to notices to be received by DTC or its nominee, any Information Services or Securities Depository, by such transmission method as acceptable to such entity) by the Trustee, on behalf and at the expense of the Agency, not more than 60 days and not less than 30 days prior to the redemption date to (i) the respective Owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) one or more Information Services designated in writing to the Trustee by the Agency and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series designation of such Bonds, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of such Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice. If, at the time that the notice redemption is mailed to the Owner, the Agency has not deposited with the Trustee sufficient funds to pay the redemption price and accrued interest, in full, with respect to the Bonds being called, the notice shall expressly state that the redemption is conditioned upon the deposit of funds by the Agency on or before the redemption date.

Failure by the Trustee to give notice pursuant to this Section to any one or more of the Information Services or Securities Depositories, or the insufficiency of (or the defect in) any such notice shall not affect the sufficiency of the proceedings for redemption. The failure of any Owner to receive any redemption notice mailed to such Owner and any defect in the notice so sent shall not affect the sufficiency of the proceedings for redemption.

(4) Partial Redemption.

Upon surrender of any Bond redeemed in part only, the Agency shall execute (manually or by facsimile) and the Trustee shall authenticate and deliver to the Owner of such Bond, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same series, interest rate and the same maturity. A partial redemption shall be valid upon payment of the amount required to be paid to the registered owner, and the Agency and the Trustee shall be released and discharged from all liability to the extent of such payment.

(5) Right to Rescind.

The Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of

the Bonds then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under this Indenture. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

(6) Effect of Redemption.

From and after the date fixed for redemption, if notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Bonds so called for redemption shall have been duly provided, no interest shall accrue on such Bonds from and after the redemption date specified in such notice. Such Bonds, or parts thereof redeemed, will cease to be entitled to any lien, benefit or security under the Indenture.

All Bonds redeemed pursuant to the provisions of this Section shall be canceled by the Trustee and the Trustee shall upon Written Request of the Agency deliver a certificate of destruction to the Agency.

SECTION 2.5 Execution of Bonds. The Chair of the Agency is hereby authorized and directed to execute each of the Bonds on behalf of the Agency and the Secretary of the Agency is hereby authorized and directed to attest each of the Bonds on behalf of the Agency. Any of the signatures of the Chair or the Secretary may be printed, lithographed or reproduced by other kinds of facsimile reproduction, on a Bond to the extent permitted by law. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes the same as though such officer had remained in office until such delivery of the Bonds.

Only such Series 2008 Bonds bearing thereon a certificate of authentication and registration in the form set forth in Appendix A, executed manually by the Trustee, shall be entitled to any benefits under the Indenture or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Series 2008 Bonds, so registered has been duly issued and delivered under this Indenture and are entitled to the benefits of the Indenture.

SECTION 2.6 Transfer and Registration of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08, by the person in whose name it is registered, in person or by that person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in substantially the form set forth in Appendix A hereto (with respect to the Series 2008 Bonds) or in the appendix of the applicable Supplemental Indenture (with respect to other Bonds), duly executed.

Whenever any Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of like series, tenor, maturity and Total Maturity Amount. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such transfer shall be paid by the Agency, except that the Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Trustee shall not be required to register the transfer or exchange of any Bond during the 15 days preceding any date established by the Trustee for selection of Bonds for redemption or any Bonds which have matured or been selected for redemption.

SECTION 2.7 Exchange of Bonds. Bonds may be exchanged at the Trust Office for the same aggregate Total Maturity Amount of Bonds of the same series and maturity of other authorized denominations. The cost of printing any Bonds and any services rendered or expenses incurred by the Trustee in connection with any such exchange shall be paid by the Agency, except that the Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No such exchange shall be required to be made during the 15 days preceding any date established by the Trustee for selection of Bonds for redemption or any Bonds which have matured or been selected for redemption.

SECTION 2.8 Bond Registration Books. The Trustee will keep at the Trust Office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency during regular business hours with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds on said books as hereinbefore provided.

SECTION 2.9 Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated in respect of the body of such Bond, or shall be believed by the Agency to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Trustee, and upon the surrender of such mutilated Bond at the Trust Office, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss, and upon receipt also of indemnity satisfactory to the Agency and the Trustee, and upon payment of all expenses incurred by the Agency and the Trustee, the Agency shall execute (manually or by facsimile) and the Trustee shall authenticate and deliver at the Trust Office a new Bond or Bonds of the same series and maturity and for the same Total Maturity Amount, of like tenor and date, with such notations as the Agency shall determine, in exchange and substitution for and upon cancellation of the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Trustee upon receipt by the Trustee and the Agency of like proof, indemnity and payment of expenses.

Any such replacement Bonds issued pursuant to this Section shall be entitled to equal and proportionate benefits with all other Bonds issued under this Indenture. The Agency and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under this Indenture or for the purpose of determining any percentage of Bonds Outstanding under this Indenture, but both the original and replacement Bond shall be treated as one and the same.

SECTION 2.10 Temporary Bonds. Until definitive Bonds shall be prepared, the Agency may cause to be executed and delivered in lieu of such definitive Bonds and subject to the same provisions, limitations and conditions as are applicable in the case of definitive

Bonds, except that they may be in any denominations authorized by the Agency, one or more temporary typed, printed, lithographed or engraved Bonds in fully registered form, as may be authorized by the Agency, substantially of the same tenor and, until exchanged for definitive Bonds, entitled and subject to the same benefits and provisions of the Indenture as definitive Bonds. If the Agency issues temporary Bonds it will execute and furnish definitive Bonds without unnecessary delay and thereupon the temporary Bonds shall be surrendered to the Trustee at the Trust Office, without expense to the Owner in exchange for such definitive Bonds. All temporary Bonds so surrendered shall be canceled by the Trustee and shall not be reissued.

SECTION 2.11 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Agency for the financing or refinancing of the Project, or by any contracts made by the Agency in connection therewith, and shall not be dependent upon the completion of the financing or refinancing of the Project or upon the performance by any person of such person's obligation with respect to the Project, and the recital contained in the Bonds that the same are issued pursuant to the Law shall be conclusive evidence of their validity and of the regularity of their issuance.

SECTION 2.12 Book-Entry System. Unless otherwise provided with respect to a Series of Bonds in the related Supplemental Indenture, the Bonds of each Series shall be issued as Book-Entry Bonds in fully registered form with no distribution of physical bonds made to the public. Each maturity of each Series of Book-Entry Bonds shall be in the form of a separate single fully registered Bond (which may be typewritten); provided, that if there are different interest rates within a maturity, then there shall be one separate single fully registered Bond for each interest rate within such maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the bond register in the name of the Nominee, as nominee of the Depository.

With respect to Book Entry Bonds, the Agency and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such Book Entry Bonds. Without limiting the immediately preceding sentence, the Agency and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in Book Entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the bond register, of any notice with respect to Book Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book Entry Bonds to be redeemed in the event the Agency redeems such in part, or (iv) the payment of any Participant or any other person, other than an Owner as shown in the bond register, of any amount with respect to principal of, premium, if any, or interest on Book Entry Bonds. The Agency and the Trustee may treat and consider the person in whose name each Book Entry Bond is registered in the bond register as the absolute Owner of such Book Entry Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the

Agency's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the bond register, shall receive a Bond evidencing the obligation of the Agency to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and Agency of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in this Indenture with respect to record dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

In order to qualify the Book Entry Bonds for the Depository's book entry system, the Agency has executed and delivered to the Depository the Letter of Representations. The execution and delivery of the Letter of Representations do not in any way impose upon the Agency or the Trustee any obligation whatsoever with respect to persons having interests in such Book Entry Bonds other than the Owners, as shown on the bond register. In addition to the execution and delivery of the Letter of Representations, the Agency and the Trustee, at the Written Request of the Agency, shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book Entry Bonds for the Depository's book entry program.

In the event (i) the Depository determines not to continue to act as securities depository for any Series of Book Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee and the Agency of such determination, then the Agency will discontinue the book entry system with the Depository. If the Agency determines to replace the Depository with another qualified securities depository, the Agency shall prepare or direct the preparation of a new single, separate, fully registered Bond for each maturity of such Book Entry Bonds (provided, that if there are different interest rates within a maturity, then there shall be one separate single fully registered Bond for each interest rate within such maturity), registered in the name of such successor or substitute qualified securities depository or its nominee. If the Agency fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such bond register in the name of the Nominee, but shall be registered in whatever name or names Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.06 and 2.07.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Book Entry Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

ARTICLE III

ISSUANCE OF SERIES 2008 BONDS; APPLICATION OF PROCEEDS OF SALE

SECTION 3.1 Issuance of Series 2008 Bonds. The Agency may at any time execute and deliver the Series 2008 Bonds authorized to be issued under this Indenture and upon the Written Request of the Agency the Trustee shall authenticate and deliver the Series 2008 Bonds.

SECTION 3.2 Sale of Series 2008 Bonds -- Allocation of Proceeds among Funds and Accounts.

(a) Upon receipt of payment for the Series 2008 Bonds, the Trustee shall set aside and deposit the proceeds received from such sale in the amount of \$_____ (which is equal to the par amount of the Series 2008 Bonds, [plus/less] a net original issue [premium/discount] of \$_____, and less an underwriter's discount of \$_____) as follows:

(i) The Trustee shall deposit in the Series 2008 Reserve Subaccount the amount of \$_____ (which equals the initial Reserve Requirement with respect to the Series 2008 Bonds).

(ii) The Trustee shall deposit in the Series 2008 Expense Account within the Expense Fund the amount of \$_____ to pay the costs incurred or to be incurred by the Agency in connection with the issuance of the Series 2008 Bonds.

(iii) The Trustee shall transfer the amount of \$_____ to the Agency for deposit in the Series 2008 Account of the Redevelopment Fund (which shall be established pursuant to Section 5.03).

ARTICLE IV
ISSUANCE OF ADDITIONAL BONDS

SECTION 4.1 Conditions for the Issuance of Additional Bonds. The Agency may at any time after the issuance and delivery of the Series 2008 Bonds under this Indenture issue Additional Bonds payable from the Housing Set-Aside Revenues and secured by a lien and charge upon the Housing Set-Aside Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) No Events of Defaults shall have occurred and be continuing under this Indenture (including any Supplemental Indenture), and a Certificate of the Agency to that effect shall have been filed with the Trustee.

(b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture duly adopted by the Agency which shall specify the following:

(1) The purpose for which such Additional Bonds are to be issued and the fund or funds into which the proceeds of the Additional Bonds are to be deposited, including a provision requiring the proceeds of such Additional Bonds to be applied solely for (i) the purpose of aiding in financing the Project, including payment of all costs incidental to or connected with such financing, and/or (ii) the purpose of refunding any Bonds or other indebtedness related to the Project, including payment of all costs incidental to or connected with such refunding;

- (2) The authorized principal amount of such Additional Bonds;
- (3) The date and the maturity date or dates of such Additional Bonds; provided that Principal Payment Dates and Sinking Account Payment Dates with respect to such Additional Bonds may occur only on _____;
- (4) The Interest Payment Dates, which shall be on _____ and _____ of each year; provided, that such Additional Bonds may provide for compounding of interest in lieu of payment of interest on such dates;
- (5) The denomination and method of numbering of such Additional Bonds;
- (6) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;
- (7) The amount and due date of each mandatory Sinking Account Installment, if any, for such Additional Bonds;
- (8) The amount, if any, to be deposited from the proceeds of such Additional Bonds in the Interest Account;
- (9) The amount, if any, to be deposited from the proceeds of such Additional Bonds into the Reserve Account; provided that the balance of the Reserve Account shall be increased at the time such Additional Bonds are issued to an amount at least equal to the Reserve Requirement on all then Outstanding Bonds and such Additional Bonds;
- (10) The form of such Additional Bonds; and
- (11) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The Agency shall provide a Consultant's Report to the Trustee evidencing that Housing Set-Aside Revenues (based upon the assessed valuation of taxable property in the Project Area for the fiscal year shown on the most recently equalized assessment roll preceding the date of the Agency's execution and delivery of the Supplemental Indenture providing for the issuance of such Additional Bonds) plus, at the option of the Agency, the Additional Allowance, shall be in an amount equal to at least 1.35 times Maximum Annual Debt Service following the issuance of such Additional Bonds, and

For the purposes of the issuance of Additional Bonds, Outstanding Bonds shall not include any Bonds the proceeds of which are deposited in an escrow fund held by the Trustee or an escrow agent ("Escrow Bonds"), provided that the Supplemental Indenture authorizing issuance of such Escrow Bonds shall provide that: (i) such proceeds shall be invested in Federal Securities that bear interest at a rate which, together with amounts made available by the Agency from bond proceeds or otherwise, is at least sufficient to pay Annual Debt Service on the Escrow Bonds during the specified escrow period; (ii) moneys may be transferred from said escrow fund only if Housing Set-Aside Revenues for the then current Fiscal Year plus, at the option of the

Agency, the Additional Allowance, shall be at least equal to 1.35 times Maximum Annual Debt Service (computed using the criteria set forth above based on the then Outstanding Bonds, less that portion the Annual Debt Service of which will be supported by moneys on deposit in such escrow fund after such transfer); and (iii) such Escrow Bonds shall be redeemed at par from moneys remaining on deposit in such escrow fund at the expiration of the specified escrow period. In addition, the Agency shall obtain an opinion of nationally recognized bond counsel on the delivery date of such Escrow Bonds to the effect that such escrow of proceeds will not affect the exclusion of the interest on any Outstanding Tax-Exempt Bonds from gross income for federal income tax purposes.

In the event such Additional Bonds are to be issued solely for the purpose of refunding and retiring any Outstanding Bonds, interest and principal payments on the Outstanding Bonds to be so refunded and retired from the proceeds of such Additional Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service. Nothing contained in the Indenture shall limit the issuance of any tax allocation bonds of the Agency payable from the Housing Set-Aside Revenues and secured by a lien and charge on the Housing Set-Aside Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Bonds theretofore issued under this Indenture will be Outstanding. Nothing contained in this Indenture shall prohibit the issuance of any tax allocation bonds or other indebtedness by the Agency secured by a pledge of Housing Set-Aside Revenues subordinate to the pledge of Housing Set-Aside Revenues securing the Bonds; provided, however, that no such issuance shall cause the Agency to exceed any applicable tax increment limit under the Redevelopment Plan or the Law.

SECTION 4.2 Procedure for the Issuance of Additional Bonds. All of the Additional Bonds shall be executed by the Agency for issuance under the Indenture and delivered to the Trustee and thereupon shall be delivered by the Trustee upon the Written Request of the Agency, but only upon receipt by the Trustee of the following documents or money or securities:

- (1) The fully executed Supplemental Indenture authorizing the issuance of such Additional Bonds;
- (2) A Written Request of the Agency as to the delivery of such Additional Bonds;
- (3) An opinion of counsel of recognized standing in the field of law relating to municipal bonds substantially to the effect that (a) the Agency has the right and power under the Law to execute and deliver such Supplemental Indenture thereto, and the Indenture, as so amended, is in full force and effect and are valid and binding upon the Agency and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and similar qualifications); and (b) such Additional Bonds are valid and binding special obligations of the Agency, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights);

(4) A Certificate of the Agency containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture; and

(5) Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Additional Bonds.

ARTICLE V
HOUSING SET-ASIDE REVENUES; CREATION OF FUNDS

SECTION 5.1 Pledge of Housing Set-Aside Revenues. All the Housing Set-Aside Revenues and all money in the Special Fund and in the funds or accounts so specified and provided for in this Indenture, whether held by the Agency or the Trustee (except any funds set aside for payment of the Rebate Amount pursuant to the Code), are hereby irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Housing Set-Aside Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding, subject to the provisions of this Indenture permitting application thereof for the purposes and on the terms and conditions set forth in this Indenture. This pledge shall constitute a first lien on the Housing Set-Aside Revenues and such other money for the payment of the Bonds in accordance with the terms thereof. The Agency hereby represents that, as of the Closing Date for the Series 2008 Bonds, the Agency does not have any other outstanding indebtedness secured by Housing Set-Aside Revenues which is ranked senior to or on a parity with the Series 2008 Bonds.

SECTION 5.2 Special Fund; Receipt and Deposit of Housing Set-Aside Revenues; Debt Service Fund. (a) There is hereby established a special fund known as the “Project Area Special Fund” (the “Special Fund”) held by the Agency. The Agency shall deposit all of the Housing Set-Aside Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required to be transferred to the Trustee pursuant to this Section 5.02 and Section 5.06 for such Bond Year; provided, that there shall not be deposited with the Trustee any taxes eligible for allocation to the Agency pursuant to the Law in an amount in excess of that amount which, together with all money then on deposit with the Trustee in the Debt Service Fund and the accounts therein, shall be sufficient to discharge all Outstanding Bonds pursuant to Article X.

(b) There is hereby established a fund known as the “Project Area Debt Service Fund” (the “Debt Service Fund”), to be held by the Trustee. On or before the fifth Business Day immediately preceding any Interest Payment Date, the Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money necessary to make the deposits required in Sections 5.06(a), (b) and (c). After the deposits required by Sections 5.06(a), (b) and (c) have been made and upon notice from the Trustee, the Agency shall withdraw from the Special Fund and deposit with the Trustee the amount of money necessary to make any deposit required by Section 5.06(d).

(c) All Housing Set-Aside Revenues received by the Agency at any time during any Bond Year in excess of the amount required to be transferred to the Trustee during

such Bond Year pursuant to subsection (b) of this Section shall be released from the pledge and lien under this Indenture and the Agency may apply such excess Housing Set-Aside Revenues for any lawful purpose of the Agency. So long as any Bonds are outstanding, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Special Fund or the Debt Service Fund, except as may be provided in this Indenture.

SECTION 5.3 Establishment of Other Funds. There has been previously established a redevelopment fund (the “Redevelopment Fund”) held by the Agency with respect to the Project Area. There is hereby established a special trust fund held by the Trustee called the “Project Area Bonds Expense Fund” (the “Expense Fund”).

So long as any of the Bonds authorized in this Indenture, or any interest thereon, remains unpaid, the moneys in the foregoing funds shall be used for no purpose other than those required or permitted by this Indenture and the Law.

The funds and accounts established in this Indenture may be divided by the Agency or by the Trustee, as applicable, as necessary or appropriate for record keeping purposes, and upon the Written Request of the Agency, in order to perform the necessary rebate calculations.

SECTION 5.4 Redevelopment Fund. Moneys in the Redevelopment Fund shall be used for the purpose of aiding in financing the Project (or for making reimbursements to the Agency for such costs theretofore paid by it), including payment of all costs incidental to or connected with such financing. The Agency warrants that each withdrawal from the Redevelopment Fund shall be made in the manner provided by law for the purpose of aiding in financing the Project or for making reimbursements to the Agency for such costs theretofore paid by the Agency. The Agency shall establish a separate and segregated account in the Redevelopment Fund designated the “Series 2008 Project Account” for the purpose of accounting for the deposit and use of the proceeds of the Series 2008 Bonds, in the Redevelopment Fund.

SECTION 5.5 Expense Fund. All moneys in the Expense Fund shall be applied to the payment of costs and expenses incurred by the Agency in connection with the authorization, issuance and sale of the Bonds and shall be disbursed by the Trustee upon delivery to the Trustee of a requisition, substantially in the form attached hereto as Appendix B, executed by an Authorized Officer of the Agency. Each such requisition shall be sequentially numbered and state the name and address of the person, firm or corporation to whom payment is due, the amount to be disbursed, the purposes for such disbursement and that such obligation has been properly incurred and is a proper charge against the Expense Fund. The Trustee shall establish and maintain an account within the Expense Fund for the Series 2008 Bonds issued under this Indenture known as the “Series 2008 Expense Account.” All proceeds of each Series of Bonds deposited in the Expense Fund shall be held in the account established for such Series and shall be accounted for separately from all other amounts in the Expense Fund. Amounts in each such account shall be used for the purposes authorized for use of amounts in the Expense Fund. Upon the earlier of the payment in full of such costs and expenses (or the making of adequate provision for the payment thereof, evidenced by a Certificate of the Agency to the Trustee) or 180 days after delivery of each Series of Bonds to the original purchaser thereof, any balance remaining in

the related account of the Expense Fund shall be transferred to the Debt Service Fund and such related account of the Expense Fund shall be closed. Pending the application and transfer of the balance to the Debt Service Fund, the moneys in each account of the Expense Fund may be invested as permitted by Section 5.07 and investment income resulting from any such investment shall be retained in the respective account of the Expense Fund.

SECTION 5.6 Establishment and Maintenance of Accounts for Use of Moneys in the Debt Service Fund. All moneys in the Debt Service Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Debt Service Fund (each of which is hereby created and each of which the Trustee hereby agrees to cause to be maintained), in the following order of priority (except as otherwise provided in subsection (b) below):

- (i) Interest Account;
- (ii) Principal Account;
- (iii) Sinking Account; and
- (iv) Reserve Account (and within the Reserve Account, the Series 2008 Reserve Subaccount).

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section 5.06.

(a) Interest Account. On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. 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 purchased or redeemed prior to maturity).

(b) Principal Account. On or before each Principal Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on such Principal Payment Date. In the event that there shall be insufficient money in the Debt Service Fund to make in full all such principal payments and Sinking Account Installments required to be made pursuant to Section 5.06(c) of this Indenture in such Bond Year, then the money available in the Debt Service Fund shall be applied pro rata to the making of such principal payments and such Sinking Account Installments in the proportion which all such principal payments and Sinking Account Installments bear to each other.

No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds becoming due and payable on the upcoming Principal Payment Date.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and redemption premium, if any, of the Serial Bonds as they shall become due and payable.

(c) Sinking Account. On or before each Principal Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit in the Sinking Account an amount of money equal to the Sinking Account Installment, if any, payable on the Sinking Account Payment Date in such Bond Year. All moneys in the Sinking Account shall be used by the Trustee to redeem Term Bonds.

(d) Reserve Account.

(1) On or before each Interest Payment Date, the Trustee shall set aside from the Debt Service Fund and deposit into each subaccount of the Reserve Account such amount of money (or other Qualified Reserve Account Credit Instrument, as contemplated by the following paragraph) as shall be required to restore the balance in such subaccount to an amount equal to the Reserve Requirement for the related series of Bonds. The Trustee shall value the balance in the Reserve Account semi-annually at least 30 days before each Interest Payment Date in accordance with Section 5.07. If at any time the balance in the subaccount of the Reserve Account falls below the Reserve Requirement for the related Series of Bonds, the Trustee shall promptly notify the Agency in writing. The Agency, upon receipt of such notice from the Trustee, shall include the amount necessary to restore the balance of such subaccount of the Reserve Account to the applicable Reserve Requirement in its immediately next transfer of moneys from the Special Fund to the Debt Service Fund pursuant to Section 5.02(b). No deposit need be made in a subaccount of the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Requirement for the Bonds of such series then Outstanding. So long as the Agency is not in default under this Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be transferred to the Debt Service Fund.

All money in (or available to) a subaccount of the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of (i) replenishing the Interest Account, the Principal Account or the Sinking Account in such order, in the event of any deficiency at any time in any of such accounts or for the purpose of paying the interest on or principal of the Bonds of the related series in the event that no other money in the Special Fund or the Debt Service Fund is lawfully available therefor, or (ii) making the final payments of principal of and interest on a Series of Bonds.

(2) The Reserve Requirement may be satisfied by crediting to the Reserve Account one or more Qualified Reserve Account Credit Instruments, which together with the cash, if any, on deposit in the Reserve Account, in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement. Upon the deposit with the Trustee of such Qualified Reserve Account Credit Instrument, the Trustee shall release moneys

then on hand in the Reserve Account to the Agency, to be used for any lawful purpose, in an amount equal to the face amount of the Qualified Reserve Account Credit Instrument.

(e) Surplus. After making the deposits referred to in paragraphs (a) through (d) above in any Bond Year, the Trustee shall transfer any amount remaining on deposit in the Debt Service Fund to the Agency to be used for any lawful purpose.

SECTION 5.7 Investment of Moneys in Funds and Accounts. Upon the Written Request of the Agency received by the Trustee at least two Business Days prior to the date of such investment, moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Reserve Account, or the Expense Fund (and any account therein) shall be invested by the Trustee in Authorized Investments, which shall mature or be withdrawable prior to the date on which such moneys are required to be paid out under this Indenture. In the absence of such instructions the Trustee shall invest in the investments described in clause (f) of the definition of "Authorized Investments" set forth in Section 1.01. Any interest, income or profits from the deposits or investments of all funds (except the Expense Fund) and accounts maintained by the Trustee under this Indenture shall be deposited in the Debt Service Fund.

For purposes of determining the amount on deposit in any fund or account held by the Trustee under this Indenture, all Authorized Investments credited to such fund or account shall be valued at the lower of cost or market value (excluding accrued interest and brokerage commissions, if any) no less frequently than every six months. Except as otherwise provided in this Section, Authorized Investments representing an investment of moneys attributable to any fund or account and all investment profits or losses thereon shall be deemed at all times to be a part of said fund or account. Absent negligence or willful misconduct by the Trustee, the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Section.

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 will not receive 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 under this Indenture. The Trustee may make any investments under this Indenture through its own bond or investment department or trust investment department, or those of its parent or any affiliate as principal or agent. The Trustee or any of its affiliates may act as a sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture. For investment purposes, the Trustee may commingle the funds and accounts established under this Indenture and shall account for them separately.

Amounts deposited in the Special Fund and the Redevelopment Fund may be invested in Authorized Investments or any other investments in which the Agency may lawfully invest its funds.

ARTICLE VI
COVENANTS OF THE AGENCY

SECTION 6.1 Punctual Payment. The Agency shall punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds, but only from Housing Set-Aside Revenues, in strict conformity with the terms of the Bonds and of the Indenture and shall faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of the Indenture.

SECTION 6.2 Against Encumbrances. The Agency shall not mortgage or otherwise encumber, pledge or place any charge upon any of the Housing Set-Aside Revenues, except as provided in the Indenture. The Agency shall not issue any additional obligation or security superior to the Bonds payable in whole or in part from the Housing Set-Aside Revenues, or on a parity with the Bonds payable in whole or in part from the Housing Set-Aside Revenues, except as permitted by Article IV. Nothing contained in the Indenture shall limit the Agency's ability to incur any additional indebtedness secured by a pledge of Housing Set-Aside Revenues subordinate to the pledge of Housing Set-Aside Revenues securing the Bonds; provided, that no such incurrence shall cause the Agency to exceed any tax increment limit applicable to it under the Redevelopment Plan or the Law.

SECTION 6.3 Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Agency shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and shall not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default under this Indenture, to the benefits of the 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 6.4 Management and Operation of Properties. The Agency shall manage and operate all properties owned by the Agency and comprising any part of the Project in a sound and business like manner and in conformity with all valid requirements of any governmental authority relative to the Project or any part thereof, and shall keep such properties insured at all times in conformity with sound business practice.

SECTION 6.5 Payment of Claims. The Agency shall pay and discharge 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 Housing Set-Aside Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds; provided that nothing contained in this Indenture shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

SECTION 6.6 Records and Accounts; Continuing Disclosure. The Agency shall keep proper books of record and accounts, separate from all other records and accounts of

the Agency, in which complete and correct entries shall be made of all transactions relating to the Project. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee (who shall have no duty to inspect) or of the Owners of not less than 10 percent of the aggregate principal amount of the Bonds then Outstanding or their representatives authorized in writing.

The Trustee shall provide such statements with regard to any funds held by the Trustee under this Indenture to the Agency as the Agency may reasonably require to comply with the terms of this Section.

The Agency shall comply with the Continuing Disclosure Agreements. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with a Continuing Disclosure Agreement shall not be considered an Event of Default; provided, that any Owner or beneficial owner of the applicable Bonds may take such actions as may be necessary or appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligation under such Continuing Disclosure Agreement.

SECTION 6.7 Protection of Security and Rights of Owners. The Agency shall preserve and protect the security of the Bonds and the rights of the Owners, and shall warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

SECTION 6.8 Payment of Taxes and Other Charges. The Agency shall pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or any properties owned by the Agency in the Project Area, or upon the revenues therefrom, when the same shall become due; provided that nothing contained in this Indenture shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges.

SECTION 6.9 Financing the Project. The Agency shall continue the financing of the Project to be aided with the proceeds of any Bonds with all practicable dispatch, and such financing shall be accomplished and completed in a sound, economical and expeditious manner and in conformity with the Redevelopment Plan and the Law.

SECTION 6.10 Taxation of Leased Property. All ad valorem property taxes derived by the Agency pursuant to Section 33673 of the Law with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of this Indenture.

SECTION 6.11 Disposition of Property in Project Area. Except as hereinafter provided in this Section, the Agency shall not participate in the disposition of any land or real property in the Project Area which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property shown in the Redevelopment Plan as planned for public use, or property to be used for public streets, public off-street parking, sewage facilities, parks, easements or right-of-way for public utilities, or other similar uses) if such disposition, when taken together with other such dispositions occurring after the earliest issuance date of the Outstanding Bonds, would aggregate more than 10 percent of the

assessed valuation of the property in the Project Area. If the Agency proposes to participate in a disposition described in the preceding sentence, it shall appoint an Independent Redevelopment Consultant to prepare a written report. Only if the Independent Redevelopment Consultant's report concludes that Housing Set-Aside Revenues to be received in the succeeding Fiscal Year following such disposition shall at least equal 1.35 times Maximum Annual Debt Service, then the Agency may make such disposition.

SECTION 6.12 Amendment of Redevelopment Plan. So long as the Bonds are Outstanding, the Agency shall not amend the Redevelopment Plan (except for the purpose of extending or eliminating the time limit on the establishment of loans, advances, and indebtedness, extending the time limit on the effectiveness of the Redevelopment Plan, extending the time limit on the payment of indebtedness, extending the time limit for the receipt of tax increment, or increasing the limitation on the number of dollars of taxes to be allocated to the Agency) or enter into any new agreement with the County or any other governmental or private entity, which would have the effect of reducing the amount of Housing Set-Aside Revenues available to the Agency for payment of Annual Debt Service, unless the Agency shall first obtain a Consultant's Report prepared by an Independent Redevelopment Consultant stating that the amount of Housing Set-Aside Revenues for the then current Fiscal Year (calculated on the assumption that such reduction of Housing Set-Aside Revenues was in effect throughout such Fiscal Year), plus at the option of the Agency, the Additional Allowance, shall be at least equal to 1.35 times Maximum Annual Debt Service. The Agency shall furnish a copy of such Consultant's Report to the Trustee. The Trustee shall be entitled to rely upon any said Consultant's Report and shall have no duty to verify the information or statements set forth therein.

SECTION 6.13 Housing Set-Aside Revenues. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Housing Set-Aside Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County.

SECTION 6.14 Further Assurances. The Agency shall adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

SECTION 6.15 Tax Covenants Relating to Series 2008 Bonds.

(a) The Agency shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-Exempt status of interest on the Series 2008 Bonds under Section 103(a) of the Code or cause interest on the Series 2008 Bonds to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under Section 55 of the Code.

(b) In furtherance of the foregoing tax covenant, the Agency shall comply with the provisions of the Tax Certificate, which is incorporated in this Indenture as if fully set

forth in this Indenture. These covenants shall survive payment in full or defeasance of the Series 2008 Bonds.

SECTION 6.16 Housing Fund. The Agency covenants and agrees to take no action pursuant to 33334.2 of the Law which would reduce the amount of Housing Set-Aside Revenues. The Agency further covenants and agrees to use the moneys in the Housing Fund in accordance with Sections 33334.2, 33334.3, and 33334.6 of the Law, and further covenants and agrees to disburse, expend or encumber any “excess surplus” (as defined in Section 33334.12 of the Law) in the Housing Fund at such times and in such manner that the Agency shall not be subject to sanctions pursuant to subdivision (e) of said Section 33334.12.

ARTICLE VII THE TRUSTEE

SECTION 7.1 The Trustee. (a) The Bank of New York Trust Company, N.A., having a corporate trust office in Los Angeles, California, is hereby appointed Trustee under this Indenture for the purpose of receiving all money which the Agency is required to deposit with the Trustee under this Indenture and to allocate, use and apply the same as provided in the Indenture.

(b) The Agency may at any time, but only prior to an Event of Default or after the curing or waiver of an Event of Default and only upon 30 days written notice, at its sole discretion remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto; provided that any such successor shall be a bank, national banking association, banking institution (state or federal) or trust company with a corporate trust office in California, having a combined capital, exclusive of borrowed capital, and surplus (or whose parent holding company has a combined capital, exclusive of borrowed capital, and surplus) of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state authority. If such bank, banking institution or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank, national banking association, banking institution or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(c) The Trustee may at any time resign by giving written notice to the Agency. Any successor trustee appointed under this Indenture shall give notice of such appointment to the Owners, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If, within 30 days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

(d) The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Agency and shall upon Written Request of the Agency deliver a certificate of destruction to the Agency. The Trustee shall keep accurate records of all Bonds paid and discharged and destroyed by it.

(e) The Agency shall from time to time, subject to any agreement between the Agency and the Trustee then in force, pay to the Trustee compensation for its services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties under this Indenture of the Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the Agency shall reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel's work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties under this Indenture.

(f) The Agency shall indemnify and save the Trustee, its officers, employees, directors and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project, (ii) any breach of default on the part of the Agency in the performance of any of its obligations under this Indenture and any other agreement made and entered into for purposes of the Project, (iii) any act or omission of the Agency or of any of its agents, assignees or licensees with respect to the Project, (iv) the acquisition, construction, installation and equipping of the Project or the authorization of payment of delivery costs or acquisition and construction costs, (v) the exercise and performance by the Trustee of any of its powers and duties under this Indenture, or (vi) the offering and sale of the Bonds or the distribution of any official statement or other offering circular utilized in connection with the sale of the Bonds; provided, that the Agency shall not be liable for actions caused by the Trustees' own negligence or willful misconduct. The Trustee's rights to indemnification and protection from liability under this Indenture and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds. The Trustee shall not be liable for the sufficiency or collection of any Housing Set-Aside Revenues or other moneys required to be paid to it under the Indenture (except as provided in this Indenture), or its right to receive moneys pursuant to the Indenture.

SECTION 7.2 Liability of Trustee.

(a) The recitals of facts, covenants and agreements contained in this Indenture, in the Bonds and in any instruments of further assurance shall be taken as statements, covenants and agreements of the Agency, and the Trustee does not assume any responsibility for the correctness of the same, or make any representation as to the validity or sufficiency of the Indenture or of the Bonds, the adequacy of any security afforded thereunder, or the correctness or completeness of any information contained in any offering material distributed in connection with the sale of the Bonds, or incur any responsibility in respect of any of the foregoing, other than in connection with the duties or obligations in this Indenture or in the Bonds assigned to or

imposed upon it. The Trustee shall not be liable in connection with the performance of its duties under this Indenture, except for its own negligence or willful misconduct. The Trustee may become an Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary 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 Bond 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 responsible for the validity, genuineness or performance of any leases, contracts or other instruments at any time conveyed, mortgaged, hypothecated, pledged, assigned or transferred to it under this Indenture, or with respect to the obligation of the Agency to preserve and keep unimpaired the rights of the Agency under or concerning any such leases, contracts or other instruments. The Trustee makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Bonds. In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners, the Agency and the City, having any claim against the Trustee arising from this Indenture not attributable to the Trustee's negligence or willful misconduct shall look only to the funds and accounts held by the Trustee under this Indenture for payment except as otherwise specifically provided in this Indenture.

(c) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Owner pursuant to this Indenture unless the Trustee shall have received reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(d) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(e) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(f) In the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture.

(g) The Trustee is not accountable for the use by the Agency of funds which the Trustee releases to the Agency or which the Agency otherwise receives, or to verify compliance by the Agency with the provisions of Section 5.02, or for the adequacy or validity of any collateral or security interest securing this Indenture or the Bonds. The Trustee has no

obligation to incur individual financial or other liability or risk in performing any duty or in exercising any right under this Indenture.

(h) The Trustee shall not be deemed to have knowledge of any Event of Default other than a payment default under this Indenture unless the Trustee shall be specifically notified in writing of such default by the Agency or by the Owners of at least 25 percent in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Trust Office, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the terms conditions, covenants or agreements in this Indenture or in any of the documents executed in connection with the Bonds. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Indenture upon the request of authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond executed and delivered in exchange therefor or in place thereof.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) 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 a majority in aggregate principal amount of the Outstanding Bonds 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.

(k) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture. The Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations (fiduciary or otherwise) shall be read into this Indenture against the Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents and such immunities and exceptions and its right to payment of its fees and expenses shall survive its resignation or removal and the final payment and defeasance of the Bonds. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee, in its individual or any other capacity, may become the Owner of any Bonds or other obligations of any party hereto with the same rights which it would have if not the Trustee and may act as a 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 owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding. At any and all reasonable times, the Trustee, and its agents shall have the right (but not any duty) to inspect the Project, including all books, papers and records of the Agency and the City pertaining to the Project and the Bonds, and to take such memoranda therefrom and with regard thereto and make photocopies thereof as may be desired. Before taking or refraining from

any action under this Indenture at the request or direction of the Owners, the Trustee may require that an indemnity bond satisfactory to the Trustee be furnished to it and be in full force and effect.

(1) The Trustee shall not be considered in breach of or in default with respect to any obligations created under this Indenture, in the event of an enforced 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, acts of a government, acts of the other party hereto, 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 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; provided, that in the event of any such enforced delay, the Trustee shall notify the Agency in writing within five Business Days after (i) the occurrence of the event giving rise to such delay, (ii) the Trustee's actual knowledge of the impending enforced delay, or (iii) the Trustee's knowledge of sufficient facts under which a reasonable person would conclude the enforced delay will occur.

SECTION 7.3 Reliance by Trustee. The Trustee shall be protected in acting upon any notice, indenture, request, consent, order, certificate, report, bond, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the Agency, with regard to legal questions.

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 is the registered owner of such Bond as shown on the registration books.

Whenever in the administration of its duties under the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Agency (unless other evidence in respect thereof is specifically prescribed in this Indenture) and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

SECTION 7.4 Trustee's Acceptance of Instructions by Electronic Transmission. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the

Agency elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee elects to act upon such instructions, the Trustee's reasonable understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding whether such instructions conflict or are inconsistent with a subsequent written instruction. The Agency agrees to assume all risks arising out of the use by the Agency of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties. Notwithstanding the foregoing, the protection afforded to the Trustee in each provision of this paragraph shall be operative only in the absence of the Trustee's negligence or willful misconduct.

SECTION 7.5 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall meet the requirements set forth in Section 7.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything in this Indenture to the contrary notwithstanding.

ARTICLE VIII AMENDMENT OF THE INDENTURE

SECTION 8.1 Amendment by Consent of Owners. The Indenture and the rights and obligations of the Agency and of the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the affected Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Agency to pay the interest or principal or redemption premium, if any, at the time and place and at the rate and in the currency provided in this Indenture, of any Bond, without the express written consent of the Owner of such Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Housing Set-Aside Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds, except as provided in Article IV, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the Agency and of the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, but subject to Section 11.02 and only to the extent permitted by law, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Agency contained in the Indenture, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Agency under this Indenture;

(b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interest of the Owners;

(c) To provide for the issuance of any Additional Bonds, and to provide the terms and conditions under which such Additional Bonds may be issued, subject to and in accordance with the provisions of Article IV;

(d) To modify, amend or supplement this Indenture in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(e) To maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes (except with respect to the Bonds which the Agency certifies to the Trustee are not intended to qualify for such exclusion);

(f) To the extent necessary to obtain a bond insurance policy, to obtain a rating on the Bonds or in connection with satisfying all or a portion of the Reserve Requirement by crediting a letter of credit or other forms of Qualified Reserve Account Credit Instrument to the Reserve Account; or

(g) For any other purpose that does not materially adversely affect the interests of the Owners.

SECTION 8.2 Disqualified Bonds. Bonds owned or held by or for the account of the Agency or the City shall not be deemed Outstanding for the purpose of any consent or other action in this Indenture provided for, and shall not be entitled to consent to, or take any other action in this Indenture provided for; provided, however, that for purposes of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held will be disregarded.

SECTION 8.3 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as provided above in this Indenture, the Agency may determine that the Bonds may bear a notation, by endorsement in form approved by the Agency, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of such Owner's Bond for such purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bond. If the Agency shall so determine, new Bonds so modified as, in the opinion of the Agency, shall be necessary to

conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

SECTION 8.4 Opinion of Counsel. The Trustee may conclusively accept an opinion of nationally recognized bond counsel to the Agency that an amendment of the Indenture is in conformity with the provisions of this Article.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES OF OWNERS

SECTION 9.1 Events of Default and Acceleration of Maturities. If one or more of the following events (herein called “Events of Default”) shall happen, that is to say:

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

(b) If default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(c) If default shall be made by the Agency in the observance of any of its agreements, conditions or covenants contained in the Indenture or in the Bonds, and such default shall have continued for a period of 30 days after the Agency shall have been given notice in writing of such default by the Trustee; provided, however, that such default shall not constitute an Event of Default under this Indenture if the Agency shall commence to cure such default within said 30 day period and thereafter diligently and in good faith proceed to cure such default within said 30-day period or such longer period as the Trustee or the Owners of a majority in aggregate principal amount of the affected Bonds then Outstanding may consent to in writing; or

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

Then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, shall, by notice in writing to the Agency, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in the Indenture or in the Bonds to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of interest which would have been paid on such overdue principal on such overdue installments of principal, and the fees and expenses of the Trustee, including attorneys fees, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made for the Bonds, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. No such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent on the Bonds.

SECTION 9.2 Application of Funds upon Acceleration. All money in the funds and accounts provided for in the Indenture (other than any moneys for payment of the Rebate Amount) upon the date of the declaration of acceleration by the Trustee as provided in Section 9.01, and all Housing Set-Aside Revenues in the Special Fund and thereafter received by the Agency (which shall be promptly transmitted to the Trustee) shall be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents and counsel, to the payment of any other amounts then due and payable to the Trustee, including any predecessor trustee, with respect to or in connection with this Indenture, whether as compensation, reimbursement, indemnification or otherwise, and, thereafter, to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents and counsel;

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on the overdue principal to the extent permitted by law at the net effective interest rate then borne by the Outstanding Bonds; provided, however, that in the event the amount then so held by the Trustee shall be insufficient to make all the payments required by this clause, then such money shall be applied to the payment of the principal of and interest on all Outstanding Bonds then due and payable ratably (based on the principal amount of Bonds owned by each Owner), without any discrimination or preferences.

SECTION 9.3 Other Remedies of Owners. Any Owner shall have the right, subject to the provisions of Section 9.08, for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce such Owner's rights against the Agency and any of the members, officers and employees of the Agency, and to compel the Agency or any such members, officers or employees to perform and

carry out their duties under the Law and their agreements with the Owners as provided in the Indenture;

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

(c) Upon the happening of an Event of Default (as defined in Section 9.01), by a suit in equity to require the Agency and its members, officers and employees to account as the trustee of an express trust.

SECTION 9.4 Non-Waiver. A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner or the Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence in such default, and every power and remedy conferred upon the Owners by the Law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the Trustee, the Agency 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 9.5 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 under this Indenture may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued under this Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the 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 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 enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense including without limitation fees and expenses of its attorneys.

SECTION 9.6 Remedies Not Exclusive. No remedy conferred upon or reserved to the Owners in this Indenture 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 under this Indenture 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, subject to the provisions of Section 9.08.

SECTION 9.7 Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee

with indemnification satisfactory to it, to direct the method of conducting all remedial proceedings taken by the Trustee under this Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

SECTION 9.8 Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Law or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than 25 percent in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall not have received contrary directions from the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender or indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under this Indenture or under law. It is understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under this Indenture, the Law or other applicable law with respect to the Bonds, except in the manner provided in this Indenture. All proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in this Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

Nothing in this Section or in any other provision of the Indenture, or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity and Sinking Account Payment Dates, as provided in this Indenture, out of the Housing Set-Aside Revenues pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

ARTICLE X DEFEASANCE

SECTION 10.1 Discharge of Indebtedness. If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest on and the principal of such Bonds, when due, at the times and in the manner stipulated in such

Bonds and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Housing Set-Aside Revenues, and all covenants, agreements and other obligations of the Agency to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute at the Written Request of the Agency, and at the expense of the Agency, and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall, after payment of amounts due the Trustee under this Indenture, pay over or deliver to the Agency all money or securities held by the Trustee pursuant to the Indenture which are not required for the payment of the interest due on and the principal of and premium, if any, due on such Bonds other than the moneys, if any, for the payment of the applicable Rebate Amount.

Bonds for the payment of which money shall have been set aside (through deposit by the Agency or otherwise) to be held in trust by the Trustee for such payment at the maturity or redemption date of such Bonds shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this Section.

Any Outstanding Bonds shall prior to the maturity date of such Bonds be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if:

- (1) there shall have been deposited with the Trustee, or another fiduciary or escrow agent, either money in an amount which shall be sufficient, or Federal Securities (including any Federal Securities issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the principal of and the interest on which when paid will provide money that, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the interest due and to become due on such Bonds on and prior to the maturity date of such Bonds or such earlier redemption date as shall be irrevocably established, and the principal of and redemption premium, if any, on such Bonds (such interest, principal and redemption premium, if any, being referred to below as the "Refunding Requirements"); provided that, unless such deposit consists of an amount in cash, which in and of itself, is sufficient to pay the Refunding Requirements in full, the sufficiency of the Federal Securities and other moneys so deposited with the Trustee, escrow agent or fiduciary shall be appropriately verified by an Independent Certified Public Accountant in a verification report.
- (2) The Agency shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (1) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or earlier redemption date upon which money is to be available for the payment of the principal of such Bonds.

Neither Federal Securities nor money deposited with the Trustee pursuant to this Section nor interest or principal payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of such Bonds; provided that any cash received from such interest or principal payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested at the written direction of the Agency in Federal Securities maturing at times and in amounts sufficient to pay when due the interest on and principal of such Bonds on and prior to such maturity date thereof, and interest earned from such reinvestments shall be maintained in the related escrow fund until such time as the Refunding Requirements have been paid in full (but solely to the extent that does not affect the Tax-Exempt status of any Bonds). For the purposes of this Section, Federal Securities shall mean and include only such securities as are not subject to redemption prior to their maturity.

SECTION 10.2 Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest on such Bonds which remain unclaimed for two years after the date when such Bonds or interest on such Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the said date when such Bonds or interest on such Bonds become due and payable, shall be repaid by the Trustee to the Agency, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of such Bonds; provided, however, that before being required to make any such payment to the Agency, the Trustee shall, at the Written Request of the Agency and at the expense of the Agency, cause to be mailed to the registered Owners of such Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Agency. Any money held by the Trustee in trust for the payment and discharge of any Bonds shall not bear interest or be otherwise invested from and after such maturity or redemption date.

ARTICLE XI
SERIES 2008 BOND INSURANCE POLICY

[to come]

ARTICLE XII
MISCELLANEOUS

SECTION 12.1 Liability of Agency Limited to Housing Set-Aside Revenues. Notwithstanding anything contained in the Indenture, the Agency shall not be required to advance any money derived from any source of income other than the Housing Set-Aside Revenues for the payment of the interest on or the principal of the Bonds. The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose. The Agency's obligation to pay the Rebate Amount to the United States of America pursuant to the Tax Certificate shall be considered the general obligation of the Agency and shall be payable from any available funds of the Agency.

The Bonds are limited obligations of the Agency and are payable, as to interest on and principal of the Bonds, exclusively from the Housing Set-Aside Revenues, and the Agency is not obligated to pay them except from the Housing Set-Aside Revenues. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Housing Set-Aside Revenues, and the Housing Set-Aside Revenues constitute a trust fund for the security and payment of the interest on and the principal of the Bonds. The Bonds are not a debt of the City, the State or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable therefor, nor in any event shall the Bonds 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 limitation or restriction, and neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

SECTION 12.2 Benefits of Indenture Limited to Parties. Nothing in the 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 the Indenture. Any covenants, stipulations, promises or agreements contained in the Indenture by and on behalf of the Agency or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Owners.

SECTION 12.3 Successor Deemed Included in All References to Predecessor. Whenever in the Indenture either the Agency or any member, officer or employee of the Agency is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Agency, that are presently vested in the Agency or such member, officer or employee, and all the agreements, covenants and provisions contained in the Indenture by or on behalf of the Agency or any member, officer or employee of the Agency shall bind and inure to the benefit of the respective successors of the Agency whether so expressed or not.

SECTION 12.4 Execution of Documents by Owners. Any request, consent, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise expressly provided in this Indenture, the fact and date of the execution by any Owner or such Owner's attorney of such request, consent, 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 or territory in which such Owner purports to act, that the person signing such request, consent, declaration or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise expressly provided in this Indenture, the amount of Bonds transferable by delivery held by any person executing such request, consent, declaration or other instrument or writing as an Owner, and the numbers thereof, and the date of such Owner's holding such Bonds, may be proved by a certificate, which need not be acknowledged or

verified, satisfactory to the Trustee, executed by a trust company, bank or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with such depository the Bonds described in such certificate. The Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The ownership of Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books provided for in Section 2.08.

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

SECTION 12.5 Waiver of Personal Liability. No member, officer or employee of the Agency shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing contained in this Indenture shall relieve any member, officer or employee of the Agency from the performance of any official duty provided by law.

SECTION 12.6 Acquisition of Bonds by Agency. All Bonds acquired by the Agency, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 12.7 Content of Certificates and Reports. Any certificate made or given by an officer of the Agency may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which such officer's Certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters or information with respect to which is in the possession of the Agency, upon the certificate or opinion of or representations by an officer or officers of the Agency, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in exercise of reasonable care should have known that the same were erroneous.

SECTION 12.8 Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Agency or the Trustee may be established and maintained in the accounting records of the Agency or the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

SECTION 12.9 Article and Section Headings and References. The headings or titles of the several articles and sections of this Indenture, and the table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Indenture.

All references in this Indenture to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions of the Indenture; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision of this Indenture.

SECTION 12.10 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof provided in the Indenture to be performed on the part of the Agency (or of the Trustee) should be contrary to law, then such agreement or agreements, such covenant or covenants, or such portions thereof, shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Indenture or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The Agency hereby declares that it would have adopted the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase of this Indenture and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 12.11 Notices. Any notice, request, demand or other communication under this Indenture shall be given by first class mail or personal delivery to the party entitled to such notice at its address set forth below, or by telecopy or other form of telecommunication, with prompt telephone confirmation. Notice shall be effective (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender’s receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (c) if given by first class, registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if by other means of personal delivery, upon receipt by the intended recipient of the notice. Each entity below may, by written notice to the other party, from time to time modify the address or number to which communications are to be given under this Indenture:

If to the Agency: Agoura Hills Redevelopment Agency
30001 Ladyface Court
Agoura Hills, California 91301
Attention: Executive Director
Facsimile No.: (818) 597-7352

If to the Trustee: The Bank of New York Trust Company, N.A.
700 S. Flower Street, Suite 500
Los Angeles, California 90017
Attention: Corporate Trust
Facsimile No.: (213) 630-6210

Any of the foregoing persons may, by notice given under this Section, designate any further or different addresses, telephone numbers or facsimile transmission numbers to which subsequent notices, certificates, requests or other communications shall be directed.

SECTION 12.12 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Agency and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 12.13 Business Days. When any action is provided for in this Indenture to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 12.14 Governing Law. This Indenture shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Agoura Hills Redevelopment Agency has caused this Indenture to be signed in its name by its Authorized Officer and The Bank of New York Trust Company, N.A., in token of its acceptance of the trusts created under this Indenture, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

**AGOURA HILLS REDEVELOPMENT
AGENCY**

By _____
Executive Director

Attest:

Secretary

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

By _____
Authorized Officer

**APPENDIX A
FORM OF SERIES 2008 BOND**

[Unless this certificate is presented by an authorized representative of the Depository Trust Company, a New York Corporation (“DTC”), to the Agoura Hills Redevelopment Agency or its agent for registration of transfer, exchange, or payment, and any certificate 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 persons is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

No. ____

\$ _____

**AGOURA HILLS REDEVELOPMENT AGENCY
TAX ALLOCATION BOND
(AGOURA HILLS REDEVELOPMENT PROJECT AREA)
SERIES 2008**

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
	_____, 20__	May __, 2008	

REGISTERED OWNER: [CEDE & CO.]

PRINCIPAL AMOUNT:

The Agoura Hills Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the laws of the State of California (the “Agency”), for value received hereby promises to pay to the registered owner specified above, or registered assigns, on the Maturity Date specified above the Principal Amount specified above, together with interest thereon until the principal of this bond (the “Series 2008 Bond”) shall have been paid. Interest on this Series 2008 Bond shall be payable on _____, 2008, and semiannually thereafter on _____ and _____ in each year (each an “Interest Payment Date”). This Series 2008 Bond shall bear interest at the Rate of Interest specified above from the Interest Payment Date next preceding the date of authentication hereof, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date (i.e., the 15th day of the month next preceding such Interest Payment Date) to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to the Record Date for the first Interest Payment Date, in which event it shall bear interest from the dated date shown above; provided, however, that if, at the time of authentication, interest with respect to this Series 2008 Bond is in default, it shall bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to this Series 2008 Bond. Both the interest on and principal of this Series 2008 Bond are payable in lawful money of the United States of America. The principal (or redemption price) hereof is payable upon surrender of this Series 2008 Bond at maturity or the earlier redemption of this Series 2008 Bond at the corporate trust office of The Bank of New

York Trust Company, N.A. (the “Trustee”) in Los Angeles, California, or at such other office as the Trustee may designate (the “Trust Office”). Interest on this Series 2008 Bond is payable by check mailed on each Interest Payment Date by first class mail to the person in whose name this Series 2008 Bond is registered at the close of business on the Record Date of the applicable Interest Payment Date at such person’s address as it appears on the registration books of the Trustee, or upon written request received by the Trustee prior to the Record Date for an Interest Payment Date of an Owner of Bonds in the aggregate principal amount of \$1,000,000 or more, by transfer in immediately available funds to an account within the United States designated by such Owner.

This Series 2008 Bond is one of a duly authorized issue of bonds of the Agency designated Agoura Hills Redevelopment Agency, Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (the “Series 2008 Bonds”), limited in aggregate principal amount to \$_____, issued under the provisions of the Community Redevelopment Law of the State of California, as supplemented and amended (the “Law”), and pursuant to the provisions of an Indenture, dated as of May 1, 2008 (the “Indenture”), between the Agency and the Trustee. All Series 2008 Bonds and all other parity bonds issued pursuant to the Indenture (collectively, the “Bonds”) are equally and ratably secured in accordance with the terms and conditions of the Indenture. Reference is hereby made to the Indenture, to any indentures supplemental thereto and to the Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds. All the terms of the Indenture and the Law are hereby incorporated in this Series 2008 Bond and constitute a contract between the Agency and the registered owner from time to time of this Series 2008 Bond, and to all the provisions thereof the registered owner of this Series 2008 Bond, by such owner’s acceptance of this Series 2008 Bond, consents and agrees. Capitalized terms used but not defined in this Series 2008 Bond have the meanings ascribed to them in the Indenture. Each registered owner of this Series 2008 Bond shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Series 2008 Bonds are issued for the purposes of financing costs of redevelopment activities within a duly created project area in Agoura Hills, California, as more particularly described in the Indenture.

The Bonds are limited obligations of the Agency and are payable, as to interest thereon, principal thereof and any premiums upon the redemption thereof, exclusively from the Housing Set-Aside Revenues and certain other funds, and the Agency is not obligated to pay them except from the Housing Set-Aside Revenues and such other funds. The Bonds are equally secured by a pledge of, and charge and lien upon, the Housing Set-Aside Revenues, and the Housing Set-Aside Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds. Additional tax allocation bonds payable from the Housing Set-Aside Revenues may be issued which will rank equally as to security with the Bonds, but only subject to the terms and conditions set forth in the Indenture.

The Agency hereby covenants and warrants that, for the payment of the interest on and principal of and redemption premium, if any, on this Series 2008 Bond and all other

Bonds issued under the Indenture when due, there has been created and will be maintained by the Agency a special fund into which all Housing Set-Aside Revenues shall be deposited, and as an irrevocable charge the Agency has allocated the Housing Set-Aside Revenues to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Agency will pay promptly when due the interest on and principal of and redemption premium, if any, on this Series 2008 Bond and all other Bonds of this issue and all additional tax allocation bonds authorized by the Indenture out of said special fund, all in accordance with the terms and provisions set forth in the Indenture.

The Series 2008 Bonds maturing on or before _____ shall not be subject to optional redemption prior to their maturity. The Series 2008 Bonds maturing on or after _____ shall be subject to redemption as a whole or in part, from such maturities as the Agency shall designate (which designation shall be in writing and shall be delivered to the Trustee no later than 45 days prior to the redemption date) prior to their maturity at the option of the Agency on any date on or after _____, from funds derived by the Agency from any source, at a redemption price equal to [100 percent of the principal amount of the Series 2008 Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium].

The Series 2008 Bonds maturing on _____ and _____ shall be subject to mandatory sinking fund redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, without premium, on _____ of the years and in the aggregate respective principal amounts set forth in the Indenture.

As provided in the Indenture, notice of redemption of this Series 2008 Bond shall be sent by first class mail (or such other means as acceptable to the recipient of such notice) not more than 60 days and not less than 30 days prior to the redemption date, to the respective Owner of this Series 2008 Bond at the address appearing on the registration books of the Trustee and to certain securities depositories and information services. Failure to receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice of redemption has been duly given as aforesaid and money for payment of the above described redemption price is held by the Trustee, then such Series 2008 Bonds shall, on the redemption date designated in such notice, become due and payable at the above described redemption price; and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue and registered owners of such Series 2008 Bonds shall have no rights in respect thereof except to receive payment of such redemption price thereof.

If an Event of Default 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; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding.

The owner of any Series 2008 Bond(s) may surrender the same at the Trust Office in exchange for an equal aggregate principal amount of fully registered Series 2008 Bonds of any other authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Series 2008 Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the Trust Office by the registered owner of this Series 2008 Bond in person, or by such registered owner's duly authorized attorney, upon surrender of this Series 2008 Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such registered owner's duly authorized attorney, and thereupon a new fully registered Series 2008 Bond(s), in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Agency and the Trustee may deem and treat the person in whose name this Series 2008 Bond is registered as the absolute owner of this Series 2008 Bond for the purpose of receiving payment of, or on account of, the interest on and principal of and redemption premium, if any, on this Series 2008 Bond and for all other purposes. The Trustee shall not be required to register the transfer or exchange of any Bond during the 15 days preceding any date established by the Trustee for selection of Series 2008 Bonds for redemption or any Series 2008 Bonds which have matured or been selected for redemption.

The rights and obligations of the Agency and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such amendment shall (1) extend the maturity of this Series 2008 Bond, or reduce the interest rate on this Series 2008 Bond, or otherwise alter or impair the obligation of the Agency to pay the interest on, principal of or any premium payable on the redemption of this Series 2008 Bond at the time and place and at the rate and in the currency provided in this Series 2008 Bond, without the express written consent of the registered owner of this Series 2008 Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Housing Set-Aside Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Series 2008 Bonds and all additional parity tax allocation bonds authorized by the Indenture or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Indenture.

This Series 2008 Bond is not a debt of the City of Agoura Hills, the State of California or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable on this Series 2008 Bond, nor in any event shall this Series 2008 Bond or any interest on this Series 2008 Bond or any redemption premium on this Series 2008 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, and neither the members of the Agency nor any persons executing the Bonds shall be personally liable on the Bonds by reason of their issuance.

This Series 2008 Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration on this Series 2008 Bond endorsed shall have been manually signed by the Trustee.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Series 2008 Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Series 2008 Bond, together with all other

indebtedness of the Agency, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the Agoura Hills Redevelopment Agency has caused this Series 2008 Bond to be executed in its name and on its behalf by its Chair and attested by its Secretary, and has caused this Series 2008 Bond to be dated the date first written above.

**AGOURA HILLS
REDEVELOPMENT AGENCY**

By _____
Chair

Attest:

Secretary

[TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Series 2008 Bonds described in the within-mentioned Indenture and registered on the Bond Registration Books.

Date: _____, 20__

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

By _____
Authorized Signatory



[FORM OF ASSIGNMENT]

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

_____,
whose tax identification number is _____, the within-mentioned registered Bond and hereby
irrevocably constitute(s) and appoint(s) _____ attorney to
transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

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

NOTICE: Signature must be guaranteed by a
member of an institution which is a participant
in the Securities Transfer Agent Medallion
Program (STAMP) or other similar program.

APPENDIX B
FORM OF EXPENSE FUND REQUISITION

REQUISITION NO. ____

with reference to

\$ _____

Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds,
(Agoura Hills Redevelopment Project Area)
Series _____

I. The Agoura Hills Redevelopment Agency (the "Agency") hereby requests The Bank of New York Trust Company, N.A., as trustee (the "Trustee") pursuant to that certain Indenture dated as of May 1, 2008 (the "Indenture") between the Agency and the Trustee, under the terms of which the Agency has issued the above-captioned Bonds to pay from the moneys in the Series ____ Expense Account of the Expense Fund established pursuant to Sections 5.03 and 5.05 of the Indenture (the "Series ____ Expense Account"), the amounts shown on Schedule I attached hereto to the parties indicated in Schedule I. Such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule I or in invoices submitted in accordance therewith and the Trustee may rely on such payment instructions given by the Agency with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

II. The payees, the purposes for which the costs have been incurred, and the amount of the disbursements requested are itemized on Schedule I hereto.

III. Each obligation mentioned in Schedule I hereto has been properly incurred and is a proper charge against the Series ____ Expense Account. None of the items for which payment is requested has been reimbursed previously from the Series ____ Expense Account.

DATED: _____, 20__

AGOURA HILLS REDEVELOPMENT
AGENCY

By: _____
[Title]

NEW ISSUE — BOOK ENTRY ONLY

[RATINGS: “_____” (Underlying) “_____” (Insured)
See “RATINGS” herein.]

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, based on existing law and assuming compliance with certain covenants set forth in the documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), as described herein, interest on the Bonds is not included in gross income of the owners thereof for federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Bonds, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation’s alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California. See “CONCLUDING INFORMATION — Tax Matters” herein

\$ _____ *
**AGOURA HILLS REDEVELOPMENT AGENCY
HOUSING SET-ASIDE TAX ALLOCATION BONDS,
(AGOURA HILLS REDEVELOPMENT PROJECT AREA)
SERIES 2008**

Dated: Date of Delivery

Due: _____, as shown below

The Agoura Hills Redevelopment Agency (the “Agency”) is issuing its Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area) Series 2008 (the “Bonds”) pursuant to the California Community Redevelopment Law, constituting Part 1, Division 24 (commencing with Section 33000) of the California Health and Safety Code (the “Redevelopment Law”) and an Indenture, dated as of May 1, 2008 (the “Indenture”), by and between the Agency and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). Proceeds from the sale of the Bonds will be used to (i) finance low and moderate income housing projects of the Agency, (ii) fund a debt service reserve account, and (iii) pay costs of issuance of the Bonds.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 each or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid directly to DTC by the Trustee. Principal of the Bonds is payable on their maturity dates set forth on the inside cover hereof. Interest on the Bonds is payable on _____ and _____ of each year, commencing _____, 2008. Upon its receipt of payments of principal and interest, DTC is in turn obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

The Bonds are being sold to the Agoura Hills Public Financing Authority, which will in turn sell the Bonds to the Underwriter.

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

The Bonds are special obligations of the Agency and are equally and ratably secured, by an irrevocable pledge of certain Housing Set Aside Revenues derived from the Agoura Hills Redevelopment Project Area (the “Project Area”) and other funds as provided in the Indenture pursuant to which the Bonds are being issued, as further discussed herein. See “SECURITY FOR THE BONDS” herein.

Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy to be issued by _____ simultaneously with the delivery of the Bonds.

[BOND INSURER LOGO]

THE BONDS ARE NOT A DEBT OF THE CITY OF AGOURA HILLS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY, AND NEITHER THE CITY OF AGOURA HILLS, THE STATE OF CALIFORNIA NOR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY IS LIABLE THEREFOR. IN NO EVENT SHALL ANY BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AGENCY AS SET FORTH IN THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AGENCY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. For a discussion of some of the risks associated with a purchase of the Bonds, see “RISK FACTORS” herein.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Richards, Watson & Gershon, A Professional Corporation, as Bond Counsel. Certain legal matters will also be passed on for the Agency by Richards, Watson & Gershon, A Professional Corporation, as Disclosure Counsel and as General Counsel to the Agency. It is anticipated that the Bonds will be available for delivery in Book-entry form through the facilities of DTC on or about _____, 2008.

[UNDERWRITER LOGO]

Dated: _____, 2008

* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to dated date of the Official Statement in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$ _____*

**AGOURA HILLS REDEVELOPMENT AGENCY
HOUSING SET-ASIDE TAX ALLOCATION BONDS,
(AGOURA HILLS REDEVELOPMENT PROJECT AREA)
SERIES 2008**

MATURITY SCHEDULE

\$ _____ Serial Bonds

<u>Maturity Date</u> (_____)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†] (_____)	<u>Maturity Date</u> (_____)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†] (_____)
-------------------------------------	-----------------------------	--------------------------	--------------	--------------------------------------	-------------------------------------	-----------------------------	--------------------------	--------------	--------------------------------------

\$ _____ % Term Bonds due _____, 20__ Yield: _____ % CUSIP _____

\$ _____ % Term Bonds due _____, 20__ Yield: _____ % CUSIP _____

† CUSIP Copyright 2008, American Bankers' Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. Neither of the Authority nor the City guarantees the accuracy of the CUSIP data.

* Preliminary; subject to change.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

Estimates and Forecasts. Certain statements included or incorporated by reference in this Official Statement and in any continuing disclosure by the Agency, any press release and in any oral statement made with the approval of an authorized officer of the Agency or any other entity described or referenced herein, constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “anticipate,” “estimate,” “budget,” or other similar words and include, but are not limited to, statements under the caption “THE PROJECT AREA.” The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the Agency has undertaken to provide certain on-going financial and other data pursuant to a continuing disclosure agreement (see “CONTINUING DISCLOSURE”), the Agency does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations or events, conditions or circumstances on which such statements are based change.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

Information as of Dated Date of Official Statement. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

**CITY OF AGOURA HILLS
LOS ANGELES COUNTY, CALIFORNIA**

AGENCY MEMBERS / CITY COUNCIL

Denis Weber, *Chairperson / Mayor Pro Tempore*
William D. Koehler, *Vice Chairperson / Council Member*
John Edelston, *Board Member / Mayor*
Dan Kuperberg, *Board Member / Council Member*
Harry Schwarz, *Board Member / Council Member*

AGENCY / CITY OFFICIALS AND STAFF

Greg Ramirez, *Executive Director / City Manager*
Craig A. Steele, *Agency Attorney / City Attorney*
Kimberly Rodrigues, *Agency Secretary / City Clerk*
Georgette Holt, *Treasurer / Director of Finance*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

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

Financial Advisor

C.M. de Crinis & Co., Inc.
Sherman Oaks, California

Trustee

The Bank of New York Trust Company, N.A.
Los Angeles, California

Fiscal Consultant

DHA Consulting
Long Beach, California

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
The Bonds.....	1
Authority and Purpose.....	2
The City and the Agency	2
The Authority	2
Tax Allocation Financing.....	3
Security for the Bonds.....	3
Other Information.....	3
CONTINUING DISCLOSURE.....	4
THE BONDS	4
Authority for Issuance.....	4
Description of the Bonds.....	4
Book-Entry Only System	5
Redemption	5
Additional Bonds.....	7
Debt Service Schedule.....	8
DISPOSITION OF BOND PROCEEDS	10
Redevelopment Fund.....	10
Estimated Sources and Uses of Funds.....	10
SECURITY FOR THE BONDS	10
Pledge and Allocation of Taxes.....	10
Reserve Account.....	13
BOND INSURANCE	13
RISK FACTORS	13
Bonds are Limited Obligations.....	14
Reduction of Housing Set-Aside Revenues.....	14
Unconventional Mortgage Structures and Tightening of Credit by Lenders	15
Concentration of Ownership.....	15
Development Risks.....	15
Reduction in Inflationary Rate	16
Assessment Appeals	16
Proposition 8 Adjustments	17
Levy and Collection	17
State Budget and ERAF	18
Natural Disasters; Earthquakes; Fire Hazard Zone Designation; Landslides.....	18
Hazardous Substances	19
Bankruptcy Risks	19
Parity Debt.....	20
Secondary Market.....	20
Loss of Tax Exemption	20
Other Changes in Redevelopment Law	21

**TABLE OF CONTENTS
(Continued)**

	<u>Page</u>
PROPERTY TAXATION	21
Article XIII A of the California Constitution	21
Property Tax Collection Procedure	22
Unitary Property	23
Article XIII B of the California Constitution	24
Proposition 87.....	24
Proposition 218.....	25
AB 1290 and SB 211	25
SB 1045 and SB 1096	25
Future Initiatives.....	26
THE AGENCY	26
Members and Officers	26
Agency Powers.....	27
Agency Accounting Records and Financial Statements.....	27
Filing of Statement of Indebtedness	27
THE PROJECT AREA	28
Limitations and Requirements of the Redevelopment Plan	28
Tax Sharing Agreements with Various Taxing Agencies	29
Land Use.....	29
Largest Taxpayers	30
Assessed Valuation and Incremental Value	32
Projected Housing Set-Aside Revenues	32
Projected Debt Service Coverage.....	34
Delinquencies	35
CONCLUDING INFORMATION	35
Ratings.....	35
Underwriting	36
Legal Opinion.....	36
Tax Matters.....	36
No Litigation	37
Miscellaneous.....	37
APPENDIX A – CITY OF AGOURA HILLS GENERAL INFORMATION	
APPENDIX B – FISCAL CONSULTANT’S REPORT	
APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE AGEANCY FOR FISCAL YEAR ENDED JUNE 30, 2007	
APPENDIX D –SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	
APPENDIX E – FORM OF BOND COUNSEL OPINION	
APPENDIX F – FORM OF CONTINTUING DISCLOSURE AGREEMENT	
APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY	
APPENDIX H – DTC’S BOOK-ENTRY ONLY SYSTEM	

§ _____ *

**AGOURA HILLS REDEVELOPMENT AGENCY
HOUSING SET-ASIDE TAX ALLOCATION BONDS,
(AGOURA HILLS REDEVELOPMENT PROJECT AREA)
SERIES 2008**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, Table of Contents and Appendices hereto (the “Official Statement”), is to provide information concerning the sale of \$_____ aggregate principal amount of Agoura Hills Redevelopment Agency Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (the “Bonds”) to be issued by the Agency. This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain capitalized terms used in this Official Statement are set forth in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The Bonds

The Agency is a redevelopment agency existing under the Community Redevelopment Law of the State of California (the “State”), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the “Redevelopment Law”). The Bonds are being issued under the authority granted to the Agency under the Redevelopment Law, specifically Article 5 of Chapter 6 thereof (commencing with Section 33640). The Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2008 (the “Indenture”), by and between the Agency and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). The Bonds are secured by a pledge of, security interest in and a lien on Housing Set-Aside Revenues (defined below) and by the moneys in certain funds and accounts established by the Indenture. The Indenture permits the Agency to, upon satisfaction of certain conditions, incur additional debt payable from and secured by a lien and charge upon Housing Set-Aside Revenues on a parity with the lien and charge securing the Bonds (“Parity Debt”). See “THE BONDS – Additional Bonds” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Interest on the Bonds will be payable semiannually on _____ and _____ of each year, commencing _____, 2008. The Bonds will be initially delivered as one fully registered certificate for each maturity and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as the depository for the Bonds and all payments due on the Bonds will be made to Cede & Co. Ownership interests in the Bonds may be purchased only in book-entry form. So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. or such other nominee of DTC, and shall not mean the beneficial owners of the Bonds. See “THE BONDS – Book-Entry Only System” and “APPENDIX H – DTC’S BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to optional redemption [and mandatory sinking account redemption]* as described in “THE BONDS – Redemption.”

* Preliminary; subject to change

Authority and Purpose

The Bonds are being issued for sale to the Agoura Hills Public Financing Authority (the "Authority") pursuant to the Marks Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "Act"). The Bonds purchased by the Authority will be resold concurrently to the Underwriter. The proceeds of the Bonds will be used (i) to finance low and moderate income housing projects of the Agency, (ii) to fund a debt service reserve account, and (iii) to pay costs of issuance of the Bonds. See "DISPOSITION OF BOND PROCEEDS."

The City and the Agency

The City is a general law city, which was incorporated on December 8, 1982. The council-manager form of municipal government governs the City. The City Council is composed of five members elected biennially at-large to four-year overlapping terms. The City is located in the foothills of the Santa Monica Mountains in Los Angeles County, 40 miles northwest of downtown Los Angeles and encompasses an area of approximately 8 square miles. With a population of 23,340 as of January 1, 2007 (according to State of California Department of Finance estimates), the City is one of the smaller communities in the County. For further general information about the City, see "APPENDIX A – CITY OF AGOURA HILLS GENERAL INFORMATION."

The Agency was established on March 9, 1988 by the City Council of the City with the adoption of Ordinance No. 145, pursuant to the Redevelopment Law. The five members of the City Council serve as the governing body of the Agency, and exercise all the rights, powers, duties and privileges of the Agency.

The Redevelopment Plan (the "Redevelopment Plan") for the Agoura Hills Redevelopment Project Area (the "Project Area") was approved by Ordinance No. 92-213 adopted by the City Council on July 15, 1992, and amended by Ordinance No. 94-248 adopted November 9, 1994 and Ordinance No. 05-329 adopted February 9, 2005. Encompassing approximately 1028 acres, most of the Project Area lies in the southern portion of the City along major commercial arterials and the 101 Freeway. Assessed valuation of taxable property within the Project Area (including secured and unsecured values) for fiscal year 2007-08 totals \$769,208,425, which is \$336,636,718 greater than the base year valuation. Parcels currently used for residential purposes account for approximately 13 percent of the 2007-08 assessed value of the Project Area. Collectively, the top ten property owners (ranked by assessed value) own properties that represent approximately 42 percent of the total assessed value of the Project Area for the 2007-08 fiscal year. See "THE PROJECT AREA."

The projections of Housing Set-Aside Revenues contained in this Official Statement are based on assessed valuations for fiscal year 2007-08. Any future decrease in the receipt of taxes, the assessed valuation of the Project Area, the applicable tax rates or the economic stability of the Project Area could reduce the Housing Set-Aside Revenues allocated to the Agency and correspondingly could have an adverse impact on the ability of the Agency to pay debt service on the Bonds. See "RISK FACTORS" and "PROPERTY TAXATION."

The Authority

The Authority was established pursuant to Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code and a Joint Exercise of Powers Agreement, dated as of April 1, 1999, by and between the City and the Agency. The governing commission of the Authority is comprised of all of the individuals who currently are members of the City Council of the

City. The Authority is qualified to assist in the financing of certain public improvements. The Authority has no taxing power. The Authority, the Agency and the City are each separate and distinct legal entities, and the debts and obligations of each such entity are not debts or obligations of the other entity.

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan, or the base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll (except such portion generated by rates levied to pay voter-approved bonded indebtedness after January 1, 1989 for the acquisition or improvement of real property) are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies have no authority to levy property taxes and must look specifically to the allocation of taxes produced under the Redevelopment Law.

Sections 33334.2 and 33334.3 of the Redevelopment Law require the Agency to set aside not less than 20 percent of all tax increment revenues with respect to the Project Area allocated to the Agency in a low and moderate income housing fund (the “Housing Fund”) to be expended for authorized low and moderate income housing purposes (the “Housing Set-Aside”). Amounts on deposit in the Housing Fund may be applied to pay debt service on bonds, loans or advances used to provide financing for such low and moderate income housing purposes.

Security for the Bonds

The Bonds are secured by a pledge of Housing Set-Aside Revenues and certain funds established under the Indenture. “Housing Set-Aside Revenues” is defined in the Indenture to mean the amounts required to be deposited by the Agency in the Housing Fund pursuant to Section 33334.2 or 33334.6 of the Redevelopment Law.

The Bonds are not a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Agency, and none of the City, the State nor any of its political subdivisions, other than the Agency, is liable therefor. The principal of, premium, if any, and interest on the Bonds are payable solely from Housing Set-Aside Revenues allocated to the Agency from the Project Area and amounts in certain funds and accounts held under the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Other Information

There follows in this Official Statement brief descriptions of the Bonds, security for the Bonds, certain risk factors, the Agency, the Project Area and certain other documents and information relevant to the issuance of the Bonds. All references herein to the Indenture or other documents are qualified in their entirety by reference to the Indenture or such documents and all references to the Bonds are further qualified by reference to the definitive Bonds and to the terms thereof which are contained in the Indenture. Unless the context clearly requires otherwise, capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Indenture. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions.”

This Official Statement speaks only as of its date as set forth on the cover hereof, and the information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Agency since the date hereof.

Unless otherwise expressly noted, references to Internet websites in this Official Statement are shown for reference and convenience only, and none of their content is incorporated herein by reference. The information contained within such websites has not been reviewed by the Agency. The Agency makes no representation regarding the information therein.

CONTINUING DISCLOSURE

The Agency will enter into a Continuing Disclosure Agreement with the Trustee to provide certain financial information and operating data relating to the Agency not later than December 31 in each year, (the “Annual Report”), and to provide notices of the occurrences of certain enumerated events, if material. The Annual Report will be filed by the Trustee on behalf of the Agency with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information repository, if any. The notices of material events will be filed by the Trustee on behalf of the Agency with the Municipal Securities Rulemaking Board (and with the appropriate State information repository, if any). The purpose of this undertaking by the Agency is to assist the Underwriter in complying with Rule 15c2 12(b)(5) promulgated by the Securities and Exchange Commission. The form of the Continuing Disclosure Agreement is included as Appendix F to this Official Statement. The Continuing Disclosure Agreement with respect to the Bonds is the Agency’s first undertaking with respect to the requirements of Rule 15c2 12(b)(5) to provide annual reports or notices of material events.

THE BONDS

Authority for Issuance

The Bonds have been authorized by, and are being issued pursuant to, the Indenture and in accordance with the Redevelopment Law and other applicable laws of the State.

Description of the Bonds

The Bonds will be issued in the aggregate principal amount, will be dated the date of delivery, will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. Interest on the Bonds is payable on _____ and _____ of each year, commencing on _____, 2008 (each an “Interest Payment Date”). Interest on the Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be initially delivered as one fully registered certificate for each maturity and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as the depository for the Bonds and all payments due on the Bonds will be made to Cede & Co. Ownership interests in the Bonds may be purchased only in book-entry form. So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co., or such other nominee of DTC, and shall not mean the beneficial owners of the Bonds. See “THE BONDS – Book Entry Only System” and “APPENDIX H – DTC’S BOOK-ENTRY ONLY SYSTEM.”

Interest on the Bonds will be payable on each Interest Payment Date to the registered owners of the Bonds as of the close of business on the 15th day of the month preceding such Interest Payment Date (the “Record Date”). Each Bond will bear interest from the Interest Payment Date next preceding the date

of authentication thereof, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to _____, 2008, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of a Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond.

Book-Entry Only System

The Bonds will be issued as one fully registered bond without coupons for each maturity (unless there are different interest rates within such maturity, then one certificate for each interest rate within such maturity) and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. So long as DTC's book-entry system is in effect with respect to the Bonds, notices to Owners by the Agency or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the Bonds, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners or use of the capitalized term "Owners" mean Cede & Co. or such other nominee of DTC, and do not mean the beneficial owners of the Bonds. See "APPENDIX H – DTC'S BOOK-ENTRY ONLY SYSTEM."

In the event that such book-entry system is discontinued with respect to the Bonds, the Agency will execute and deliver replacements in the form of registered certificates and, thereafter, the Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture. In addition, the following provisions would then apply: Payment of interest on any Bond due on or before the maturity or prior redemption thereof will be made to the person whose name appears in the Bonds registration books kept by the Trustee as the registered owner thereof as of the Record Date relating to each Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed by first class mail on the Interest Payment Date to such Owner at the address as it appears in such books, or by wire transfer to an account in the United States upon written request delivered to the Trustee prior to the related Record Date of an Owner of at least \$1,000,000 in aggregate principal amount of Bonds. Payments of defaulted interest with respect to the Bonds will be paid by check to the registered Owners of the Bonds as of a special record date to be fixed by the Trustee, notice of which special record date will be given to the registered Owners of the Bonds not less than ten days prior to such special record date. Principal and premium, if any, with respect to the Bonds will be payable upon the surrender of the Bonds at the corporate trust office of the Trustee, The Bank of New York Trust Company, N. A., in Los Angeles, California or such other location as designated by the Trustee.

Redemption

*Optional Redemption.** The Bonds maturing _____, 20__ and thereafter are subject to redemption prior to their stated maturity, at the option of the Agency, as a whole or in part (from such maturities as the Agency will designate) on any date, from any source of available funds on or after _____, 20__ at [the principal amount thereof plus accrued interest to the redemption date, without premium.]

Mandatory Sinking Account Redemption.* The Bonds maturing on _____, 20__ and _____, 20__ (the “Term Bonds”) are subject to mandatory redemption by lot prior to maturity from mandatory sinking account installments on each _____ at the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, in accordance with the following schedules:

<u>Term Bonds Maturing _____, _____</u>			
<u>Sinking Account Installments</u>			
Year (_____)	Principal Amount	Year (_____)	Principal Amount

(Maturity)

<u>Term Bonds Maturing _____, _____</u>			
<u>Sinking Account Installments</u>			
Year (_____)	Principal Amount	Year (_____)	Principal Amount

(Maturity)

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Outstanding Bonds of a maturity, the Trustee will select the Bonds to be redeemed from all Bonds or such given portion thereof not previously called for redemption, by lot; provided, that if less than all of the Outstanding Term Bonds of any maturity are called for optional redemption, each future sinking account installment with respect to such Term Bonds will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total amount of sinking account installment payments (with respect to such Term Bonds) to be made after the optional redemption will be reduced by an amount equal to the principal amount of the Term Bonds so redeemed.

Purchase in Lieu of Redemption. In lieu of redemption of any Term Bond, the Indenture permits the purchase of such Term Bonds on the open market, but not in excess of the principal amount of such Term Bonds. The principal amount of any Term Bonds so purchased by the Trustee in any 12-month period ending 30 days prior to _____ in any year will be credited toward and will reduce the principal amount of Bonds required to be redeemed on such _____.

Notice of Redemption. Notice of redemption shall be sent by first class mail (or such other means as acceptable to the recipient of such notice), not more than 60 days and not less than 30 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee and to certain securities depositories and information services. Each such notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series designation of such Bonds, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date.

Partial Redemption. Upon surrender of any Bond redeemed in part only, the Agency will execute and the Trustee will authenticate and deliver to the Owner of such Bond, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same series, interest rate and the same maturity. A partial redemption is valid upon payment of the amount required to be paid to the registered owner, and the Agency and the Trustee will be released and discharged from all liability to the extent of such payment.

Right to Rescind Optional Redemption. The Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under the Indenture. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of such redemption price of the Bonds so called for redemption have been duly provided, no interest will accrue on such Bonds from and after the redemption date specified in such notice. Such Bonds, or parts thereof redeemed, will cease to be entitled to any lien, benefit or security under the Indenture.

Additional Bonds

The Agency may at any time after the issuance and delivery of the Bonds issue Additional Bonds payable from the Housing Set-Aside Revenues and secured by a lien and charge upon the Housing Set-Aside Revenues equal to and on a parity with the lien and charge securing the Bonds, subject to the conditions precedent set forth in the Indenture, including, among others:

- (a) No Events of Default have occurred or are continuing under the Indenture (including any Supplemental Indentures), and a Certificate of the Agency to that effect shall have been filed with the Trustee.
- (b) The issuance of such Additional Bonds has been duly authorized pursuant to the Redevelopment Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture duly adopted by the Agency.
- (c) The amount on deposit in the Reserve Account will be increased at the time such Additional Bonds are issued to an amount at least equal to the Reserve Requirement on all then Outstanding Bonds and such Additional Bonds.
- (d) The Agency provides a Consultant's Report evidencing that Housing Set-Aside Revenues (based upon the assessed valuation of taxable property in the Project Area for the fiscal year shown on the most recently equalized assessment roll preceding the date of the Agency's execution and delivery of the Supplemental Indenture providing for the issuance of such Additional Bonds) plus, at the option of the Agency, the Additional Allowance (defined below), shall be in an amount equal to at least 1.35 times Maximum Annual Debt Service following the issuance of such Additional Bonds.

“Additional Allowance” means as of the date of calculation, the amount of Housing Set-Aside Revenues which, as shown in a Consultant's Report, are estimated to be receivable by the Agency in the next Fiscal Year as a result of increases in the assessed valuation of taxable property in the Merged Project Area due to either (i) construction which has been completed but has not yet been reflected on the

tax roll, or (ii) transfer of ownership or any other interest in real property, which is not then reflected on the tax roll.

For the purposes of the issuance of Additional Bonds, Outstanding Bonds shall not include any Bonds the proceeds of which are deposited in an escrow fund held by the Trustee or an escrow agent, provided that the provisions of the Supplemental Indenture authorizing issuance of such Escrow Bonds meet the conditions set forth in the Indenture.

In the event such Additional Bonds are to be issued solely for the purpose of refunding and retiring any Outstanding Bonds, interest and principal payments on the Outstanding Bonds to be so refunded and retired from the proceeds of such Additional Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service. Nothing contained in the Indenture shall limit the issuance of any tax allocation bonds of the Agency payable from the Housing Set-Aside Revenues and secured by a lien and charge on the Housing Set-Aside Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Bonds theretofore issued under the Indenture will be Outstanding. Nothing contained in the Indenture shall prohibit the issuance of any tax allocation bonds or other indebtedness by the Agency secured by a pledge of tax increment revenues (including Housing Set-Aside Revenues) subordinate to the pledge of Housing Set-Aside Revenues securing the Bonds; provided, however, that no such issuance shall cause the Agency to exceed any applicable tax increment limit under the Redevelopment Plan or the Redevelopment Law.

For a more detailed summary of the conditions to the issuance of Additional Bonds, see “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Debt Service Schedule

Scheduled debt service on the Bonds, without regard to any optional redemption, is shown in the following table.

Bond Year Ending	Principal	Interest	Total Agency Debt Service
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Total

DISPOSITION OF BOND PROCEEDS

Redevelopment Fund

A portion of the proceeds of the Bonds will be placed in the Housing Fund to be used by the Agency to finance low or moderate income housing projects of the Agency to be donated for construction of low and moderate income housing.

The above-described projects reflect the Agency's current expectations. The Agency may use the proceeds of the Bonds for other permitted redevelopment purposes. None of the projects financed with proceeds of the Bonds will constitute security for the Bonds.

Estimated Sources and Uses of Funds

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

Sources

Principal Amount of Bonds	\$
[Plus/Less]: Net Original Issue [Premium/Discount]	
Less: Underwriter's Discount	_____
Total Sources	\$

Uses

Housing Fund	\$
Reserve Account ⁽¹⁾	
Costs of Issuance ⁽²⁾	_____
Total Uses	\$

⁽¹⁾ Deposit into each Reserve Account an amount equal to the initial Reserve Requirement with respect to the Bonds. See "SECURITY FOR THE BONDS – Reserve Account."

⁽²⁾ To pay fees and expenses of Bond Counsel, Disclosure Counsel, Trustee, Financial Advisor and Fiscal Consultant, rating fees, costs of printing this Official Statement, underwriter's discount[, the premium for the Bond Insurance Policy] and other costs in connection with the issuance of the Bonds.

SECURITY FOR THE BONDS

Pledge and Allocation of Taxes

General. Under provisions of the California Constitution and the Redevelopment Law, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, city and county, district or other public corporation ("taxing agencies") for fiscal years beginning after the effective date of the ordinance approving the redevelopment plan for the Project Area (the "Effective Date"), are divided as follows:

1. The portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area, as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency, last equalized prior to the Effective Date, will be allocated to and when collected will be paid into the funds of the respective taxing agencies as taxes by or for such taxing agencies on all other

property are paid (for the purpose of allocating taxes levied by or for any taxing agency or agencies which did not include such territory on the Effective Date but to which such territory has been annexed or otherwise included after such Effective Date, the assessment roll of the county last equalized on the Effective Date shall be used in determining the assessed valuation of the taxable property in such territory on the Effective Date); and

2. Except as provided in subparagraph (3) below, that portion of such levied taxes each year in excess of such amount is allocated to and when collected paid into a special fund of the Agency, to the extent required to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the redevelopment project. Unless and until the total assessed valuation of the taxable property in the Project Area exceeds the total assessed value of the taxable property therein as shown by the last equalized assessment roll referred to in paragraph (1) above, all of the taxes levied and collected upon the taxable property in the Project Area will be paid to the respective taxing agencies. When such loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the Project Area will be paid to the respective taxing agencies as taxes on all other property are paid; and
3. That portion of the taxes identified in subparagraph (2) above that are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property approved by the voters of the taxing agency on or after January 1, 1989, shall be allocated to, and when collected shall be paid into, the fund of the taxing agency.

Housing Set-Aside. Sections 33334.2 and 33334.3 of the Redevelopment Law require the Agency to annually deposit into its Housing Fund the Housing Set-Aside, i.e., an amount not less than 20 percent of all tax revenues with respect to the Project Area allocated to the Agency, to be expended for authorized low and moderate income housing purposes. Amounts on deposit in the Housing Fund may also be applied to pay debt service on bonds, loans or advances used to provide financing for such low and moderate income housing purposes. Under the Redevelopment Law, the Housing Set-Aside could be reduced or eliminated if the Agency finds that (i) no need exists in the community to improve or increase the supply of low and moderate income housing or (ii) that some stated percentage less than 20 percent of the tax increment of the Project Area is sufficient to meet the housing need. The Agency has not made any such finding.

“Excess Surplus” is defined in Section 33334.12 of the Redevelopment Law as any unexpended or unencumbered amounts in the Housing Fund that exceed the greater of \$1 million or the aggregate amount deposited into the Housing Fund during the Agency’s preceding four fiscal years. The Agency has covenanted in the Indenture to disburse, expend or encumber amounts that are considered Excess Surplus at such times and in such manner that the Agency will not be subject to sanctions pursuant to Subdivision (e) of Section 33334.12. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” In Fiscal Year 2006-07, the Agency reported Excess Surplus in the amount of \$489,675. The Agency intends to encumber or expend its Excess Surplus for [description of projects and projected timing of expenditures to come].

Housing Set-Aside Revenues derived from the Project Area will be pledged in their entirety to the payment of the principal of, premium, if any, and interest on the Bonds and any Additional Bonds. See “INTRODUCTION – Security for the Bonds” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for the definition of the term “Housing Set-Aside Revenues” as set forth in the Indenture.

The Agency has no power to levy and collect property taxes, and any legislative property tax limitation or decrease or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate would, in all likelihood, reduce the amount of tax increment revenues that would otherwise be available as Housing Set-Aside Revenues to pay the principal of, interest on and premium, if any, on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. For a further description of factors that may result in decreased tax increment revenues, see “RISK FACTORS” and “PROPERTY TAXATION” herein.

AB 1290 Payments. California Health and Safety Code Section 33607.5 and Section 33607.7 were added to the Redevelopment Law by Assembly Bill 1290 (“AB 1290”), enacted by the State Legislature in 1994. Section 33607.7 has been further amended by SB 211, Chapter 741, Statutes 2001 (“SB 211”). California Health and Safety Code Section 33607.5 and Section 33607.7, together, require that taxing entities receive an additional portion of tax increment revenues (the “AB 1290 Payments”) otherwise payable to the redevelopment agency, if such taxing entities were affected by (i) the adoption after January 1, 1994, of a new redevelopment plan for a project area or an amendment to an existing redevelopment plan that added territory to a project area, or (ii) the adoption after January 1, 1994 of an amendment (to a redevelopment plan that was adopted before January 1, 1994) which extends the time limit on incurring debt with respect to the project area, extends the time limits for the duration and effectiveness of the redevelopment plan or the time limit for establishing indebtedness or increases the dollar cap on the amount of tax increment revenues allocable to the redevelopment agency for the project area (unless a taxing entity already receives pass-throughs under an existing agreement). The AB 1290 Payments are calculated according to a three-tier formula based on increases to assessed value and the number of years following the year in which the Agency became obligated to make AB 1290 Payments. See APPENDIX B – FISCAL CONSULTANT’S REPORT – Section G – Contingent Liabilities.” AB 1290 prohibits redevelopment agencies from entering into any new agreement to contractually provide for a pass-through of tax increment revenue to an affected taxing agency. Such agreements, which were common prior to the enactment of AB 1290, are generally referred to as pass-through agreements or tax sharing agreements.

The Agency has not amended the Redevelopment Plan for the Project Area as described above and therefore the Agency currently is not required to make AB 1290 Payments to affected taxing entities. However, should the Redevelopment Plan for the Project Area be amended for one of the purposes described above, for example to eliminate the July 15, 2012 deadline to incur debt, the Agency would be required to make AB 1290 Payments to those taxing entities which had not entered into a tax sharing agreement with the Agency prior to 1994.

See “INTRODUCTION – Security for the Bonds,” “PROPERTY TAXATION – AB 1290 and SB 211” and “APPENDIX B – FISCAL CONSULTANT’S REPORT.”

Section 33676 Allocations. Pursuant to former Section 33676 of the Redevelopment Law, affected taxing entities could elect to receive additional property taxes (the “Section 33676 Allocations”) above the base year revenue amount in redevelopment project areas established between 1985 and 1993. Such additional allocation of property taxes to a taxing entity is based on annual increases in the real property portion of the base year value up to the inflation limit of two percent. Taxing entities could receive the Section 33676 Allocations if they elected to do so prior to adoption of the redevelopment plan

and so long as they had not entered into a tax sharing agreement. The Las Virgenes Resource Conservation District elected to receive the Section 33676 allocations for Project Area.

In the case of *Santa Ana Unified School District v. Orange County Development Agency*, the Court found that even though a school district had not filed the resolution prior to adoption of the redevelopment plan, they were eligible to receive the allocations beginning on the date that they did file the resolution. The school districts in the Project Area have tax sharing agreements with the Agency and therefore are not eligible for the Section 33676 allocations. See “APPENDIX B – FISCAL CONSULTANT’S REPORT.”

Reserve Account

A Reserve Account will be maintained under the Indenture for the Bonds and any Additional Bonds (collectively, the “Parity Bonds”) in an amount equal to the Reserve Requirement. “Reserve Requirement” means, as of any calculation date, an amount equal to the least of (i) 10% of the sum of the original stated principal amounts of all Series of Parity Bonds at issuance, (ii) 125% of Average Annual Debt Service or (iii) Maximum Annual Debt Service. So long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be transferred to the Debt Service Fund. All money in (or available to) the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of (i) replenishing the Interest Account, the Principal Account or the Sinking Account in such order, in the event of any deficiency at any time in any of such accounts or for the purpose of paying the interest on or principal of the Parity Bonds in the event that no other money in the Special Fund or the Debt Service Fund is lawfully available therefor, or (ii) making the final payments of principal of and interest on a Series of parity Bonds (but solely to the extent that provisions have been made such that the balance of the Reserve Account after such release will equal the Reserve Requirement in effect after the retirement of such Series of Parity Bonds). The Reserve Requirement may be satisfied by crediting to the Reserve Account moneys or one or more Qualified Reserve Account Credit Instruments, or any combination thereof, which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement. See APPENDIX D, “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

BOND INSURANCE

The following information has been furnished by _____ for use in this Official Statement. Such information has not been independently confirmed or verified by the Agency. The Agency makes no representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Reference is made to Appendix G for a specimen of the Bond Insurance Policy.

[to come]

RISK FACTORS

Investment in the Bonds involves elements of risk. The following section describes certain specific risk factors affecting the payment and security of the Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors not discussed under this caption will not become material in the future.

Bonds are Limited Obligations

The Bonds are limited obligations of the Agency. The Bonds are not a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Agency, and none of the City, the State nor any of its political subdivisions, other than the Agency, is liable therefor. The principal of, premium, if any, and interest on the Bonds are payable solely from Housing Set-Aside Revenues and amounts in certain funds and accounts held under the Indenture. The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Housing Set-Aside Revenues that would otherwise be available to pay debt service on the Bonds. See "SECURITY FOR THE BONDS."

Reduction of Housing Set-Aside Revenues

The projected Housing Set-Aside Revenues shown in this Official Statement are based on certain assumptions with regard to the assessed valuation in the Project Area, future tax rates and percentage of taxes collected. While the Agency believes these assumptions to be reasonable, to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than the Agency's assumptions, the Housing Set-Aside Revenues available to pay debt service on the Bonds will, in all likelihood, be less than those projected.

Housing Set-Aside Revenues are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. A reduction of taxable value of property in the Project Area will likely reduce the amount of Housing Set-Aside Revenues. As discussed under "THE PROJECT AREA – Assessed Valuation and Housing Set-Aside Revenues," the total assessed value in the Project Area increased by approximately 49 percent between fiscal year 2003-04 and fiscal year 2007-08, which is an average annual growth rate of approximately 12.4 percent. While the total assessed value of property in the Project Area continued to increase by approximately 10 percent from fiscal year 2006-07 to fiscal year 2007-08, home sales volume and average home sale prices in some Southern California areas decreased during the same period as the result of a general slow-down in the region's residential real estate market. Property value and development growth in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the Bonds. DataQuick, a provider of nation-wide real estate market data, reported that as of March 2008, the average home price in Southern California was down 19% from its peak in 2007. See also "Unconventional Mortgage Structures and Tightening of Credit by Lenders" below.

The reduction of taxable values of property may be caused by factors beyond the Agency's control. A relocation out of the Project Area by one or more major property owners, or the transfer, the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances" below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster (see "Natural Disasters; Earthquakes; Fire Hazard Zone Designation; Landslides" below) or any other event which would permit a reassessment of property at lower values, could cause a reduction in the Housing Set-Aside Revenues securing the Bonds. Future initiatives or legislation may be approved by the electorate or the legislature which would further limit the increase of assessed value of property or reduce the tax rate applicable to the property. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Such a reduction of assessed valuations and the resulting decline in Housing Set-Aside Revenues or the resulting property tax refunds could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds. With the exception of the temporary reduction of assessed value pursuant to Proposition 8 (discussed below) for fiscal years 2008-09 and

2009-10, the projected Housing Set-Aside Revenues shown in this Official Statement do not take into account any allowance for property tax appeals and related refunds. See “Assessment Appeals” and “Proposition 8 Adjustments” below.

Unconventional Mortgage Structures and Tightening of Credit by Lenders

From 2002 through the first half of 2006, the Southern California housing market experienced significant price appreciation with accelerating demand. One factor contributing to the recent housing boom in Southern California was readily available credit, including the use of unconventional mortgage structures, such as a cross between a fixed and adjustable rate mortgage, having a low initial (or “teaser”) fixed interest rate for several years that converts to an adjustable interest rate determined by an index plus a fixed margin, and interest-only mortgages, where the borrower pays only interest for a set period of time and then pays down the principal plus interest. Homeowners who financed the purchase of their homes with such mortgages can expect their monthly mortgage payments to increase after the initial period. As the initial low-interest or interest-only periods related to such unconventional mortgages have expired, some homeowners have not been able to maintain payments on their existing loans or to obtain refinancing loans for their homes. Foreclosure proceedings in Southern California have also increased dramatically in 2006 and 2007. In addition, in the second half of 2007, lenders tightened standards for providing mortgages for over \$417,000, so-called “jumbo” mortgages, and increased the cost of jumbo mortgages.

Recently there has been a general softening of the Southern California housing market, as evidenced by a decrease in home sale prices, increasing inventory of new homes and slowing demand. The Agency has not undertaken to assess the financial condition of the current owners of the residential properties within the Project Area and expresses no view concerning these matters. The Agency cannot predict and expresses no view whether or how such factors may affect appeals of assessed values or delinquencies in the collection of property taxes within the Project Area.

Concentration of Ownership

The ten largest property taxpayers in the Project Area account for \$321.8 million, or approximately 42 percent of the total secured and unsecured assessed value of the Project Area for fiscal year 2007- 08. See “APPENDIX B – FISCAL CONSULTANT’S REPORT.” Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within the Project Area, a substantial decline in Housing Set-Aside Revenues could result. See “THE PROJECT AREA – Largest Taxpayers” and “Assessment Appeals” and “Proposition 8 Adjustments” below.

Development Risks

The Agency’s collection of tax increment revenues and correspondingly, Housing Set-Aside Revenues are directly affected by the economic strength of the Project Area. Projected additional development within the Project Area will be subject to all the risks generally associated with real estate development projects, including unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in real estate market and interest rates, unexpected increases in development costs and other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected, causing a reduction in Housing Set-Aside Revenues available to pay debt service on the Bonds.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. The Fiscal Consultant has projected the assessed value with respect to the Project Area to increase by a 2% inflationary and growth factor in each fiscal year. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or two percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than two percent. The Agency is unable to predict if any adjustments to the full cash value of real property within the Project Area, whether an increase or a reduction, will be realized in the future. Should the assessed value of secured property not increase at the estimated annual rate of 2%, the Agency's receipt of future tax increment revenues and correspondingly, Housing Set-Aside Revenues may be adversely affected.

Assessment Appeals

Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written appeal. After the applicant and the assessor have presented their arguments, the applicable local appeals board makes a final decision on the proper assessed value. The appeals board may rule in the assessor's favor, rule in the applicant's favor, or set its own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion. Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. A base year assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the 2 percent inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

The taxable value of unitary property may be contested by utility companies and railroads to the State Board of Equalization. Generally, the impact of utility appeals is on the statewide value of a utility determined by the State Board of Equalization. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area's allocation of unitary property tax revenues.

Any assessment appeal that is pending or which may be filed in the future, if successful, will result in a reduction of the assessed value of the subject property. A reduction of assessed valuation due to appeals, if significant, and the resulting property tax refunds could adversely impact the amount of Housing Set-Aside Revenues available to pay debt service on the Bonds. Based on a review of the records of the County of Los Angeles, the Fiscal Consultant reports that between fiscal year 2001-02 and 2006-07, the largest appeals were filed in fiscal year 2004-05 and resulted in a \$19.6 million, or about 11.1%,

reduction in assessed value. For fiscal year 2006-07 five appeals were filed with an aggregate assessed value of \$24.3 million. See “Reduction of Housing Set-Aside Revenues” above. Also see “APPENDIX B — FISCAL CONSULTANT’S REPORT.”

Proposition 8 Adjustments

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The County Assessor announced that his office would process such assessed value reductions where the assessed values of certain properties exceed current market value as of January 1, 2008. The County Assessor stated that his office would initiate such reductions automatically and that taxpayers are not required to request this assessed value review. The properties to be reviewed for automatic assessed value reductions include single-family homes and condominiums that were purchased July 1, 2004 through June 30, 2007. The Fiscal Consultant reports that the County Assessor’s automatic assessed value reductions should have a minimal impact on fiscal year 2008-09 assessed values in the Project Area because only a small amount of the assessed value in the Project Area meets the County Assessor’s criteria for such automatic assessed value reductions. Only \$102 million, or slightly more than 13%, of the total 2007-08 assessed value in the Project Area is attributable to residential uses and over \$85 million of that value is residential apartments. However, if property values continue to decline, the County Assessor could initiate additional automatic assessed value reductions or assessed value reductions on other types of property and such additional reductions may adversely affect the Agency’s receipt of future tax increment revenues and correspondingly, Housing Set-Aside Revenues. See “Reduction of Housing Set-Aside Revenues” above. Also see “APPENDIX B — FISCAL CONSULTANT’S REPORT.”

Levy and Collection

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax increment revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency’s ability to make timely debt service payments. See “PROPERTY TAXATION – Property Tax Collection Procedure” for more information about the collection of property taxes.

To estimate the tax increment revenues available to pay debt service on the Bonds, the Agency has made certain assumptions with regard to the assessed valuations in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuations, the tax rates and the percentage of taxes collected, are less than the Agency’s assumptions, the Housing Set-Aside Revenues available to pay debt service on the Bonds will,

in all likelihood, be less than those projected herein. See “THE PROJECT AREA – Assessed Valuation and Housing Set-Aside Revenues.”

State Budget and ERAF

In connection with its approval of State’s budgets for prior years, the State Legislature enacted legislation that, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency’s tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the Education Revenue Augmentation Fund (“ERAF”). The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas.

The 2004-05 State Budget included a transfer by redevelopment agencies to the applicable ERAFs of \$250 million in each of fiscal years 2004-05 and 2005-06. The Agency’s share of the annual \$250 million shift for fiscal year 2004-05 was \$157,361 and the share for fiscal year 2005-06 was \$92,930. The Agency paid its fiscal year 2004-05 and fiscal year 2005-06 payments on a timely basis from tax increment revenues.

The State’s budgets for fiscal years 2006-07 and 2007-08 did not require ERAF transfers of tax increment revenues by redevelopment agencies. Although the State’s voters approved a constitutional amendment in November 2004 (the “Local Government Initiative”), which purports to prohibit any further transfers of non-education local government property taxes for the benefit of the State, the Local Government Initiative does not purport to change existing law with respect to the State’s ability to transfer redevelopment agencies’ property tax revenues.

The Governor called a special session January 10 declaring that a fiscal emergency exists and asking the Legislature to submit proposed legislation to address the situation. In response, the Legislature adopted and the Governor signed six bills that enable the state to make reductions and adjustments in State spending for the remainder of the current fiscal year. The special session budget bills did not call for shifts of property taxes from redevelopment

The Agency cannot predict whether the State Legislature will enact legislation impacting future tax increment revenues and correspondingly, Housing Set-Aside Revenues. It is possible that tax increment available for payment of the Bonds may be reduced in the future by actions of the State Legislature.

Information about the State budget and State spending is available at various State maintained websites. Text of the budget may be found at the website of the Department of Finance, www.dof.ca.gov. An analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov. None of such websites is in any way incorporated into this Official Statement, and the Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Natural Disasters; Earthquakes; Fire Hazard Zone Designation; Landslides

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as

earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and could diminish the value of property in the Project Area. A substantial reduction of the value of such properties could also affect the ability or willingness of the property owners to pay the property taxes.

The City, like most communities in California, is an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. Although the City is not directly on a fault line, there are several fault lines in the surrounding regions and if a large enough earthquake were to occur, they could possibly affect the City. The known faults in this region include: the Malibu Coast Fault (in the City of Malibu approximately 15 miles away), Simi Fault (runs through Simi Valley, Moorpark, and Camarillo to the northwest approximately 17 miles away), and Northridge Hills Fault (located approximately 19 miles away).

The County has classified the entire area within the City as a “Very High Fire Hazard Severity Zone” (the “Fire Hazard Zone”). This classification establishes a series of stringent building code requirements that apply to all properties within the Fire Hazard Zone and are intended to retard the rate of spread and reduce the potential intensity of uncontrolled fires. These building code provisions address roofing and siding materials, window glazing, exterior doors, protection of openings and unenclosed under-floor areas and accessory structures. The City has adopted building standards to meet the requirements of the Fire Hazard Zone classification.

In fall of 2007 a series of wildfires burned across southern California, including a fire that burned in and around the nearby City of Malibu. The fire never burned within the Agoura Hills City limits.

In 1992 a retaining wall that was constructed in 1989 as part of a commercial development within the Project Area failed. The failure was attributed to inadequate compaction and poor drainage. The site was re-graded and the wall was rebuilt and the City reports that there have been no further incidents.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance limiting the beneficial use of taxable property within the Project Area. In general, the owners and operators of contaminated property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances, whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of such property.

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under the state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the bonds to judicial discretion and interpretation of their rights in

bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Parity Debt

The Agency may issue or incur obligations payable from Housing Set-Aside Revenues on a parity with its pledge of Housing Set-Aside Revenues to payment of debt service on the Bonds. See “THE BONDS – Additional Bonds.” The existence of and the potential for such obligations increases the risks associated with the Agency’s payment of debt service on the Bonds in the event of a decrease in the Agency’s collection of Housing Set-Aside Revenues.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption

Compliance by Agency. In order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Agency has covenanted to comply with the applicable requirements of Section 148 and certain other sections of the Internal Revenue Code of 1986, as amended, relative to arbitrage and avoidance of characterization as private activity bonds, among other things. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds as a result of acts or omissions of the Agency in violation of these covenants. See “CONCLUDING INFORMATION – Tax Matters.”

Future Legislation or Court Decisions. Legislation affecting the tax exemption of interest on the Bonds may be considered by the United States Congress and the State legislature. Federal and state court proceedings and the outcome of such proceedings could also affect the tax exemption of interest on the Bonds. No assurance can be given that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax exemption of interest on the Bonds or the market value of the Bonds.

Davis v. Kentucky. On May 21, 2007, the United States Supreme Court agreed to hear arguments in *Davis v. Kentucky Department of Revenue*. In an opinion reported in 197 S.W.3d 557 (Ky. App. 2006), an appellate court in Kentucky held that the State of Kentucky had violated the United States Constitution by granting an income tax exemption for interest on bonds issued by Kentucky and its political subdivisions, while at the same time imposing a tax on interest on bonds issued by other states or their political subdivisions. The State of Kentucky appealed to the United States Supreme Court, which is expected to hear the case during the Court’s 2007-08 term. If the United States Supreme Court affirms the Kentucky appellate court decision, it could overturn other state income tax laws similar to Kentucky’s. In that event, each affected state may enact legislation to either extend its tax exemption to bonds issued by other states or their political subdivisions, or tax the interest on its home-state bonds in the same manner as it taxes the interest on out-of-state bonds. It is uncertain whether any such new laws, if enacted, would have retroactive effects.

Other Changes in Redevelopment Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Redevelopment Law or other laws or the Constitution of the State of California resulting in a reduction of Housing Set-Aside Revenues, and thus adversely affecting the security of the Bonds.

PROPERTY TAXATION

Article XIII A of the California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean “the county assessor’s valuation of real property as shown on the fiscal year 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII A was adopted in October 1986 by initiative which exempts from the one percent limitation any bonded indebtedness approved by two-thirds (55 percent in certain instances) of the votes cast by the voters for the acquisition or improvement of real property.

On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases.

In the general elections of 1986, 1988 and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reassessment under Article XIII A. This amendment has reduced local property tax revenues. Other amendments permitted the Legislature to allow persons over 55 years old who sell their residence on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within the county and the original property is located in another county within California.

In the October 1990 election, the voters approved additional amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 years old to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of “new construction,” which triggers reassessment, improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of

Article XIII A to permit the State Legislature to exclude from the definition of “new construction” seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Challenges to Article XIII A. California trial and appellate courts have upheld the constitutionality of Article XIII A’s assessment rules in three significant cases. The United States Supreme Court in an appeal to one of these cases upheld the constitutionality of Article XIII A’s tax assessment system. The Agency cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Agency’s receipt of tax increment revenues and correspondingly, Housing Set-Aside Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100 percent of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100 percent of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, two percent annual value growth) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility property assessed by the State Board of Equalization. Local agencies and school districts share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the one percent limit except for taxes to support indebtedness approved by the voters as described above.

In 1990, the State enacted Senate Bill 2557 which allows counties to charge fees to local jurisdictions for the cost of preparing and overseeing the tax roll.

Property Tax Collection Procedure

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by the County becomes a lien on that property. A tax levied on unsecured property does not become a lien against the unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other private liens.

Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the personal property, improvement or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, on or about June 30 of the fiscal year, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of one and a half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County tax collector.

The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Unsecured taxes, if unpaid, are delinquent by August 31.

A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property upon the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to 14 months. As enacted, Chapter 498 provides increased revenue to redevelopment agencies to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Agency revenues may increase.

In 1990, the State Legislature enacted Senate Bill 2557 (Statutes of 1990, Chapter 466) (“SB 2557”) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. California courts have upheld the inclusion of redevelopment agencies as a local government agency which must share the cost of property tax administration. The 1992 enactment of Senate Bill 1559 (Chapter 697) and the decision of the *California Court of Appeal in Arcadia Redevelopment Agency v. Ikemoto* have clarified that redevelopment agencies, such as the Agency, are to share in the cost of property tax administration charged by most California counties, including the County. During fiscal year 2006-07, the County withheld approximately \$64,496 from the Agency for such administrative costs with respect to the Project Area.

Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by certain railroad and utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate,

each jurisdiction, including redevelopment project areas, receives a percentage up to 102 percent of its prior year State-assessed unitary revenues; and if county-wide revenues generated for unitary property are greater than 102 percent of the previous year's unitary revenues, each jurisdiction receives a percentage share of the excess unitary revenues generated from the application of the debt service tax rate to county wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenues based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenues generated from the property assessed by the State Board of Equalization. The County Auditor-Controller remitted no unitary revenues to the Agency for the Project Area during the 2006-07 fiscal year.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4 which added Article XIII B to the California Constitution and has been subsequently amended several times. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The base years for establishing such appropriation limit is fiscal year 1986-87 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Health and Safety Code which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*, which cases were not accepted for review by the California Supreme Court.

Proposition 87

Under prior State law, if a taxing entity increased its tax rate to obtain revenues to repay voter approved general obligation bonds, any redevelopment project area which included property affected by the tax rate increase would realize a proportionate increase in tax increment.

Proposition 87, approved by the voters of the State on November 8, 1993, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity which increases the tax rate to repay the general obligation bonded indebtedness. As a result, redevelopment agencies no longer receive an increase in tax increment when taxes on property in the project area are increased to repay voter approved general obligation debt.

Proposition 218

On November 5, 1996, California voters approved Proposition 218 - Voter Approval for Local Government Taxes - Limitation on Fees, Assessments, and Charges - Initiative Constitutional Amendment. Housing Set-Aside Revenues securing the Agency's obligations to make payments are derived from property taxes, which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

AB 1290 and SB 211

In 1993, the California Legislature enacted AB 1290, which mandated a limitation on the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. Senate Bill 211 ("SB 211"), which was adopted by the California Legislature in 2001 and took effect as of January 1, 2002, provides that redevelopment plans adopted on or before December 31, 1993 may be amended by a legislative body by adoption of an ordinance to eliminate the time limit on establishing indebtedness (meaning the redevelopment agency could incur debt up to the end of the effectiveness of its redevelopment plan), but would in turn trigger statutory pass-throughs to all taxing entities with whom the redevelopment agency does not have a pass-through agreement at the time the ordinance is adopted. If an agency were to eliminate a project area's existing time limit to incur indebtedness as permitted by SB 211, the statutory pass-throughs would apply starting in the year after what is now the final year to incur indebtedness. The Agency's Redevelopment Plan has not been amended to eliminate the time limit on establishing indebtedness and therefore the Agency is not currently subject to statutory pass-through payments. See "SECURITY FOR THE BONDS – Pledge and Allocation of Taxes."

SB 211 also authorizes the amendment of a redevelopment plan adopted prior to January 1, 1994, in order to extend for not more than 10 years the effectiveness of the redevelopment plan and the time to receive tax increment revenues and to pay indebtedness. Any such extension must meet certain specified requirements, including the requirement that the redevelopment agency establish the existence of both physical and economic blight within a specified geographical area of the redevelopment project and that any additional tax increment revenues received by the redevelopment agency because of the extension be used solely within the designated blighted area.

SB 1045 and SB 1096

Senate Bill 1045 ("SB 1045"), which was adopted by the California Legislature in 2003, mandated a shift of \$135 million in tax increment revenues from California redevelopment agencies to ERAF in fiscal year 2003-04. Senate Bill 1096 ("SB 1096"), which was adopted by the California Legislature in 2004, further mandated a shift of approximately \$1.3 billion over a period of two years (fiscal years 2004-05 and 2005-06) in property taxes from local agencies to ERAF. See "RISK FACTORS – State Budget; ERAF." In addition to requiring the shift of tax increment revenues, SB 1045 and SB 1096 allowed redevelopment agencies to amend redevelopment plans to extend time limits on the effectiveness of the redevelopment plans if payments were made to ERAF. The Agency did not amend the time limit for the effectiveness of the Redevelopment Plan for the Project Area pursuant to SB 1045 because the Agency was not required to make a 2003-04 ERAF payment. A redevelopment agency may not adopt an SB 1096 amendment if the time limit for the effectiveness of the redevelopment plan is more than 20 years from the last day of the fiscal year in which the related ERAF payment is made. Since the time limit for the effectiveness of the Redevelopment Plan for the Project Area occurs more than 20 years after the end of fiscal year 2005-06, the time limits set forth in the Redevelopment Plan cannot be extended pursuant to SB 1096

Future Initiatives

Article XIII A, Article XIII B and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

THE AGENCY

The Agency was established on March 9, 1988 by the City Council of the City with the adoption of Ordinance No. 145, pursuant to the Redevelopment Law. The five members of the City Council serve as the governing body of the Agency, and exercise all the rights, powers, duties and privileges of the Agency.

Members and Officers

The members and officers of the Agency and the expiration dates of their terms are as follows:

<u>Name and Office</u>	<u>Expiration of Term</u>
Denis Weber, Chairperson	November 2009
William D. Koehler, Vice Chairperson	November 2009
John Edelston, Member	November 2011
Dan Kuperberg, Member	November 2011
Harry Schwarz, Member	November 2009

Certain members of the City staff also serve as staff to the Agency. Below are brief biographies of the City Manager, Director of Finance, Assistant to the City Manager and the Director of Planning and Community Development:

Greg Ramirez, City Manager / Executive Director of the Agency. Mr. Ramirez was appointed City Manager for the City of Agoura Hills in February 2004 and has over thirteen years of municipal government experience in four California cities. He earned a Bachelor of Science degree in Economics from California Polytechnic University, San Luis Obispo, in 1991, and a Masters degree in Economics from California State University, Hayward, California in 1995. Mr. Ramirez is on the Board of Trustees for the Conejo/Las Virgenes Future Foundation and the Los Robles Regional Hospital and Medical Center. He served on the Business Operating Services Committee for the Los Angeles County Metropolitan Transportation Authority (TAC), is a member of Big Brothers/Sisters of Greater Los Angeles and also holds membership in the California City Manager Foundation. Mr. Ramirez was honored with the "40 Under 40" Award for Achievement by the San Fernando Business Journal.

Georgette Holt, Director of Finance of the City. Ms. Holt was appointed Director of Finance of the City of Agoura Hills in February 1997, bringing over 30 years of governmental financial and management experience in four California communities. Ms. Holt is a member of the Governmental Finance Officers Association (GFOA), California Society of Municipal Officers (CSMFO), Channel Counties Chapter of CSMFO, and California Municipal Treasurers Association (CMTA).

Nathan M. Hamburger, Assistant to the City Manager. Mr. Hamburger was appointed Assistant to the City Manager in January 2006, bringing a municipal government background of over six years. He earned a Bachelor's of Art degree in Political Science with minors in Business Administration and Criminal Justice from the California State University at Fullerton in 2000, and a Master's degree in Public Administration from the University of Southern California in 2002. Mr. Hamburger is a member of the

International City/County Management Association and also has served for over 5 years as an Executive Board Member for the Municipal Management Association of Southern California.

Mike Kamino, Director of Planning and Community Development. Mr. Kamino was appointed Director of Planning & Community Development of the City in April 2001, bringing over 20 years of governmental planning experience in four cities. He earned a Bachelor's of Arts degree in Political Science in 1977 from the University of California, Santa Barbara and a Master's degree in Public Administration in 1979 from California State University, Long Beach. Mr. Kamino is a member of the American Planning Association and American Institute of Certified Planners.

Agency Powers

All powers of the Agency are vested in its governing body. Pursuant to the Redevelopment Law, the Agency may exercise broad governmental functions and authority to accomplish its purposes, including, but not limited to, the right of eminent domain, the right to issue bonds and expend their proceeds and the right to acquire, sell, develop, administer or lease property. The Agency may demolish buildings, clear land and cause to be constructed certain improvements including streets, sidewalks, and public utilities.

The Agency may not construct or develop buildings, with the exception of public facilities and housing, but may sell or lease cleared property to redevelopers for construction and development in accordance with the Redevelopment Plan.

Agency Accounting Records and Financial Statements

The Redevelopment Law requires redevelopment agencies to have an independent financial audit conducted each year. The financial audit is also required to include an opinion of the Agency's compliance with laws, regulations and administrative requirements governing activities of the Agency. Moreland & Associates, Inc., Newport Beach, California (the "Auditors"), audited the financial statements of the Agency for the fiscal year ended June 30, 2007. See "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR FISCAL YEAR ENDED JUNE 30, 2007." The Agency has not requested nor did the Agency obtain permission from the Auditors to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditors have not performed any post-audit review of the financial condition or operations of the Agency.

Filing of Statement of Indebtedness

Section 33675 of the Redevelopment Law requires that the Agency file, not later than the first day of October of each year with the County Auditor, a statement of indebtedness certified by the chief financial officer of the Agency for each redevelopment project for which the redevelopment plan provides for the division of taxes pursuant to Section 33670 of the Redevelopment Law. The statement of indebtedness is required to contain, among other things, the date on which bonds payable from tax increment of the redevelopment project were delivered, the principal amount, term, purpose, interest rate and total interest of the bonds, the principal amount and the interest due in the fiscal year in which the statement of indebtedness is filed and the outstanding balance and amount due on the bonds. Similar information must be given for each loan, advance or indebtedness that the Agency has incurred or entered into which is payable from tax increment.

Section 33675(g) has been amended by AB 1290 to provide that payments of tax increment revenues from the county auditor to a redevelopment agency may not exceed the redevelopment agency's aggregate total outstanding debt service obligations minus the available revenues of the redevelopment

agency, and establishes certain procedures under which a county auditor may, in certain cases, dispute the amount of indebtedness shown on the statement of indebtedness. Payments to a trustee under a bond resolution or indenture or payments to a public agency in connection with payments by such public agency pursuant to a bond issue may not be disputed in any action under Section 33675.

The Agency has filed its statement of indebtedness for fiscal year 2007-08 for the Project Area and has met all previous requirements with respect to the filing of its statements of indebtedness pursuant to Section 33675.

THE PROJECT AREA

The Redevelopment Plan for the Agoura Hills Redevelopment Project was adopted on July 15, 1992 by Ordinance No. 92-213 and amended by Ordinance No. 94-248 adopted November 9, 1994 and Ordinance No. 05-329 adopted February 9, 2005. The Project Area comprises about 1028 acres, located in the southern portion of the City, along major commercial arterials and the 101 Freeway. Almost 67 percent of the fiscal year 2007-08 assessed value in the Project Area is currently used for commercial or industrial uses. Residential uses represent 13.28 percent, vacant property represents 9.87 percent, unsecured property (primarily fixtures and equipment) represents 8.61 percent and institutional uses represent 1.39 percent of the fiscal year 2007-08 assessed value in the Project Area.

All real property in the Project Area is subject to the controls and restrictions of the Redevelopment Plan. The Redevelopment Plan requires that all construction in the Project Area comply with all applicable State and local laws in effect from time to time.

The Redevelopment Plan provides that the land uses to be permitted within the Project Area shall be as provided within the City's General Plan, as it currently exists or as it may from time to time be amended, and as implemented and applied by City ordinances, resolutions and other laws. The Agency may permit an existing but nonconforming use to remain so long as the existing building is in good condition and is generally compatible with existing and proposed land uses in the Project Area and abatement of such uses is not required by applicable City codes.

Limitations and Requirements of the Redevelopment Plan

Pursuant to the Redevelopment Plan, the total tax increment revenues received by the Agency over the life of the Redevelopment Plan cannot exceed a combined total of \$242 million (exclusive of: (i) any payments to taxing agencies to alleviate financial burden or detriment made by the Agency pursuant to Section 33401 of the Redevelopment Law; and (ii) any additional funds required to be deposited into the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law as a result of having made the payments to taxing entities described in (i)). The total amount of outstanding bonded indebtedness incurred by the Agency, payable from tax increment revenues, which can be outstanding at any one time cannot exceed \$67 million (exclusive of (i) any payments to be made from such principal amount of bonds by the Agency to any taxing entity pursuant to Section 33401 of the Redevelopment Plan to alleviate financial burden or detriment; and (ii) any portion of such principal amount required to be deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law as a result of having made payments to taxing entities described in (i)).

Pursuant to Ordinance No. 94-248, adopted July 15, 1994, the Redevelopment Plan provides that no loan, advance or indebtedness to finance, in whole or in part, the Project Area shall be established after July 15, 2012 and no debt can be repaid after July 15, 2042.

Upon their issuance, the Bonds will constitute the Agency’s only outstanding bonds secured by a pledge of Housing Set-Aside Revenues with respect to the Project Area. Concurrently with the issuance of the Bonds, the Agency has issued its Tax Allocation Bonds (Agoura Hills Redevelopment Project Area) Series 2008 (Taxable) (the “Non-Housing Tax Allocation Bonds”). The Non-Housing Tax Allocation Bonds are secured by a pledge of Tax Revenues (defined below). The Agency has other outstanding loans and payment obligations relating to the Project Area, [but they are either unsecured or payable on a subordinate basis to the Bonds.] See “APPENDIX C – AUDITED FIANCIAL STATEMENTS OF THE AGENCY FOR FISCAL YEAR ENDED JUNE 30, 2007.”

The term “Tax Revenues” means the tax revenues (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area; provided, however, that “Tax Revenues” excludes (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts paid to the County as an administrative fee pursuant to Senate Bill 2557 (Chapter 466 of the Statutes of 1990); (c) amounts allocable to the various taxing entities under the tax sharing agreements (the “Tax Sharing Agreements”) entered into by the Agency as described in “THE PROJECT AREA – Tax Sharing Agreements with Various Taxing Agencies”, except to the extent that such payments are subordinated; (d) amounts, if any, payable to affected taxing agencies pursuant to Section 33607.5, 33607.7 or other provisions of the Redevelopment Law, except to the extent that such payments are subordinated pursuant to the Redevelopment Law; and (e) the Housing Set-Aside.

Tax Sharing Agreements with Various Taxing Agencies

The Agency has entered into Tax Sharing Agreements with several taxing entities, which require the Agency to pay a portion of tax increment derived from the Project Area to such taxing entities. Specifically, the Agency entered into Tax Sharing Agreements with: (i) the County of Los Angeles, the Los Angeles County Fire Protection District, Los Angeles County Flood Control District, Los Angeles County Office of Education and Los Angeles County Public Library, (ii) the Los Angeles Community College District, (iii) the Las Virgenes Unified School District (the “School District Agreement”) and (iv) the Los Angeles County West Mosquito Abatement District.

See “APPENDIX B – FISCAL CONSULTANT’S REPORT” for more information regarding the Tax Sharing Agreements.

Land Use

Set forth below is a summary of the land uses in the Project Area, by assessed value, based on the 2007-08 property tax roll.

**Table 1
AGOURA HILLS REDEVELOPMENT AGENCY
(Agoura Hills Redevelopment Project Area)
Land Use
Fiscal Year 2007-08**

<u>Land Use</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Residential	68	102,120,441 ⁽¹⁾	13.28 ⁽¹⁾
Commercial	135	460,717,885	59.90
Industrial	19	53,521,947	6.96
Institutional	6	10,702,826	1.39

Vacant ⁽²⁾	159	75,931,175	9.87
Government	16	-	0.00
Utility Property (Unitary)	2	-	0.00
Unsecured	662 ⁽³⁾	66,214,151	8.61
Total	405	769,208,425	100.00

(1) Over \$85 million or 11% of total assessed value is attributable to the value of residential apartments, not single family homes or condominiums.

(2) Represents 361 acres or 35% of the 1,028 total acres in the Project Area.

(3) Indicates the number of assessments in this category but represents duplicate parcel counts and are therefore not included in totals.

Source: DHA Consulting.

Largest Taxpayers

The following table provides a summary of the top ten property owners in the Project Area by assessed value.

Table 2
AGOURA HILLS REDEVELOPMENT AGENCY
AGOURA HILLS REDEVELOPMENT PROJECT
Ten Largest Property Taxpayers
2007-08 Fiscal Year

<u>Taxpayer</u>	<u>Property Use</u>	<u>2007-08 Secured Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
Archstone Smith Trust	Residential Apartments	85,953,328	11.2%
Teradyne Inc.	Office/R&D	46,326,802	6.0%
RBD Agoura Hills LLC	Hotel	33,321,931	4.3%
Whizen Market Square LLC	Shopping Center/Retail	26,445,742	3.4%
Agoura Business Center LLC	Industrial/R&D	24,843,955	3.2%
Arden Realty Limited Partnership	Office	23,970,000	3.1%
Countrywide Financial Corp.	Office	22,868,771	3.0%
Agoura Gateway LLC	Office	20,723,952	2.7%
Agoura North Jacobsen Holdings	Office	19,074,000	2.5%
Farmers Insurance Exchange	Office	18,360,000	2.4%
Total		<u>\$321,888,481</u>	41.8%

(1) 2007-08 Project Area assessed valuation: \$769,208,425

Source: DHA Consulting.

Collectively, the top ten property owners (ranked by assessed value) own properties that represent approximately 41.8 % of the total assessed value in the Project Area for the 2007-08 fiscal year.

Archstone-Smith Trust. Archstone-Smith is the top property owner with a residential apartment complex that represents approximately 11.2% of the total assessed value of the Project Area for the 2007-08 fiscal year.

The following description of Archstone-Smith Trust is based on its Form 10-K for the year ended December 31, 2006, and other publicly available materials published by Archstone-Smith Trust. The Agency has not independently verified this information and makes no representation as to the accuracy thereof. Archstone-Smith Trust has not reviewed the description contained in this Official Statement.

Archstone-Smith Trust is a real estate investment trust company (REIT) engaged primarily in the acquisition, development, redevelopment, operation and long-term ownership of apartment communities in the United States and is headquartered in Englewood, Colorado. It is an S&P 500 company with a total market capitalization of approximately \$20 billion. The company's portfolio is concentrated in the Washington, D.C. metropolitan area, Southern California, the San Francisco Bay Area, the New York metropolitan area, Seattle and Boston. As of March 31, 2007, Archstone-Smith Trust owned or had an ownership position in 344 communities, representing 86,014 units, including units under construction.

More information regarding Archstone-Smith Trust may be found at its website: www.archstonesmith.com. Archstone-Smith Trust is required to make regular filings with the Securities and Exchange Commission. These filings may be found at the Securities and Exchange Commission's website: www.sec.gov. These website references are included for informational purposes only. The Agency makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such websites or the continued maintenance of such websites.

See "RISK FACTORS – Concentration of Ownership."

Countrywide Financial Corporation. Countrywide Financial Corporation is the seventh largest property owner with office space that represents approximately 3.0% of the total assessed value of the Project Area for the 2007-08 fiscal year. According to the Countrywide Financial Corporation, its technology operations are conducted at its property within the Project Area.

The following description of Countrywide Financial Corporation is based on its Form 10-K for the year ended December 31, 2006, and other publicly available materials published by Countrywide Financial Corporation. The Agency has not independently verified this information and makes no representation as to the accuracy thereof. Countrywide Financial Corporation has not reviewed the description contained in this Official Statement.

Countrywide Financial Corporation is a holding company based in adjacent Calabasas, California and engaged in mortgage lending and other real estate finance related businesses, including mortgage banking, banking and mortgage warehouse lending, dealing in securities and insurance underwriting, through its subsidiaries (collectively, the "Company"). Mortgage banking is the Company's core business, generating 48% of its pre-tax earnings in 2006. Other operations generated the following percentages of pre-tax earnings in 2006: Banking—32%; Capital Markets—13%; Insurance—6%; and Global Operations—1%. The Company reports that market conditions have been difficult and that the Company has been affected by slowing home sales and increasing pressures on the credit quality of home loans.

On January 11, 2008, Bank of America Corporation, which is headquartered in Charlotte, North Carolina announced it would purchase Countrywide Financial Corporation. The Federal Reserve Board is currently reviewing the proposed transaction.

For more information about the Company, visit the Company's website at: www.countrywide.com. The Company is required to make regular filings with the Securities and Exchange Commission. These filings may be found at the Securities and Exchange Commission's website: www.sec.gov. These website references are included for informational purposes only. The Agency makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such websites or the continued maintenance of such websites.

See "RISK FACTORS – Concentration of Ownership."

Assessed Valuation and Incremental Value

The base year for the Project Area is 1991-92. The Project Area's base year valuation is \$336,636,718. The following table presents a five-year summary of the Project Area's assessed valuation and tax increment revenues since fiscal year 1998-99.

Table 3
AGOURA HILLS REDEVELOPMENT AGENCY
Agoura Hills Redevelopment Project
Assessed Valuations and Incremental Values
Fiscal Years 1998-99 to 2007-08

Fiscal Year	Secured Assessed Valuation ⁽¹⁾	Unsecured Assessed Valuation ⁽¹⁾	Total Assessed Valuation	Incremental Value ⁽²⁾
1998-99	298,851,219	48,760,317	347,611,536	10,974,818
1999-2000	310,055,450	52,552,978	362,608,428	25,971,710
2000-01	348,309,313	41,011,192	389,320,505	52,683,787
2001-02	367,256,901	55,296,441	422,553,342	85,916,624
2002-03	431,170,458	55,755,004	486,925,462	150,288,744
2003-04	457,753,299	57,171,546	514,924,845	178,288,127
2004-05	488,706,499	36,385,992	525,092,491	188,455,773
2005-06	600,192,456	45,504,019	645,696,475	309,059,757
2006-07	637,192,736	61,847,098	698,984,834	362,348,116
2007-08	702,994,274	66,214,151	769,208,425	432,571,707

(1) Net of exemptions.

(2) Equals total assessed value less the 1991-92 base year value of \$336,636,718.

Sources: Los Angeles County Auditor Controller.

After multiple years of increases in home sales volume and prices, many cities throughout the State have experienced a significant slow down in the residential real estate market. [The Fiscal Consultant reports that in November of 2007 the median home sale price in the City dropped seven percent from the median price in November of 2006. See "APPENDIX B – FISCAL CONSULTANT'S REPORT." As shown in Table 1, \$102 million, or slightly more than 13%, of the total 2007-08 assessed value in the Project Area is attributable to residential uses and over \$85 million of that value is residential apartments. Property value and development growth in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the Bonds. See "RISK FACTORS – Reduction of Tax Revenues" and "– Unconventional Mortgage Structures and Tightening of Credit by Lenders." See also "RISK FACTORS – Assessment Appeals" and "– Proposition 8 Adjustments" for additional discussion regarding potential reduction of assessed value because of appeals by taxpayers and review by the County Assessor.

Projected Housing Set-Aside Revenues

The projections of Housing Set-Aside Revenues for the Project Area from fiscal years 2008-09 to 2012-13, as prepared by the Fiscal Consultant, are summarized below. The projections are calculated based on the values for fiscal year 2007-08 and assume that assessed value of real property in the Project Area will increase by two percent per annum. The tax increment revenues and correspondingly, the Housing Set-Aside Revenues deposited in the Housing Fund during the forecast period may vary from the projections and the variations may be material. See "RISK FACTORS – Reduction in Taxable Value."

Table 4
AGOURA HILLS REDEVELOPMENT AGENCY
Agoura Hills Redevelopment Project
Projected Tax Increment and Housing Set Aside Revenues
Fiscal Years 2008-09 to 2012-13

<u>Fiscal Year</u>	<u>Taxable Valuation⁽¹⁾</u>	<u>Incremental Valuation⁽³⁾</u>	<u>Tax Increment⁽⁴⁾</u>	<u>Section 33676 Allocations⁽⁵⁾</u>	<u>Housing Set-Aside Revenues</u>
2008-09	\$808,954,437 ⁽²⁾	\$472,317,719	\$4,723,177	\$6,082	\$ 943,419
2009-10	854,969,036 ⁽²⁾	518,332,318	5,183,323	6,530	1,035,359
2010-11	871,115,426	534,478,708	5,344,787	6,986	1,067,560
2011-12	887,584,745	550,948,027	5,509,480	7,452	1,100,406
2012-13	904,383,449	567,746,731	5,677,467	7,927	1,133,908

- (1) The value of real property is projected by the Agency to increase 2% annually, which is the inflationary growth factor of 2% as permitted by Article XIII A of the State Constitution.
- (2) Includes an allowance for: (i) an estimated 7 percent drop in the value of single family residential homes for Proposition 8 reductions pursuant to County Assessor’s announcement, see “RISK FACTORS – Proposition 8 Adjustments” and “APPENDIX B – FISCAL CONSULTANT’S REPORT,” and (ii) estimated value of new development to be added to assessed value in fiscal years 2008-09 and 2009-10 for construction that is completed or underway, see “APPENDIX B – FISCAL CONSULTANT’S REPORT.”
- (3) Taxable valuation less adjusted Base Year valuation of \$336,636,718.
- (4) Assumes 1.00% tax rate applied to incremental valuation.
- (5) Payments required pursuant to former Section 33676 of the Redevelopment Law. See “SECURITY FOR THE BONDS – Pledge and Allocation of Taxes.”

Source: DHA Consulting

The projections above include the value of new construction projects that were completed or underway as of January 16, 2008. The projections do not include an allowance for delinquencies or property tax appeals filed by property owners and related refunds. However, the projected assessed values for fiscal years 2008-09 and 2009-10 include taxable value reductions due to the County Assessor’s Proposition 8 reductions. See “RISK FACTORS – Proposition 8 Adjustments.” While the Agency believes that these assumptions are reasonable, the Tax Revenues received during the forecast period may vary from the projections and the variations may be material. See “RISK FACTORS – Reduction of Tax Revenues.”

Projected Debt Service Coverage

The table below shows the projected debt service coverage by Housing Set-Aside Revenue on the Bonds, assuming that assessed values will increase by two percent per annum.

Table 5
AGOURA HILLS REDEVELOPMENT AGENCY
Agoura Hills Redevelopment Project Area
Estimated Debt Service Coverage

Fiscal Year <u>Ending</u>	Housing Set-Aside <u>Revenues (1)</u>	Debt <u>Service(2)</u>	Projected <u>Coverage</u>
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			

(1) Projected by the Agency to increase 2% annually. See “INTRODUCTION – Security for the Bonds” for the definition of Housing Set-Aside Revenues.

(2) Debt service dollar amounts based on those scheduled to be payable during the corresponding Bond year, assuming no optional redemption prior to maturity.

Source: Projected Housing Set-Aside Revenues from DHA Consulting; debt service and debt service coverage from C.M. de Crinis & Co., Inc.

Delinquencies

California counties can elect to implement the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Pursuant to the Teeter Plan, a participating county will apportion to the participating local agencies, amounts equal to 100 percent of the taxes levied regardless of the amount actually collected. In return, the participating county receives and retains all penalties and interest which are collected with delinquent taxes. Since the County is not part of the Teeter Plan, the County allocates secured and unsecured property taxes to political subdivisions, including the Agency, for which the County acts as the tax-levying or tax-collecting agency on an actual collections basis. The Agency’s tax increment revenues reflect both delinquencies and the receipt of interest and penalties payments. However, the projected Housing Set-Aside Revenues do not include any allowance for projected delinquencies. See “APPENDIX B — FISCAL CONSULTANT’S REPORT.”

The table below provides a comparison of the actual tax collections to the estimated tax collections for fiscal years 2003-04 to 2006-07.

Table 6
AGOURA HILLS REDEVELOPMENT AGENCY
Agoura Hills Redevelopment Project Area
Comparison of Actual Tax Collections to Estimated Tax Collections
Fiscal Years 2003-04 to 2006-07

Fiscal Year	Actual Tax Collections ⁽¹⁾	Estimated ⁽²⁾ Tax Collections (Start of Fiscal Year)	% of Estimated	Estimated Tax Collections (End of Fiscal Year) ⁽³⁾	% of Estimated	Delinquency Rate ⁽⁴⁾
2003-04	\$1,649,330	\$1,801,295	91.6%	\$1,900,462	86.8%	6.930%
2004-05	2,178,196	1,897,774	114.8	2,042,044	106.7	0.049
2005-06	3,578,225	3,109,269	115.1	3,255,291	109.9	0.470
2006-07	3,952,821	2,630,819 ⁽⁵⁾	150.3	3,570,958	110.7	1.030

(1) Includes all gross tax collections including supplemental revenues, revenue changes due to roll adjustments and redemption payments.

(2) Estimated by the County.

(3) Estimated by the County, taking into account any tax roll changes or other assessed value corrections that occurred during the year.

(4) Equals the percentage of taxes reported by the County as uncollected at the end of the fiscal year. The most common reason for uncollected taxes is tax delinquency, but uncollected taxes might also be the result of adjusted taxes which were billed to late in the fiscal year to be collected or other factors.

(5) Appears to be an error because the Fiscal Consultant calculated revenues in an amount that was nearly \$1 million higher.

Source: DHA Consulting.

CONCLUDING INFORMATION

Ratings

[_____ is expected to assign ratings of “___” to the Bonds, conditioned on the issuance by the Bond Insurer of the Bond Insurance Policy at the time of delivery of the Bonds.] [In addition,] _____ has assigned a[n underlying] rating of “___” to the Bonds based on its assessment of the Agency’s ability to make payments with respect to the Bonds[without giving effect to the Bond Insurance Policy]. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating may be obtained from _____. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Underwriting

Pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”), by and among the Agency, the Authority and _____ (the “Underwriter”), the Agency will sell the Bonds, when issued, to the Authority. The Authority will simultaneously resell the Bonds to the Underwriter.

The Underwriter has agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, to purchase the Bonds at a purchase price of \$_____ (being equal to the principal amount of the Bonds, plus/minus a net original issue premium/discount of \$_____ and less an underwriter’s discount of \$_____). The Underwriter intends to offer the Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

Legal Opinion

Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, will render its final approving legal opinion with respect to the Bonds substantially in the form set forth in APPENDIX D hereto. The legal opinion is only as to legality of the Bonds and is not intended to be nor is it to be interpreted or relied upon as a disclosure document or an express or implied recommendation as to the investment quality of the Bonds.

Tax Matters

In the opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, under existing law interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel will express no opinion as to any other federal tax consequences regarding the Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Agency that are intended to assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those representations and certifications.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes. Some of these qualifications and conditions require future or continued compliance after issuance of the obligations for the interest to be and to continue to be excluded from the date of issuance. Noncompliance with these qualifications and conditions by the Agency may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Agency has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Under the Code, a portion of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owners of the Bonds. Bond Counsel will express no opinion regarding those consequences.

In further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California.

See “APPENDIX E – FORM OF BOND COUNSEL OPINION” for the proposed form of opinion of Bond Counsel with respect to the Bonds.

No Litigation

There is no litigation pending or, to the Agency’s knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, or to contest the validity of the Bonds, the Indenture or any proceeding of the Agency with respect thereto. In the opinion of Agency counsel, there are no lawsuits or claims pending against the Agency which will materially affect the Agency’s finances so as to impair its ability to repay the Bonds.

Miscellaneous

The quotations from, and summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents, the Indenture and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the Agency. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Agency. The information contained herein shall not be construed as representing all conditions affecting the Agency or the Bonds.

All information contained in this Official Statement pertaining to the Agency has been furnished by the Agency, and the execution and delivery of this Official Statement has been duly authorized by the Agency.

AGOURA HILLS REDEVELOPMENT AGENCY

By: _____
Executive Director

APPENDIX A

CITY OF AGOURA HILLS GENERAL INFORMATION

General

The City is located in the foothills of the Santa Monica mountains in Los Angeles County, 40 miles northwest of downtown Los Angeles. The City is accessed by four freeway exits off U.S. 101, a major north-south highway, which runs through the City, and by taking Kanan Road 12.1 miles from the Pacific Coast Highway and the City of Malibu. The City is bordered by the communities of Calabasas to the east and Westlake Village to the west.

The City encompasses an area of approximately 8 square miles and has an elevation that ranges from 936 to 2,036 feet above sea level. With an average temperature of 65 degrees Fahrenheit and an annual rainfall of 19.5 inches, the City enjoys comfortable weather throughout the year.

With a population of 23,340 as of January 1, 2007 (according to State of California Department of Finance estimates), the City is one of the smaller communities in the County.

The majority of developed land within the City is residential with some retail and office developments concentrated along Agoura Hills Road. In recent years, the City generally has exhibited higher average home prices than the County. The City has a General Plan that allocates specific land use policy for stable growth through public-approved developments that provide employment and retail opportunity within the community. The General Plan includes the anticipated development of 43 acres of remaining commercially zoned property and other economic expansion over the next 20 years.

The City provides a broad range of services, including general city administration, community development and planning, affordable housing, code enforcement, building department, community services, parks construction and maintenance, recreation programming, engineering, street construction and maintenance, drainage and flood control maintenance and various other support services.. The City has contracted with Los Angeles County to provide sheriff, fire protection and animal control services. The City has contracted with G.I. Industries to provide solid waste collection services. Southern California Gas Company provides natural gas service to the City, Southern California Edison provides electric power to the City and the Las Virgenes Municipal Water District provides water and wastewater service to the City.

The City is located in the northwest corner of the County and is within five miles of various City of Los Angeles communities in the San Fernando Valley, the City of Woodland Hills being the closest such community. The San Fernando Valley is a major economic area comprising an area of approximately 235 square miles. The San Fernando Valley is home to numerous well-known companies including CBS Studio Center, NBC-Universal, The Walt Disney Company, Warner Bros, and Sunkist.

City Government

The City is a general law city, which was incorporated on December 8, 1982. The City is governed by the council-manager form of municipal government. The City Council is composed of five members elected biennially at-large to four-year overlapping terms. The Mayor is selected annually by the City Council members to serve a one-year term. The City Manager is appointed by the City Council to supervise the administrative personnel and contract services. The City currently employs approximately 35 permanent employees.

Population

The City's population was approximately 23,2340 as of January 1, 2007, according to the California State Department of Finance's estimates. The table below shows the population growth in the City and the County from January 1, 1997 through January 1, 2007:

City of Agoura Hills City and County Population Calendar Years 1997 through 2007

<u>Year</u> ⁽¹⁾	<u>City</u>		<u>County</u>	
	<u>Population</u>	<u>Growth Rate</u>	<u>Population</u>	<u>Growth Rate</u>
1997	20,100	--	9,147,100	--
1998	20,150	0.25%	9,225,800	0.86%
1999	20,300	0.74	9,330,100	1.13
2000 ⁽²⁾	20,537	1.17	9,519,330	2.03
2001	20,804	1.30	9,663,491	1.51
2002	21,625	3.95	9,829,725	1.72
2003	21,936	1.44	9,980,168	1.53
2004	22,124	0.86	10,101,547	1.22
2005	23,251	5.09	10,191,080	0.89
2006	23,262	0.05	10,257,994	0.66
2007	23,340	0.34	10,331,939	0.72

(1) As of January 1 of each year, except for the year 2000.

(2) As of April 1.

Source: State of California, Department of Finance.

Employment

The following table shows certain employment statistics for the City and the County for calendar years 2000 through 2007.

City of Agoura Hills City and County Employment Statistics Calendar Years 2000 through 2007 ⁽¹⁾

<u>Year</u>	<u>City</u>			<u>County</u>
	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2000	11,800	11,500	2.2%	5.4%
2001	12,000	11,700	2.3	5.7
2002	11,900	11,600	2.8	6.8
2003	11,800	11,500	2.8	7.0
2004	11,900	11,600	2.6	6.5
2005	12,200	11,900	2.1	5.3
2006	12,300	12,100	2.0	4.7
2007	12,500	12,200	2.1	5.0

(1) Not seasonally adjusted. Figures represent the 12-month average for each such year.

Source: State of California, Employment Development Department.

The following table lists the major area employers in the City.

**City of Agoura Hills
Major Area Employers
as of February 1, 2008**

<u>Company</u>	<u>Product/Service</u>	<u>Full-Time Employees</u>
Countrywide	Mortgage lender	600 ⁽¹⁾
THQ	Video game development	460
Las Virgenes Unified School District	Public education	454
Teradyne	Electronic supplier	349
Employers Direct Insurance Co.	Insurance	211
Renaissance Hotel	Hotel & restaurant	130
Wood Ranch	Restaurant	140
Vons	Retail groceries	100
Ralph's	Retail groceries	55
Roadside Lumber and Hardware, Inc.	Retail lumber and hardware	44

(1) Approximate number provided by Countrywide Financial Corporation
Source: City of Agoura Hills.

Commerce

The following table shows the dollar volume of taxable transactions in the City from 2003 through 2007.

**City of Agoura Hills
Taxable Transactions
Calendar Years 2003 through 2007
(in Thousands of Dollars)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Retail Outlets					
Apparel stores	\$ 1,357	\$ 1,815	\$ 2,580	\$ 2,886	[not available]
General merchandise stores	8,191	8,132	8,254	8,684	
Food stores	15,734	15,716	18,170	19,707	
Eating and drinking places	42,741	46,666	51,857	54,313	
Home furnishing and appliances	52,315	56,566	61,483	58,853	
Building materials and farm	22,667	22,091	20,261	19,073	
Auto dealers and supplies	4,431	5,173	4,419	3,197	
Service stations	42,164	49,741	55,833	58,064	
Other retail stores	22,512	25,100	28,576	32,470	
Subtotal	<u>212,112</u>	<u>231,000</u>	<u>251,433</u>	<u>257,247</u>	
All Other Outlets	<u>70,990</u>	<u>63,728</u>	<u>69,729</u>	<u>74,184</u>	
All Outlets	<u>\$283,102</u>	<u>\$294,728</u>	<u>\$321,162</u>	<u>\$331,431</u>	

Source: State of California, Board of Equalization.

Assessed Value and Construction Activity

The following is a summary of the construction permits issued by the City from fiscal years 2002-03 through 2006-07.

**City of Agoura Hills
Building Permits Issued and Values for Permits Issued
Fiscal Years 2002-03 through 2006-07**

<u>Fiscal Year</u>	<u>Building Permits</u>	<u>Value of Permits Issued</u>		
		<u>Commercial</u>	<u>Residential</u>	<u>Total</u>
2002-03	1,433	4,803,646	42,749,541	47,553,187
2002-04	1,140	23,959,257	12,316,793	36,276,050
2004-05	829	8,872,577	8,181,104	17,053,681
2005-06	1,299	9,724,665	9,617,104	19,341,769
2006-07	1,004	23,180,889	3,177,097	26,357,986

Source: City of Agoura Hills.

APPENDIX B
FISCAL CONSULTANT'S REPORT

APPENDIX C
AUDITED FINANCIAL STATEMENTS
Year Ending June 30, 2007

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E

FORM OF BOND COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

APPENDIX H

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, and the Agency does not take any responsibility for the accuracy thereof. The Agency gives no assurances that (i) DTC, the Direct and Indirect Participants or others will distribute payments of principal, premium (if any) or interest with respect to the Bonds paid to DTC or its nominee as, the registered owner, to the Beneficial Owners, (ii) such entities will distribute redemption notices or other notices, to the Beneficial Owners, or (iii) an error or delay relating thereto will not occur.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any) and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agency or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any) and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

NEW ISSUE — BOOK ENTRY ONLY

[RATINGS: “_____” (Underlying) “_____” (Insured)
See “RATINGS” herein.]

In the opinion of Richards, Watson & Gershon, A Professional Law Corporation, Los Angeles, California, Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California. It is not the intent of the District that interest on the Bonds be exempt for federal income tax purposes, and Bond Counsel expresses no opinion on whether such interest is excluded from gross income of the owners of the Bonds for federal income tax purposes.

\$ _____*
**AGOURA HILLS REDEVELOPMENT AGENCY
TAX ALLOCATION BONDS,
(AGOURA HILLS REDEVELOPMENT PROJECT AREA)
SERIES 2008 (TAXABLE)**

Dated: Date of Delivery

Due: _____, as shown below

The Agoura Hills Redevelopment Agency (the “Agency”) is issuing its Tax Allocation Bonds (Agoura Hills Redevelopment Project Area) Series 2008 (Taxable) (the “Bonds”) pursuant to the California Community Redevelopment Law, constituting Part 1, Division 24 (commencing with Section 33000) of the California Health and Safety Code (the “Redevelopment Law”) and an Indenture, dated as of May 1, 2008 (the “Indenture”), by and between the Agency and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). Proceeds from the sale of the Bonds will be used to (i) finance redevelopment projects benefiting the Agoura Hills Redevelopment Project Area (the “Project Area”), (ii) fund a debt service reserve account, and (iii) pay costs of issuance of the Bonds.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 each or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid directly to DTC by the Trustee. Principal of the Bonds is payable on their maturity dates set forth on the inside cover hereof. Interest on the Bonds is payable on _____ and _____ of each year, commencing _____, 2008. Upon its receipt of payments of principal and interest, DTC is in turn obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds as described herein.

The Bonds are being sold to the Agoura Hills Public Financing Authority, which will in turn sell the Bonds to the Underwriter.

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

The Bonds are special obligations of the Agency and are equally and ratably secured by an irrevocable pledge of certain Tax Revenues derived from the Project Area and other funds as provided in the Indenture pursuant to which the Bonds are being issued, as further discussed herein. See “SECURITY FOR THE BONDS” herein.

Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy to be issued by _____ simultaneously with the delivery of the Bonds.

[BOND INSURER LOGO]

THE BONDS ARE NOT A DEBT OF THE CITY OF AGOURA HILLS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY, AND NEITHER THE CITY OF AGOURA HILLS, THE STATE OF CALIFORNIA NOR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AGENCY IS LIABLE THEREFOR. IN NO EVENT SHALL ANY BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AGENCY AS SET FORTH IN THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AGENCY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. For a discussion of some of the risks associated with a purchase of the Bonds, see “RISK FACTORS” herein.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Richards, Watson & Gershon, A Professional Corporation, as Bond Counsel. Certain legal matters will also be passed on for the Agency by Richards, Watson & Gershon, A Professional Corporation, as Disclosure Counsel and as General Counsel to the Agency. It is anticipated that the Bonds will be available for delivery in Book-entry form through the facilities of DTC on or about _____, 2008.

[UNDERWRITER LOGO]

Dated: _____, 2008

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to dated date of the Official Statement in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

* Preliminary, subject to change

\$ _____*

**AGOURA HILLS REDEVELOPMENT AGENCY
TAX ALLOCATION BONDS,
(AGOURA HILLS REDEVELOPMENT PROJECT AREA)
SERIES 2008 (TAXABLE)**

MATURITY SCHEDULE

\$ _____ Serial Bonds

<u>Maturity Date</u> (_____)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u> (_____)	<u>Maturity Date</u> (_____)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u> (_____)
-------------------------------------	-----------------------------	--------------------------	--------------	-------------------------------------	-------------------------------------	-----------------------------	--------------------------	--------------	-------------------------------------

\$ _____ % Term Bonds due _____, 20__ Yield: _____ % CUSIP _____

\$ _____ % Term Bonds due _____, 20__ Yield: _____ % CUSIP _____

[†] CUSIP Copyright 2008, American Bankers' Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. Neither of the Authority nor the City guarantees the accuracy of the CUSIP data.

* Preliminary; subject to change.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

Estimates and Forecasts. Certain statements included or incorporated by reference in this Official Statement and in any continuing disclosure by the Agency, any press release and in any oral statement made with the approval of an authorized officer of the Agency or any other entity described or referenced herein, constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “anticipate,” “estimate,” “budget,” or other similar words and include, but are not limited to, statements under the caption “THE PROJECT AREA.” The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the Agency has undertaken to provide certain on-going financial and other data pursuant to a continuing disclosure agreement (see “CONTINUING DISCLOSURE”), the Agency does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations or events, conditions or circumstances on which such statements are based change.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

Information as of Dated Date of Official Statement. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

**CITY OF AGOURA HILLS
LOS ANGELES COUNTY, CALIFORNIA**

AGENCY MEMBERS / CITY COUNCIL

Denis Weber, *Chairperson / Mayor Pro Tempore*
William D. Koehler, *Vice Chairperson / Council Member*
John Edelston, *Board Member / Mayor*
Dan Kuperberg, *Board Member / Council Member*
Harry Schwarz, *Board Member / Council Member*

AGENCY / CITY OFFICIALS AND STAFF

Greg Ramirez, *Executive Director / City Manager*
Craig A. Steele, *Agency Attorney / City Attorney*
Kimberly Rodrigues, *Agency Secretary / City Clerk*
Georgette Holt, *Treasurer / Director of Finance*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

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

Financial Advisor

C.M. de Crinis & Co., Inc.
Sherman Oaks, California

Trustee

The Bank of New York Trust Company, N.A.
Los Angeles, California

Fiscal Consultant

DHA Consulting
Long Beach, California

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
The Bonds.....	1
Authority and Purpose.....	2
The City and the Agency.....	2
The Authority	2
Tax Allocation Financing.....	3
Security for the Bonds.....	3
Other Information.....	3
CONTINUING DISCLOSURE.....	4
THE BONDS	4
Authority for Issuance.....	4
Description of the Bonds.....	4
Book-Entry Only System	5
Redemption	6
Additional Bonds.....	7
Debt Service Schedule.....	9
DISPOSITION OF BOND PROCEEDS	10
Redevelopment Fund.....	10
Estimated Sources and Uses of Funds.....	10
SECURITY FOR THE BONDS	10
Pledge and Allocation of Taxes.....	10
Reserve Account.....	13
BOND INSURANCE	13
RISK FACTORS	13
Bonds are Limited Obligations.....	14
Reduction of Tax Revenues.....	14
Unconventional Mortgage Structures and Tightening of Credit by Lenders	15
Concentration of Ownership.....	15
Development Risks.....	15
Reduction in Inflationary Rate	16
Assessment Appeals	16
Proposition 8 Adjustments	17
Levy and Collection	17
State Budget and ERAF	18
Natural Disasters; Earthquakes; Fire Hazard Zone Designation; Landslides.....	18
Hazardous Substances	19
Bankruptcy Risks	19
Parity Debt.....	20
Secondary Market.....	20
Other Changes in Redevelopment Law	20
PROPERTY TAXATION	20

\$ _____ *

**AGOURA HILLS REDEVELOPMENT AGENCY
TAX ALLOCATION BONDS,
(AGOURA HILLS REDEVELOPMENT
PROJECT AREA)
SERIES 2008 (TAXABLE)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, Table of Contents and Appendices hereto (the “Official Statement”), is to provide information concerning the sale of \$ _____ aggregate principal amount of Agoura Hills Redevelopment Agency Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (Taxable) (the “Bonds”) to be issued by the Agency. This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain capitalized terms used in this Official Statement are set forth in “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

The Bonds

The Agency is a redevelopment agency existing under the Community Redevelopment Law of the State of California (the “State”), constituting Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code, as amended (the “Redevelopment Law”). The Bonds are being issued under the authority granted to the Agency under the Redevelopment Law, specifically Article 5 of Chapter 6 thereof (commencing with Section 33640). The Bonds are being issued pursuant to an Indenture of Trust, dated as of May 1, 2008 (the “Indenture”), by and between the Agency and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). The Bonds are secured by a pledge of, security interest in and a lien on Tax Revenues (defined below) and by the moneys in certain funds and accounts established by the Indenture. The Indenture permits the Agency to, upon satisfaction of certain conditions, incur additional debt payable from and secured by a lien and charge upon Tax Revenues on a parity with the lien and charge securing the Bonds (“Parity Debt”). See “THE BONDS – Additional Bonds” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Interest on the Bonds will be payable semiannually on _____ and _____ of each year, commencing _____, 2008. The Bonds will be initially delivered as one fully registered certificate for each maturity and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as the depository for the Bonds and all payments due on the Bonds will be made to Cede & Co. Ownership interests in the Bonds may be purchased only in book-entry form. So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. or such other nominee of DTC, and shall not mean the beneficial owners of the Bonds. See “THE BONDS – Book-Entry Only System” and “APPENDIX H – DTC’S BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to optional redemption [and mandatory sinking account redemption]* as described in “THE BONDS – Redemption.”

* Preliminary; subject to change

Authority and Purpose

The Bonds are being issued for sale to the Agoura Hills Public Financing Authority (the "Authority") pursuant to the Marks Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code (the "Act"). The Bonds purchased by the Authority will be resold concurrently to the Underwriter. The proceeds of the Bonds will be used (i) to finance redevelopment projects benefiting the Agency's Agoura Hills Redevelopment Project Area (the "Project Area"), (ii) to fund a debt service reserve account, and (iii) to pay costs of issuance of the Bonds. See "DISPOSITION OF BOND PROCEEDS."

The City and the Agency

The City is a general law city, which was incorporated on December 8, 1982. The council-manager form of municipal government governs the City. The City Council is composed of five members elected biennially at-large to four-year overlapping terms. The City is located in the foothills of the Santa Monica Mountains in Los Angeles County, 40 miles northwest of downtown Los Angeles and encompasses an area of approximately 8 square miles. With a population of 23,340 as of January 1, 2007 (according to State of California Department of Finance estimates), the City is one of the smaller communities in the County. For further general information about the City, see "APPENDIX A – CITY OF AGOURA HILLS GENERAL INFORMATION."

The Agency was established on March 9, 1988 by the City Council of the City with the adoption of Ordinance No. 145, pursuant to the Redevelopment Law. The five members of the City Council serve as the governing body of the Agency, and exercise all the rights, powers, duties and privileges of the Agency.

The Redevelopment Plan for the Project Area (the "Redevelopment Plan") was approved by Ordinance No. 92-213 adopted by the City Council on July 15, 1992, and amended by Ordinance No. 94-248 adopted November 9, 1994 and Ordinance No. 05-329 adopted February 9, 2005. Encompassing approximately 1028 acres, most of the Project Area lies in the southern portion of the City along major commercial arterials and the 101 Freeway. Assessed valuation of taxable property within the Project Area (including secured and unsecured values) for fiscal year 2007-08 totals \$769,208,425, which is \$336,636,718 greater than the base year valuation. Parcels currently used for residential purposes account for approximately 13 percent of the 2007-08 assessed value of the Project Area. Collectively, the top ten property owners (ranked by assessed value) own properties that represent approximately 42 percent of the total assessed value of the Project Area for the 2007-08 fiscal year. See "THE PROJECT AREA."

The projections of Tax Revenues contained in this Official Statement are based on assessed valuations for fiscal year 2007-08. Any future decrease in the receipt of taxes, the assessed valuation of the Project Area, the applicable tax rates or the economic stability of the Project Area could reduce the Tax Revenues allocated to the Agency and correspondingly could have an adverse impact on the ability of the Agency to pay debt service on the Bonds. See "RISK FACTORS" and "PROPERTY TAXATION."

The Authority

The Authority was established pursuant to Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code and a Joint Exercise of Powers Agreement, dated as of April 1, 1999, by and between the City and the Agency. The governing commission of the Authority is comprised of all of the individuals who currently are members of the City Council of the City. The Authority is qualified to assist in the financing of certain public improvements. The Authority

has no taxing power. The Authority, the Agency and the City are each separate and distinct legal entities, and the debts and obligations of each such entity are not debts or obligations of the other entity.

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. The taxable valuation of a redevelopment project area last equalized prior to adoption of the redevelopment plan, or the base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll (except such portion generated by rates levied to pay voter-approved bonded indebtedness after January 1, 1989 for the acquisition or improvement of real property) are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies have no authority to levy property taxes and must look specifically to the allocation of taxes produced under the Redevelopment Law.

Sections 33334.2 and 33334.3 of the Redevelopment Law require the Agency to set aside not less than 20 percent of all tax revenues with respect to the Project Area allocated to the Agency in a low and moderate income housing fund (the “Housing Fund”) to be expended for authorized low and moderate income housing purposes (the “Housing Set-Aside”). Amounts on deposit in the Housing Fund may be applied to pay debt service on bonds, loans or advances used to provide financing for such low and moderate income housing purposes.

Security for the Bonds

The Bonds are secured by a pledge of Tax Revenues and certain funds established under the Indenture. “Tax Revenues” is defined in the Indenture to mean the tax revenues (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations) eligible for allocation to the Agency pursuant to the Redevelopment Law in connection with the Project Area; provided, however, that “Tax Revenues” excludes (a) amounts, if any, received by the Agency pursuant to Section 16111 of the Government Code; (b) amounts paid to the County as an administrative fee pursuant to Senate Bill 2557 (Chapter 466 of the Statutes of 1990); (c) amounts allocable to the various taxing entities under the tax sharing agreements (the “Tax Sharing Agreements”) entered into by the Agency as described in “THE PROJECT AREA – Tax Sharing Agreements with Various Taxing Agencies”, except to the extent that such payments are subordinated; (d) amounts, if any, payable to affected taxing agencies pursuant to Section 33607.5, 33607.7 or other provisions of the Redevelopment Law, except to the extent that such payments are subordinated pursuant to the Redevelopment Law; and (e) the Housing Set-Aside.

The Bonds are not a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Agency, and none of the City, the State nor any of its political subdivisions, other than the Agency, is liable therefor. The principal of, premium, if any, and interest on the Bonds are payable solely from Tax Revenues allocated to the Agency from the Project Area and amounts in certain funds and accounts held under the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Other Information

There follows in this Official Statement brief descriptions of the Bonds, security for the Bonds, certain risk factors, the Agency, the Project Area and certain other documents and information relevant to

the issuance of the Bonds. All references herein to the Indenture or other documents are qualified in their entirety by reference to the Indenture or such documents and all references to the Bonds are further qualified by reference to the definitive Bonds and to the terms thereof which are contained in the Indenture. Unless the context clearly requires otherwise, capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Indenture. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions.”

This Official Statement speaks only as of its date as set forth on the cover hereof, and the information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Agency since the date hereof.

Unless otherwise expressly noted, references to Internet websites in this Official Statement are shown for reference and convenience only, and none of their content is incorporated herein by reference. The information contained within such websites has not been reviewed by the Agency. The Agency makes no representation regarding the information therein.

CONTINUING DISCLOSURE

The Agency will enter into a Continuing Disclosure Agreement with the Trustee to provide certain financial information and operating data relating to the Agency not later than December 31 in each year, (the “Annual Report”), and to provide notices of the occurrences of certain enumerated events, if material. The Annual Report will be filed by the Trustee on behalf of the Agency with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information repository, if any. The notices of material events will be filed by the Trustee on behalf of the Agency with the Municipal Securities Rulemaking Board (and with the appropriate State information repository, if any). The purpose of this undertaking by the Agency is to assist the Underwriter in complying with Rule 15c2 12(b)(5) promulgated by the Securities and Exchange Commission. The form of the Continuing Disclosure Agreement is included as Appendix F to this Official Statement. The Continuing Disclosure Agreement with respect to the Bonds is the Agency’s first undertaking with respect to the requirements of Rule 15c2 12(b)(5) to provide annual reports or notices of material events.

THE BONDS

Authority for Issuance

The Bonds have been authorized by, and are being issued pursuant to, the Indenture and in accordance with the Redevelopment Law and other applicable laws of the State.

Description of the Bonds

The Bonds will be issued in the aggregate principal amount, will be dated the date of delivery, will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. Interest on the Bonds is payable on _____ and _____ of each year, commencing on _____, 2008 (each an “Interest Payment Date”). Interest on the Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be initially delivered as one fully registered certificate for each maturity and, when issued and delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as the depository for the Bonds and all payments due on the Bonds will be made to Cede & Co. Ownership interests in the Bonds may be purchased only in book-entry form. So long as the Bonds are registered in the name of Cede & Co., or any other nominee of

DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co., or such other nominee of DTC, and shall not mean the beneficial owners of the Bonds. See “THE BONDS – Book Entry Only System” and “APPENDIX H – DTC’S BOOK-ENTRY ONLY SYSTEM.’

Interest on the Bonds will be payable on each Interest Payment Date to the registered owners of the Bonds as of the close of business on the 15th day of the month preceding such Interest Payment Date (the “Record Date”). Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated during the period from the day after the Record Date for an Interest Payment Date to and including such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to _____, 2008, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of a Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has been paid or made available for payment with respect to such Bond.

Book-Entry Only System

The Bonds will be issued as one fully registered bond without coupons for each maturity (unless there are different interest rates within such maturity, then one certificate for each interest rate within such maturity) and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. So long as DTC’s book-entry system is in effect with respect to the Bonds, notices to Owners by the Agency or the Trustee will be sent to DTC. Notices and communication by DTC to its participants, and then to the beneficial owners of the Bonds, will be governed by arrangements among them, subject to then effective statutory or regulatory requirements. So long as the Bonds are registered in the name of Cede & Co., or any other nominee of DTC, references in this Official Statement to the registered owners or use of the capitalized term “Owners” mean Cede & Co. or such other nominee of DTC, and do not mean the beneficial owners of the Bonds. See “APPENDIX H – DTC’S BOOK-ENTRY ONLY SYSTEM.”

In the event that such book-entry system is discontinued with respect to the Bonds, the Agency will execute and deliver replacements in the form of registered certificates and, thereafter, the Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture. In addition, the following provisions would then apply: Payment of interest on any Bond due on or before the maturity or prior redemption thereof will be made to the person whose name appears in the Bonds registration books kept by the Trustee as the registered owner thereof as of the Record Date relating to each Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed by first class mail on the Interest Payment Date to such Owner at the address as it appears in such books, or by wire transfer to an account in the United States upon written request delivered to the Trustee prior to the related Record Date of an Owner of at least \$1,000,000 in aggregate principal amount of Bonds. Payments of defaulted interest with respect to the Bonds will be paid by check to the registered Owners of the Bonds as of a special record date to be fixed by the Trustee, notice of which special record date will be given to the registered Owners of the Bonds not less than ten days prior to such special record date. Principal and premium, if any, with respect to the Bonds will be payable upon the surrender of the Bonds at the corporate trust office of the Trustee, The Bank of New York Trust Company, N. A., in Los Angeles, California or such other location as designated by the Trustee.

Redemption

*Optional Redemption.** The Bonds maturing _____, 20__ and thereafter are subject to redemption prior to their stated maturity, at the option of the Agency, as a whole or in part (from such maturities as the Agency will designate) on any date, from any source of available funds on or after _____, 20__ at [the principal amount thereof plus accrued interest to the redemption date, without premium.]

*Mandatory Sinking Account Redemption.** The Bonds maturing on _____, 20__ and _____, 20__ (the "Term Bonds") are subject to mandatory redemption by lot prior to maturity from mandatory sinking account installments on each _____ at the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, in accordance with the following schedules:

Term Bonds Maturing _____, _____			
Sinking Account Installments			
Year (_____)	Principal Amount	Year (_____)	Principal Amount
		(Maturity)	
Term Bonds Maturing _____, _____			
Sinking Account Installments			
Year (_____)	Principal Amount	Year (_____)	Principal Amount
		(Maturity)	

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Outstanding Bonds of a maturity, the Trustee will select the Bonds to be redeemed from all Bonds or such given portion thereof not previously called for redemption, by lot; provided, that if less than all of the Outstanding Term Bonds of any maturity are called for optional redemption, each future sinking account installment with respect to such Term Bonds will be reduced on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, so that the total amount of sinking account installment payments (with respect to such Term Bonds) to be made after the optional redemption will be reduced by an amount equal to the principal amount of the Term Bonds so redeemed.

Purchase in Lieu of Redemption. In lieu of redemption of any Term Bond, the Indenture permits the purchase of such Term Bonds on the open market, but not in excess of the principal amount of such Term Bonds. The principal amount of any Term Bonds so purchased by the Trustee in any 12-month period ending 30 days prior to _____ in any year will be credited toward and will reduce the principal amount of Bonds required to be redeemed on such _____.

Preliminary, subject to change

Notice of Redemption. Notice of redemption shall be sent by first class mail (or such other means as acceptable to the recipient of such notice), not more than 60 days and not less than 30 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee and to certain securities depositories and information services. Each such notice of redemption shall state the date of such notice, the Bonds to be redeemed, the Series designation of such Bonds, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date.

Partial Redemption. Upon surrender of any Bond redeemed in part only, the Agency will execute and the Trustee will authenticate and deliver to the Owner of such Bond, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same series, interest rate and the same maturity. A partial redemption is valid upon payment of the amount required to be paid to the registered owner, and the Agency and the Trustee will be released and discharged from all liability to the extent of such payment.

Right to Rescind Optional Redemption. The Agency shall have the right to rescind any optional redemption by written notice of rescission. Any notice of optional redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. Neither such cancellation nor lack of available funds shall constitute an Event of Default under the Indenture. The Trustee will send notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of such redemption price of the Bonds so called for redemption have been duly provided, no interest will accrue on such Bonds from and after the redemption date specified in such notice. Such Bonds, or parts thereof redeemed, will cease to be entitled to any lien, benefit or security under the Indenture.

Additional Bonds

The Agency may at any time after the issuance and delivery of the Bonds issue Additional Bonds payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Bonds, subject to the conditions precedent set forth in the Indenture, including, among others:

(a) No Events of Default have occurred or are continuing under the Indenture (including any Supplemental Indentures), and a Certificate of the Agency to that effect shall have been filed with the Trustee.

(b) The issuance of such Additional Bonds has been duly authorized pursuant to the Redevelopment Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture duly adopted by the Agency.

(c) The amount on deposit in the Reserve Account will be increased at the time such Additional Bonds are issued to an amount at least equal to the Reserve Requirement on all then Outstanding Bonds and such Additional Bonds.

(d) The Agency provides a Consultant's Report evidencing that Tax Revenues (based upon the assessed valuation of taxable property in the Project Area for the fiscal year shown on the most recently equalized assessment roll preceding the date of the Agency's execution and delivery of the Supplemental Indenture providing for the issuance of such Additional Bonds) plus, at the option of the Agency, the Additional Allowance (defined below), shall be in an amount equal to at least 1.50 times Maximum Annual Debt Service following the issuance of such Additional Bonds.

"Additional Allowance" means as of the date of calculation, the amount of Tax Revenues which, as shown in a Consultant's Report, are estimated to be receivable by the Agency in the next Fiscal Year as a result of increases in the assessed valuation of taxable property in the Merged Project Area due to either (i) construction which has been completed but has not yet been reflected on the tax roll, or (ii) transfer of ownership or any other interest in real property, which is not then reflected on the tax roll.

For the purposes of the issuance of Additional Bonds, Outstanding Bonds shall not include any Bonds the proceeds of which are deposited in an escrow fund held by the Trustee or an escrow agent, provided that the provisions of the Supplemental Indenture authorizing issuance of such Escrow Bonds meet the conditions set forth in the Indenture.

In the event such Additional Bonds are to be issued solely for the purpose of refunding and retiring any Outstanding Bonds, interest and principal payments on the Outstanding Bonds to be so refunded and retired from the proceeds of such Additional Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service. Nothing contained in the Indenture shall limit the issuance of any tax allocation bonds of the Agency payable from the Tax Revenues and secured by a lien and charge on the Tax Revenues if, after the issuance and delivery of such tax allocation bonds, none of the Bonds theretofore issued under the Indenture will be Outstanding. Nothing contained in the Indenture shall prohibit the issuance of any tax allocation bonds or other indebtedness by the Agency secured by a pledge of tax increment revenues (including Tax Revenues) subordinate to the pledge of Tax Revenues securing the Bonds; provided, however, that no such issuance shall cause the Agency to exceed any applicable tax increment limit under the Redevelopment Plan or the Redevelopment Law.

For a more detailed summary of the conditions to the issuance of Additional Bonds, see "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Debt Service Schedule

Scheduled debt service on the Bonds, without regard to any optional redemption, is shown in the following table.

<u>Bond Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Agency</u> <u>Debt Service</u>
-----------------------------------	------------------	-----------------	--

Total

DISPOSITION OF BOND PROCEEDS

Redevelopment Fund

A portion of the proceeds of the Bonds will be placed in the Redevelopment Fund to be used by the Agency to finance redevelopment activities benefiting the Project Area, including the purchase of land for redevelopment in the Agoura Village Specific Plan Area.

The above-described projects reflect the Agency’s current expectations. The Agency may use the proceeds of the Bonds for other permitted redevelopment purposes. None of the projects financed with proceeds of the Bonds will constitute security for the Bonds.

Estimated Sources and Uses of Funds

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

Sources

Principal Amount of Bonds	\$
[Plus/Less]: Net Original Issue [Premium/Discount]	
Less: Underwriter’s Discount	_____
Total Sources	\$

Uses

Redevelopment Fund	\$
Reserve Account ⁽¹⁾	
Costs of Issuance ⁽²⁾	_____
Total Uses	\$

- ⁽¹⁾ Deposit into each Reserve Account an amount equal to the initial Reserve Requirement with respect to the Bonds. See “SECURITY FOR THE BONDS – Reserve Account.”
- ⁽²⁾ To pay fees and expenses of Bond Counsel, Disclosure Counsel, Trustee, Financial Advisor and Fiscal Consultant, rating fees, costs of printing this Official Statement, underwriter’s discount[, the premium for the Bond Insurance Policy] and other costs in connection with the issuance of the Bonds.

SECURITY FOR THE BONDS

Pledge and Allocation of Taxes

General. Under provisions of the California Constitution and the Redevelopment Law, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, city and county, district or other public corporation (“taxing agencies”) for fiscal years beginning after the effective date of the ordinance approving the redevelopment plan for the Project Area (the “Effective Date”), are divided as follows:

1. The portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area, as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency, last equalized prior to the Effective Date, will be allocated to and when collected will be paid into the funds of the respective taxing agencies as taxes by or for such taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency

or agencies which did not include such territory on the Effective Date but to which such territory has been annexed or otherwise included after such Effective Date, the assessment roll of the county last equalized on the Effective Date shall be used in determining the assessed valuation of the taxable property in such territory on the Effective Date); and

2. Except as provided in subparagraph (3) below, that portion of such levied taxes each year in excess of such amount is allocated to and when collected paid into a special fund of the Agency, to the extent required to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the redevelopment project. Unless and until the total assessed valuation of the taxable property in the Project Area exceeds the total assessed value of the taxable property therein as shown by the last equalized assessment roll referred to in paragraph (1) above, all of the taxes levied and collected upon the taxable property in the Project Area will be paid to the respective taxing agencies. When such loans, advances, and indebtedness, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in the Project Area will be paid to the respective taxing agencies as taxes on all other property are paid; and
3. That portion of the taxes identified in subparagraph (2) above that are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property approved by the voters of the taxing agency on or after January 1, 1989, shall be allocated to, and when collected shall be paid into, the fund of the taxing agency.

Tax Revenues derived from the Project Area will be pledged in their entirety to the payment of the principal of, premium, if any, and interest on the Bonds and any Additional Bonds. See “INTRODUCTION – Security for the Bonds” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” for the definition of the term “Tax Revenues” as set forth in the Indenture.

The Agency has no power to levy and collect property taxes, and any legislative property tax limitation or decrease or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate would, in all likelihood, reduce the amount of tax increment revenues that would otherwise be available as Tax Revenues to pay the principal of, interest on and premium, if any, on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. For a further description of factors that may result in decreased tax increment revenues, see “RISK FACTORS” and “PROPERTY TAXATION” herein.

Housing Set-Aside. Sections 33334.2 and 33334.3 of the Redevelopment Law require the Agency to annually deposit into its Housing Fund the Housing Set-Aside, i.e., an amount not less than 20 percent of all tax revenues with respect to the Project Area allocated to the Agency, to be expended for authorized low and moderate income housing purposes. Amounts on deposit in the Housing Fund may also be applied to pay debt service on bonds, loans or advances used to provide financing for such low and moderate income housing purposes. Under the Redevelopment Law, the Housing Set-Aside could be reduced or eliminated if the Agency finds that (i) no need exists in the community to improve or increase the supply of low and moderate income housing or (ii) that some stated percentage less than 20 percent of the tax increment of the Project Area is sufficient to meet the housing need. The Agency has not made any such finding.

“Excess Surplus” is defined in Section 33334.12 of the Redevelopment Law as any unexpended or unencumbered amounts in the Housing Fund that exceed the greater of \$1 million or the aggregate amount deposited into the Housing Fund during the Agency’s preceding four fiscal years. The Agency has covenanted in the Indenture to disburse, expend or encumber amounts that are considered Excess Surplus at such times and in such manner that the Agency will not be subject to sanctions pursuant to Subdivision (e) of Section 33334.12. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” In Fiscal Year 2006-07, the Agency reported Excess Surplus in the amount of \$489,675. The Agency intends to encumber or expend its Excess Surplus for [description of projects and projected timing of expenditures to come].

AB 1290 Payments. California Health and Safety Code Section 33607.5 and Section 33607.7 were added to the Redevelopment Law by Assembly Bill 1290 (“AB 1290”), enacted by the State Legislature in 1994. Section 33607.7 has been further amended by SB 211, Chapter 741, Statutes 2001 (“SB 211”). California Health and Safety Code Section 33607.5 and Section 33607.7, together, require that taxing entities receive an additional portion of tax increment revenues (the “AB 1290 Payments”) otherwise payable to the redevelopment agency, if such taxing entities were affected by (i) the adoption after January 1, 1994, of a new redevelopment plan for a project area or an amendment to an existing redevelopment plan that added territory to a project area, or (ii) the adoption after January 1, 1994 of an amendment (to a redevelopment plan that was adopted before January 1, 1994) which extends the time limit on incurring debt with respect to the project area, extends the time limits for the duration and effectiveness of the redevelopment plan or the time limit for establishing indebtedness or increases the dollar cap on the amount of tax increment revenues allocable to the redevelopment agency for the project area (unless a taxing entity already receives pass-throughs under an existing agreement). The AB 1290 Payments are calculated according to a three-tier formula based on increases to assessed value and the number of years following the year in which the Agency became obligated to make AB 1290 Payments. See APPENDIX B – FISCAL CONSULTANT’S REPORT – Section G – Contingent Liabilities.” AB 1290 prohibits redevelopment agencies from entering into any new agreement to contractually provide for a pass-through of tax increment revenue to an affected taxing agency. Such agreements, which were common prior to the enactment of AB 1290, are generally referred to as pass-through agreements or tax sharing agreements.

The Agency has not amended the Redevelopment Plan for the Project Area as described above and therefore the Agency currently is not required to make AB 1290 Payments to affected taxing entities. However, should the Redevelopment Plan for the Project Area be amended for one of the purposes described above, for example to eliminate the July 15, 2012 deadline to incur debt, the Agency would be required to make AB 1290 Payments to those taxing entities which had not entered into a tax sharing agreement with the Agency prior to 1994. In such event, Tax Revenues exclude AB 1290 Payments that are not subordinated to the Bonds.

See “INTRODUCTION – Security for the Bonds,” “PROPERTY TAXATION – AB 1290 and SB 211” and “APPENDIX B – FISCAL CONSULTANT’S REPORT.”

Section 33676 Allocations. Pursuant to former Section 33676 of the Redevelopment Law, affected taxing entities could elect to receive additional property taxes (the “Section 33676 Allocations”) above the base year revenue amount in redevelopment project areas established between 1985 and 1993. Such additional allocation of property taxes to a taxing entity is based on annual increases in the real property portion of the base year value up to the inflation limit of two percent. Taxing entities could receive the Section 33676 Allocations if they elected to do so prior to adoption of the redevelopment plan and so long as they had not entered into a tax sharing agreement. The Las Virgenes Resource Conservation District elected to receive the Section 33676 allocations for Project Area.

In the case of *Santa Ana Unified School District v. Orange County Development Agency*, the Court found that even though a school district had not filed the resolution prior to adoption of the redevelopment plan, they were eligible to receive the allocations beginning on the date that they did file the resolution. The school districts in the Project Area have tax sharing agreements with the Agency and therefore are not eligible for the Section 33676 allocations. See “APPENDIX B – FISCAL CONSULTANT’S REPORT.”

Reserve Account

A Reserve Account will be maintained under the Indenture for the Bonds and any Additional Bonds (collectively, the “Parity Bonds”) in an amount equal to the Reserve Requirement. “Reserve Requirement” means, as of any calculation date, an amount equal to the least of (i) 10% of the sum of the original stated principal amounts of all Series of Parity Bonds at issuance, (ii) 125% of Average Annual Debt Service or (iii) Maximum Annual Debt Service. So long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement will be transferred to the Debt Service Fund. All money in (or available to) the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of (i) replenishing the Interest Account, the Principal Account or the Sinking Account in such order, in the event of any deficiency at any time in any of such accounts or for the purpose of paying the interest on or principal of the Parity Bonds in the event that no other money in the Special Fund or the Debt Service Fund is lawfully available therefor, or (ii) making the final payments of principal of and interest on a Series of parity Bonds (but solely to the extent that provisions have been made such that the balance of the Reserve Account after such release will equal the Reserve Requirement in effect after the retirement of such Series of Parity Bonds). The Reserve Requirement may be satisfied by crediting to the Reserve Account moneys or one or more Qualified Reserve Account Credit Instruments, or any combination thereof, which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement. See APPENDIX D, “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

BOND INSURANCE

The following information has been furnished by _____ for use in this Official Statement. Such information has not been independently confirmed or verified by the Agency. The Agency makes no representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Reference is made to Appendix G for a specimen of the Bond Insurance Policy.

[to come]

RISK FACTORS

Investment in the Bonds involves elements of risk. The following section describes certain specific risk factors affecting the payment and security of the Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors not discussed under this caption will not become material in the future.

Bonds are Limited Obligations

The Bonds are limited obligations of the Agency. The Bonds are not a debt, liability or obligation of the City, the State, or any of its political subdivisions other than the Agency, and none of the City, the State nor any of its political subdivisions, other than the Agency, is liable therefor. The principal of, premium, if any, and interest on the Bonds are payable solely from Tax Revenues allocated to the Agency from the Project Area and amounts in certain funds and accounts held under the Indenture. The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay debt service on the Bonds. See "SECURITY FOR THE BONDS."

Reduction of Tax Revenues

The projected Tax Revenues shown in this Official Statement are based on certain assumptions with regard to the assessed valuation in the Project Area, future tax rates and percentage of taxes collected. While the Agency believes these assumptions to be reasonable, to the extent that the assessed valuation, the tax rates or the percentage of taxes collected are less than the Agency's assumptions, the Tax Revenues available to pay debt service on the Bonds will, in all likelihood, be less than those projected.

Tax Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. A reduction of taxable value of property in the Project Area will likely reduce the amount of Tax Revenues collected by the Agency. As discussed under "THE PROJECT AREA – Assessed Valuation and Tax Revenues," the total assessed value in the Project Area increased by approximately 49 percent between fiscal year 2003-04 and fiscal year 2007-08, which is an average annual growth rate of approximately 12.4 percent. While the total assessed value of property in the Project Area continued to increase by approximately 10 percent from fiscal year 2006-07 to fiscal year 2007-08, home sales volume and average home sale prices in some Southern California areas decreased during the same period as the result of a general slow-down in the region's residential real estate market. Property value and development growth in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the Bonds. DataQuick, a provider of nation-wide real estate market data, reported that as of March 2008, the average home price in Southern California was down 19% from its peak in 2007. See also "Unconventional Mortgage Structures and Tightening of Credit by Lenders" below.

The reduction of taxable values of property may be caused by factors beyond the Agency's control. A relocation out of the Project Area by one or more major property owners, or the transfer, the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances" below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster (see "Natural Disasters; Earthquakes; Fire Hazard Zone Designation; Landslides" below) or any other event which would permit a reassessment of property at lower values, could cause a reduction in the Tax Revenues securing the Bonds. Future initiatives or legislation may be approved by the electorate or the legislature which would further limit the increase of assessed value of property or reduce the tax rate applicable to the property. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Such a reduction of assessed valuations and the resulting decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds. With the exception of the temporary reduction of assessed value pursuant to

Proposition 8 (discussed below) for fiscal years 2008-09 and 2009-10, the projected Tax Revenues shown in this Official Statement do not take into account any allowance for property tax appeals and related refunds. See “Assessment Appeals” and “Proposition 8 Adjustments” below.

Unconventional Mortgage Structures and Tightening of Credit by Lenders

From 2002 through the first half of 2006, the Southern California housing market experienced significant price appreciation with accelerating demand. One factor contributing to the recent housing boom in Southern California was readily available credit, including the use of unconventional mortgage structures, such as a cross between a fixed and adjustable rate mortgage, having a low initial (or “teaser”) fixed interest rate for several years that converts to an adjustable interest rate determined by an index plus a fixed margin, and interest-only mortgages, where the borrower pays only interest for a set period of time and then pays down the principal plus interest. Homeowners who financed the purchase of their homes with such mortgages can expect their monthly mortgage payments to increase after the initial period. As the initial low-interest or interest-only periods related to such unconventional mortgages have expired, some homeowners have not been able to maintain payments on their existing loans or to obtain refinancing loans for their homes. Foreclosure proceedings in Southern California have also increased dramatically in 2006 and 2007. In addition, in the second half of 2007, lenders tightened standards for providing mortgages for over \$417,000, so-called “jumbo” mortgages, and increased the cost of jumbo mortgages.

Recently there has been a general softening of the Southern California housing market, as evidenced by a decrease in home sale prices, increasing inventory of new homes and slowing demand. The Agency has not undertaken to assess the financial condition of the current owners of the residential properties within the Project Area and expresses no view concerning these matters. The Agency cannot predict and expresses no view whether or how such factors may affect appeals of assessed values or delinquencies in the collection of property taxes within the Project Area.

Concentration of Ownership

The ten largest property taxpayers in the Project Area account for \$321.8 million, or approximately 42 percent of the total secured and unsecured assessed value of the Project Area for fiscal year 2007- 08. See “APPENDIX B – FISCAL CONSULTANT’S REPORT.” Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within the Project Area, a substantial decline in Tax Revenues could result. See “THE PROJECT AREA – Largest Taxpayers” and “Assessment Appeals” and “Proposition 8 Adjustments” below.

Development Risks

The Agency’s collection of Tax Revenues is directly affected by the economic strength of the Project Area. Projected additional development within the Project Area will be subject to all the risks generally associated with real estate development projects, including unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in real estate market and interest rates, unexpected increases in development costs and other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected, causing a reduction in Tax Revenues available to pay debt service on the Bonds.

Reduction in Inflationary Rate

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. The Fiscal Consultant has projected the assessed value with respect to the Project Area to increase by a 2% inflationary and growth factor in each fiscal year. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or two percent, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than two percent. The Agency is unable to predict if any adjustments to the full cash value of real property within the Project Area, whether an increase or a reduction, will be realized in the future. Should the assessed value of secured property not increase at the estimated annual rate of 2%, the Agency's receipt of future Tax Revenues may be adversely affected.

Assessment Appeals

Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written appeal. After the applicant and the assessor have presented their arguments, the applicable local appeals board makes a final decision on the proper assessed value. The appeals board may rule in the assessor's favor, rule in the applicant's favor, or set its own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion. Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund for overpayment.

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date. A base year assessment appeal has significant future revenue impacts because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the 2 percent inflation factor, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

The taxable value of unitary property may be contested by utility companies and railroads to the State Board of Equalization. Generally, the impact of utility appeals is on the statewide value of a utility determined by the State Board of Equalization. As a result, the successful appeal of a utility may not impact the taxable value of a project area but could impact a project area's allocation of unitary property tax revenues.

Any assessment appeal that is pending or which may be filed in the future, if successful, will result in a reduction of the assessed value of the subject property. A reduction of assessed valuation due to appeals, if significant, and the resulting property tax refunds could adversely impact the amount of Tax Revenues available to pay debt service on the Bonds. Based on a review of the records of the County of Los Angeles, the Fiscal Consultant reports that between fiscal year 2001-02 and 2006-07, the largest appeals were filed in fiscal year 2004-05 and resulted in a \$19.6 million, or about 11.1%, reduction in assessed value. For fiscal year 2006-07 five appeals were filed with an aggregate assessed value of \$24.3

million. See “Reduction of Tax Revenues” above. Also see “APPENDIX B — FISCAL CONSULTANT’S REPORT.”

Proposition 8 Adjustments

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

The County Assessor announced that his office would process such assessed value reductions where the assessed values of certain properties exceed current market value as of January 1, 2008. The County Assessor stated that his office would initiate such reductions automatically and that taxpayers are not required to request this assessed value review. The properties to be reviewed for automatic assessed value reductions include single-family homes and condominiums that were purchased July 1, 2004 through June 30, 2007. The Fiscal Consultant reports that the County Assessor’s automatic assessed value reductions should have a minimal impact on fiscal year 2008-09 assessed values in the Project Area because only a small amount of the assessed value in the Project Area meets the County Assessor’s criteria for such automatic assessed value reductions. Only \$102 million, or slightly more than 13%, of the total 2007-08 assessed value in the Project Area is attributable to residential uses and over \$85 million of that value is residential apartments. However, if property values continue to decline, the County Assessor could initiate additional automatic assessed value reductions or assessed value reductions on other types of property and such additional reductions may adversely affect the Agency’s receipt of future Tax Revenues. See “Reduction of Tax Revenues” above. Also see “APPENDIX B — FISCAL CONSULTANT’S REPORT.”

Levy and Collection

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax increment revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency’s ability to make timely debt service payments. See “PROPERTY TAXATION – Property Tax Collection Procedure” for more information about the collection of property taxes.

To estimate the tax increment revenues available to pay debt service on the Bonds, the Agency has made certain assumptions with regard to the assessed valuations in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuations, the tax rates and the percentage of taxes collected, are less than the Agency’s assumptions, the Tax Revenues available to pay debt service on the Bonds will, in all

likelihood, be less than those projected herein. See “THE PROJECT AREA – Assessed Valuation and Tax Revenues.”

State Budget and ERAF

In connection with its approval of State’s budgets for prior years, the State Legislature enacted legislation that, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency’s tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the Education Revenue Augmentation Fund (“ERAF”). The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas.

The 2004-05 State Budget included a transfer by redevelopment agencies to the applicable ERAFs of \$250 million in each of fiscal years 2004-05 and 2005-06. The Agency’s share of the annual \$250 million shift for fiscal year 2004-05 was \$157,361 and the share for fiscal year 2005-06 was \$92,930. The Agency paid its fiscal year 2004-05 and fiscal year 2005-06 payments on a timely basis from Tax Revenues.

The State’s budgets for fiscal years 2006-07 and 2007-08 did not require ERAF transfers of tax increment revenues by redevelopment agencies. Although the State’s voters approved a constitutional amendment in November 2004 (the “Local Government Initiative”), which purports to prohibit any further transfers of non-education local government property taxes for the benefit of the State, the Local Government Initiative does not purport to change existing law with respect to the State’s ability to transfer redevelopment agencies’ property tax revenues.

The Governor called a special session January 10 declaring that a fiscal emergency exists and asking the Legislature to submit proposed legislation to address the situation. In response, the Legislature adopted and the Governor signed six bills that enable the state to make reductions and adjustments in State spending for the remainder of the current fiscal year. The special session budget bills did not call for shifts of property taxes from redevelopment

The Agency cannot predict whether the State Legislature will enact legislation impacting future Tax Revenues. It is possible that tax increment available for payment of the Bonds may be reduced in the future by actions of the State Legislature.

Information about the State budget and State spending is available at various State maintained websites. Text of the budget may be found at the website of the Department of Finance, www.dof.ca.gov. An analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov. None of such websites is in any way incorporated into this Official Statement, and the Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Natural Disasters; Earthquakes; Fire Hazard Zone Designation; Landslides

The value of the property in the Project Area in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic

conditions such as droughts. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and could diminish the value of property in the Project Area. A substantial reduction of the value of such properties could also affect the ability or willingness of the property owners to pay the property taxes.

The City, like most communities in California, is an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. Although the City is not directly on a fault line, there are several fault lines in the surrounding regions and if a large enough earthquake were to occur, they could possibly affect the City. The known faults in this region include: the Malibu Coast Fault (in the City of Malibu approximately 15 miles away), Simi Fault (runs through Simi Valley, Moorpark, and Camarillo to the northwest approximately 17 miles away), and Northridge Hills Fault (located approximately 19 miles away).

The County has classified the entire area within the City as a “Very High Fire Hazard Severity Zone” (the “Fire Hazard Zone”). This classification establishes a series of stringent building code requirements that apply to all properties within the Fire Hazard Zone and are intended to retard the rate of spread and reduce the potential intensity of uncontrolled fires. These building code provisions address roofing and siding materials, window glazing, exterior doors, protection of openings and unenclosed under-floor areas and accessory structures. The City has adopted building standards to meet the requirements of the Fire Hazard Zone classification.

In fall of 2007 a series of wildfires burned across southern California, including a fire that burned in and around the nearby City of Malibu. The fire never burned within the Agoura Hills City limits.

In 1992 a retaining wall that was constructed in 1989 as part of a commercial development within the Project Area failed. The failure was attributed to inadequate compaction and poor drainage. The site was re-graded and the wall was rebuilt and the City reports that there have been no further incidents.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance limiting the beneficial use of taxable property within the Project Area. In general, the owners and operators of contaminated property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances, whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of such property.

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under the state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the bonds to judicial discretion and interpretation of their rights in

bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Parity Debt

The Agency may issue or incur obligations payable from Tax Revenues on a parity with its pledge of Tax Revenues to payment of debt service on the Bonds. See “THE BONDS – Additional Bonds.” The existence of and the potential for such obligations increases the risks associated with the Agency’s payment of debt service on the Bonds in the event of a decrease in the Agency’s collection of Tax Revenues.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Other Changes in Redevelopment Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Redevelopment Law or other laws or the Constitution of the State of California resulting in a reduction of Tax Revenues, and thus adversely affecting the security of the Bonds.

PROPERTY TAXATION

Article XIII A of the California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean “the county assessor’s valuation of real property as shown on the fiscal year 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII A was adopted in October 1986 by initiative which exempts from the one percent limitation any bonded indebtedness approved by two-thirds (55 percent in certain instances) of the votes cast by the voters for the acquisition or improvement of real property.

On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases.

In the general elections of 1986, 1988 and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reassessment under Article XIII A. This amendment has reduced local property tax revenues. Other amendments permitted the Legislature to allow persons over 55 years old who sell their residence on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within the county and the original property is located in another county within California.

In the October 1990 election, the voters approved additional amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 years old to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of “new construction,” which triggers reassessment, improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Challenges to Article XIII A. California trial and appellate courts have upheld the constitutionality of Article XIII A’s assessment rules in three significant cases. The United States Supreme Court in an appeal to one of these cases upheld the constitutionality of Article XIII A’s tax assessment system. The Agency cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Agency’s receipt of Tax Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100 percent of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100 percent of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, two percent annual value growth) is allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility property assessed by the State Board of Equalization. Local agencies and school districts share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the one percent limit except for taxes to support indebtedness approved by the voters as described above.

In 1990, the State enacted Senate Bill 2557 which allows counties to charge fees to local jurisdictions for the cost of preparing and overseeing the tax roll.

Property Tax Collection Procedure

In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by the County becomes a lien on that property. A tax levied on unsecured property does not become a lien against the unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other private liens.

Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the personal property, improvement or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, on or about June 30 of the fiscal year, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of one and a half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County tax collector.

The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Unsecured taxes, if unpaid, are delinquent by August 31.

A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property upon the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next January 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to 14 months. As enacted, Chapter 498 provides increased revenue to redevelopment agencies to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Area, Agency revenues may increase.

In 1990, the State Legislature enacted Senate Bill 2557 (Statutes of 1990, Chapter 466) (“SB 2557”) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. California courts have upheld the inclusion of redevelopment agencies as a local government agency which must share the cost of property tax administration. The 1992 enactment of Senate Bill 1559 (Chapter 697) and the decision of the *California Court of Appeal in Arcadia Redevelopment Agency v. Ikemoto* have clarified that redevelopment agencies, such as the Agency, are to share in the cost of property tax administration charged by most California counties, including the County. During fiscal year 2006-07, the County

withheld approximately \$64,496 from the Agency for such administrative costs with respect to the Project Area.

Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by certain railroad and utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property is changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the one percent tax rate, each jurisdiction, including redevelopment project areas, receives a percentage up to 102 percent of its prior year State-assessed unitary revenues; and if county-wide revenues generated for unitary property are greater than 102 percent of the previous year's unitary revenues, each jurisdiction receives a percentage share of the excess unitary revenues generated from the application of the debt service tax rate to county wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenues based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenues generated from the property assessed by the State Board of Equalization. The County Auditor-Controller remitted no unitary revenues to the Agency for the Project Area during the 2006-07 fiscal year.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4 which added Article XIII B to the California Constitution and has been subsequently amended several times. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The base years for establishing such appropriation limit is fiscal year 1986-87 and the limit is to be adjusted annually to reflect changes in population, cost of living and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Health and Safety Code which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely* and *Brown v. Community Redevelopment Agency of the City of Santa Ana*, which cases were not accepted for review by the California Supreme Court.

Proposition 87

Under prior State law, if a taxing entity increased its tax rate to obtain revenues to repay voter approved general obligation bonds, any redevelopment project area which included property affected by the tax rate increase would realize a proportionate increase in tax increment.

Proposition 87, approved by the voters of the State on November 8, 1993, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity which increases the tax rate to repay the general obligation bonded indebtedness. As a result, redevelopment agencies no longer receive an increase in tax increment when taxes on property in the project area are increased to repay voter approved general obligation debt.

Proposition 218

On November 5, 1996, California voters approved Proposition 218 - Voter Approval for Local Government Taxes - Limitation on Fees, Assessments, and Charges - Initiative Constitutional Amendment. Tax Revenues securing the Agency's obligations to make payments are derived from property taxes, which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

AB 1290 and SB 211

In 1993, the California Legislature enacted AB 1290, which mandated a limitation on the period of time for incurring and repaying loans, advances and indebtedness which are payable from Tax Revenues. Senate Bill 211 ("SB 211"), which was adopted by the California Legislature in 2001 and took effect as of January 1, 2002, provides that redevelopment plans adopted on or before December 31, 1993 may be amended by a legislative body by adoption of an ordinance to eliminate the time limit on establishing indebtedness (meaning the redevelopment agency could incur debt up to the end of the effectiveness of its redevelopment plan), but would in turn trigger statutory pass-throughs to all taxing entities with whom the redevelopment agency does not have a pass-through agreement at the time the ordinance is adopted. If an agency were to eliminate a project area's existing time limit to incur indebtedness as permitted by SB 211, the statutory pass-throughs would apply starting in the year after what is now the final year to incur indebtedness. The Agency's Redevelopment Plan has not been amended to eliminate the time limit on establishing indebtedness and therefore the Agency is not currently subject to statutory pass-through payments. See "SECURITY FOR THE BONDS – Pledge and Allocation of Taxes."

SB 211 also authorizes the amendment of a redevelopment plan adopted prior to January 1, 1994, in order to extend for not more than 10 years the effectiveness of the redevelopment plan and the time to receive tax increment revenues and to pay indebtedness. Any such extension must meet certain specified requirements, including the requirement that the redevelopment agency establish the existence of both physical and economic blight within a specified geographical area of the redevelopment project and that

any additional tax increment revenues received by the redevelopment agency because of the extension be used solely within the designated blighted area.

SB 1045 and SB 1096

Senate Bill 1045 (“SB 1045”), which was adopted by the California Legislature in 2003, mandated a shift of \$135 million in tax increment revenues from California redevelopment agencies to ERAF in fiscal year 2003-04. Senate Bill 1096 (“SB 1096”), which was adopted by the California Legislature in 2004, further mandated a shift of approximately \$1.3 billion over a period of two years (fiscal years 2004-05 and 2005-06) in property taxes from local agencies to ERAF. See “RISK FACTORS – State Budget; ERAF.” In addition to requiring the shift of tax increment revenues, SB 1045 and SB 1096 allowed redevelopment agencies to amend redevelopment plans to extend time limits on the effectiveness of the redevelopment plans if payments were made to ERAF. The Agency did not amend the time limit for the effectiveness of the Redevelopment Plan for the Project Area pursuant to SB 1045 because the Agency was not required to make a 2003-04 ERAF payment. A redevelopment agency may not adopt an SB 1096 amendment if the time limit for the effectiveness of the redevelopment plan is more than 20 years from the last day of the fiscal year in which the related ERAF payment is made. Since the time limit for the effectiveness of the Redevelopment Plan for the Project Area occurs more than 20 years after the end of fiscal year 2005-06, the time limits set forth in the Redevelopment Plan cannot be extended pursuant to SB 1096

Future Initiatives

Article XIII A, Article XIII B and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency’s ability to expend revenues.

THE AGENCY

The Agency was established on March 9, 1988 by the City Council of the City with the adoption of Ordinance No. 145, pursuant to the Redevelopment Law. The five members of the City Council serve as the governing body of the Agency, and exercise all the rights, powers, duties and privileges of the Agency.

Members and Officers

The members and officers of the Agency and the expiration dates of their terms are as follows:

<u>Name and Office</u>	<u>Expiration of Term</u>
Denis Weber, Chairperson	November 2009
William D. Koehler, Vice Chairperson	November 2009
John Edelston, Member	November 2011
Dan Kuperberg, Member	November 2011
Harry Schwarz, Member	November 2009

Certain members of the City staff also serve as staff to the Agency. Below are brief biographies of the City Manager, Director of Finance, Assistant to the City Manager and the Director of Planning and Community Development:

Greg Ramirez, City Manager / Executive Director of the Agency. Mr. Ramirez was appointed City Manager for the City of Agoura Hills in February 2004 and has over thirteen years of municipal government experience in four California cities. He earned a Bachelor of Science degree in Economics from California Polytechnic University, San Luis Obispo, in 1991, and a Masters degree in Economics from California State University, Hayward, California in 1995. Mr. Ramirez is on the Board of Trustees for the Conejo/Las Virgenes Future Foundation and the Los Robles Regional Hospital and Medical Center. He served on the Business Operating Services Committee for the Los Angeles County Metropolitan Transportation Authority (TAC), is a member of Big Brothers/Sisters of Greater Los Angeles and also holds membership in the California City Manager Foundation. Mr. Ramirez was honored with the “40 Under 40” Award for Achievement by the San Fernando Business Journal.

Georgette Holt, Director of Finance of the City. Ms. Holt was appointed Director of Finance of the City of Agoura Hills in February 1997, bringing over 30 years of governmental financial and management experience in four California communities. Ms. Holt is a member of the Governmental Finance Officers Association (GFOA), California Society of Municipal Officers (CSMFO), Channel Counties Chapter of CSMFO, and California Municipal Treasurers Association (CMTA).

Nathan M. Hamburger, Assistant to the City Manager. Mr. Hamburger was appointed Assistant to the City Manager in January 2006, bringing a municipal government background of over six years. He earned a Bachelor’s of Art degree in Political Science with minors in Business Administration and Criminal Justice from the California State University at Fullerton in 2000, and a Master’s degree in Public Administration from the University of Southern California in 2002. Mr. Hamburger is a member of the International City/County Management Association and also has served for over 5 years as an Executive Board Member for the Municipal Management Association of Southern California.

Mike Kamino, Director of Planning and Community Development. Mr. Kamino was appointed Director of Planning & Community Development of the City in April 2001, bringing over 20 years of governmental planning experience in four cities. He earned a Bachelor's of Arts degree in Political Science in 1977 from the University of California, Santa Barbara and a Master’s degree in Public Administration in 1979 from California State University, Long Beach. Mr. Kamino is a member of the American Planning Association and American Institute of Certified Planners.

Agency Powers

All powers of the Agency are vested in its governing body. Pursuant to the Redevelopment Law, the Agency may exercise broad governmental functions and authority to accomplish its purposes, including, but not limited to, the right of eminent domain, the right to issue bonds and expend their proceeds and the right to acquire, sell, develop, administer or lease property. The Agency may demolish buildings, clear land and cause to be constructed certain improvements including streets, sidewalks, and public utilities.

The Agency may not construct or develop buildings, with the exception of public facilities and housing, but may sell or lease cleared property to redevelopers for construction and development in accordance with the Redevelopment Plan.

Agency Accounting Records and Financial Statements

The Redevelopment Law requires redevelopment agencies to have an independent financial audit conducted each year. The financial audit is also required to include an opinion of the Agency’s compliance with laws, regulations and administrative requirements governing activities of the Agency. Moreland & Associates, Inc., Newport Beach, California (the “Auditors”), audited the financial

statements of the Agency for the fiscal year ended June 30, 2007. See “APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR FISCAL YEAR ENDED JUNE 30, 2007.” The Agency has not requested nor did the Agency obtain permission from the Auditors to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditors have not performed any post-audit review of the financial condition or operations of the Agency.

Filing of Statement of Indebtedness

Section 33675 of the Redevelopment Law requires that the Agency file, not later than the first day of October of each year with the County Auditor, a statement of indebtedness certified by the chief financial officer of the Agency for each redevelopment project for which the redevelopment plan provides for the division of taxes pursuant to Section 33670 of the Redevelopment Law. The statement of indebtedness is required to contain, among other things, the date on which bonds payable from tax increment of the redevelopment project were delivered, the principal amount, term, purpose, interest rate and total interest of the bonds, the principal amount and the interest due in the fiscal year in which the statement of indebtedness is filed and the outstanding balance and amount due on the bonds. Similar information must be given for each loan, advance or indebtedness that the Agency has incurred or entered into which is payable from tax increment.

Section 33675(g) has been amended by AB 1290 to provide that payments of tax increment revenues from the county auditor to a redevelopment agency may not exceed the redevelopment agency’s aggregate total outstanding debt service obligations minus the available revenues of the redevelopment agency, and establishes certain procedures under which a county auditor may, in certain cases, dispute the amount of indebtedness shown on the statement of indebtedness. Payments to a trustee under a bond resolution or indenture or payments to a public agency in connection with payments by such public agency pursuant to a bond issue may not be disputed in any action under Section 33675.

The Agency has filed its statement of indebtedness for fiscal year 2007-08 for the Project Area and has met all previous requirements with respect to the filing of its statements of indebtedness pursuant to Section 33675.

THE PROJECT AREA

The Redevelopment Plan for the Agoura Hills Redevelopment Project was adopted on July 15, 1992 by Ordinance No. 92-213 and amended by Ordinance No. 94-248 adopted November 9, 1994 and Ordinance No. 05-329 adopted February 9, 2005. The Project Area comprises about 1028 acres, located in the southern portion of the City, along major commercial arterials and the 101 Freeway. Almost 67 percent of the fiscal year 2007-08 assessed value in the Project Area is currently used for commercial or industrial uses. Residential uses represent 13.28 percent, vacant property represents 9.87 percent, unsecured property (primarily fixtures and equipment) represents 8.61 percent and institutional uses represent 1.39 percent of the fiscal year 2007-08 assessed value in the Project Area.

All real property in the Project Area is subject to the controls and restrictions of the Redevelopment Plan. The Redevelopment Plan requires that all construction in the Project Area comply with all applicable State and local laws in effect from time to time.

The Redevelopment Plan provides that the land uses to be permitted within the Project Area shall be as provided within the City’s General Plan, as it currently exists or as it may from time to time be amended, and as implemented and applied by City ordinances, resolutions and other laws. The Agency may permit an existing but nonconforming use to remain so long as the existing building is in good

condition and is generally compatible with existing and proposed land uses in the Project Area and abatement of such uses is not required by applicable City codes.

Limitations and Requirements of the Redevelopment Plan

Pursuant to the Redevelopment Plan, the total tax increment revenues received by the Agency over the life of the Redevelopment Plan cannot exceed a combined total of \$242 million (exclusive of: (i) any payments to taxing agencies to alleviate financial burden or detriment made by the Agency pursuant to Section 33401 of the Redevelopment Law; and (ii) any additional funds required to be deposited into the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law as a result of having made the payments to taxing entities described in (i)). The total amount of outstanding bonded indebtedness incurred by the Agency, payable from tax increment revenues, which can be outstanding at any one time cannot exceed \$67 million (exclusive of (i) any payments to be made from such principal amount of bonds by the Agency to any taxing entity pursuant to Section 33401 of the Redevelopment Plan to alleviate financial burden or detriment; and (ii) any portion of such principal amount required to be deposited by the Agency in the Housing Fund pursuant to Section 33334.2 of the Redevelopment Law as a result of having made payments to taxing entities described in (i)).

Pursuant to Ordinance No. 94-248, adopted July 15, 1994, the Redevelopment Plan provides that no loan, advance or indebtedness to finance, in whole or in part, the Project Area shall be established after July 15, 2012 and no debt can be repaid after July 15, 2042.

Upon their issuance, the Bonds will constitute the Agency's only outstanding bonds secured by a pledge of Tax Revenues with respect to the Project Area. Concurrently with the issuance of the Bonds, the Agency has issued its Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area) Series 2008 (the "Housing Set-Aside Bonds"). The Housing Set-Aside Bonds are secured by a pledge of Housing Set-Aside revenues in the Housing Fund. The Agency has other outstanding loans and payment obligations relating to the Project Area, [but they are either unsecured or payable on a subordinate basis to the Bonds.] See "APPENDIX C – AUDITED FIANCIAL STATEMENTS OF THE AGENCY FOR FISCAL YEAR ENDED JUNE 30, 2007."

Tax Sharing Agreements with Various Taxing Agencies

The Agency has entered into Tax Sharing Agreements with several taxing entities, which require the Agency to pay a portion of tax increment derived from the Project Area to such taxing entities. Specifically, the Agency entered into Tax Sharing Agreements with: (i) the County of Los Angeles, the Los Angeles County Fire Protection District, Los Angeles County Flood Control District, Los Angeles County Office of Education and Los Angeles County Public Library (the "County Agreement"), (ii) the Los Angeles Community College District (the "Community College Agreement"), (iii) the Las Virgenes Unified School District (the "School District Agreement") and (iv) the Los Angeles County West Mosquito Abatement District (the "Mosquito Abatement District Agreement").

The Community College Agreement and the School District Agreement provide that the obligation to pay a portion of tax increment to the respective taxing entity is subordinate to the Agency's obligation with respect to the Bonds if certain conditions have been met. The Agency has provided evidence to the Los Angeles Community College District and the Las Virgenes Unified School District that those conditions have been or will be met as of the date of the issuance of the Bonds and therefore the obligation to pay a portion of tax increment to each of these taxing entities is being treated as subordinate. See "THE PROJECT AREA – Projected Tax Revenues." The obligation to pay a portion of tax increment to the respective taxing entity under the County Agreement and the Mosquito Abatement District Agreement, described below, are not subordinate to the Agency's obligation with respect to the Bonds.

County Agreement. The County Agreement requires the Agency to pay each County taxing entity a share of tax increment derived from the Project Area as follows: (i) the County of Los Angeles receives 100 percent of its .4551 share of tax increment derived from the Project Area (the “County Share”) but contributes to the Housing Fund on a pro rata basis with the Agency, which is currently 20 percent of the County Share, (ii) the Los Angeles County Fire Protection District receives 100 percent of its .1789 share of tax increment derived from the Project Area, (iii) the Los Angeles County Flood Control District receives 100 percent of its .0182 share of tax increment derived from the Project Area, (iv) the Los Angeles County Office of Education receives 100 percent of its .0043 share of tax increment derived from the Project Area and (v) the Los Angeles County Public Library (the “Library”) receives 50 percent of its .0297 share of tax increment derived from the Project Area (the “Library Share”) until the Agency receives a cumulative total of \$1.75 million from the Library Share and after that time, the Library receives 100 percent of the Library Share. The Fiscal Consultant estimates that the Library will receive 100 percent of the Library Share in 2024-25, based on limited new development and a two percent annual growth in assessed value in the Project Area. However, the Library could receive 100 percent of the Library Share sooner if the Agency revenues increase more than estimated or could receive 100 percent of the Library Share later if Agency Revenues increase less than expected. See “RISK FACTORS – Reduction of Tax Revenues” for a discussion about factors that could affect the amount of revenues that the Agency receives.

Mosquito Abatement District Agreement. The Tax Sharing Agreement with the Los Angeles County West Mosquito Abatement District requires the Agency to pay the District 100 percent of its 0.04 share of tax increment in the Project Area.

See “APPENDIX B – FISCAL CONSULTANT’S REPORT” for more information regarding the Tax Sharing Agreements.

Land Use

Set forth below is a summary of the land uses in the Project Area, by assessed value, based on the 2007-08 property tax roll.

Table 1
AGOURA HILLS REDEVELOPMENT AGENCY
(Agoura Hills Redevelopment Project Area)
Land Use
Fiscal Year 2007-08

<u>Land Use</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Residential	68	102,120,441 ⁽¹⁾	13.28 ⁽¹⁾
Commercial	135	460,717,885	59.90
Industrial	19	53,521,947	6.96
Institutional	6	10,702,826	1.39
Vacant ⁽²⁾	159	75,931,175	9.87
Government	16	-	0.00
Utility Property (Unitary)	2	-	0.00
Unsecured	662 ⁽³⁾	66,214,151	8.61
Total	405	769,208,425	100.00

(1) Over \$85 million or 11% of total assessed value is attributable to the value of residential apartments, not single family homes or condominiums.

(2) Represents 361 acres or 35% of the 1,028 total acres in the Project Area.

(3) Indicates the number of assessments in this category but represents duplicate parcel counts and are therefore not included in totals.

Source: DHA Consulting.

Largest Taxpayers

The following table provides a summary of the top ten property owners in the Project Area by assessed value.

Table 2
AGOURA HILLS REDEVELOPMENT AGENCY
AGOURA HILLS REDEVELOPMENT PROJECT
Ten Largest Property Taxpayers
2007-08 Fiscal Year

<u>Taxpayer</u>	<u>Property Use</u>	2007-08 <u>Secured Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
Archstone Smith Trust	Residential Apartments	85,953,328	11.2%
Teradyne Inc.	Office/R&D	46,326,802	6.0%
RBD Agoura Hills LLC	Hotel	33,321,931	4.3%
Whizen Market Square LLC	Shopping Center/Retail	26,445,742	3.4%
Agoura Business Center LLC	Industrial/R&D	24,843,955	3.2%
Arden Realty Limited Partnership	Office	23,970,000	3.1%
Countrywide Financial Corp.	Office	22,868,771	3.0%
Agoura Gateway LLC	Office	20,723,952	2.7%
Agoura North Jacobsen Holdings	Office	19,074,000	2.5%
Farmers Insurance Exchange	Office	<u>18,360,000</u>	<u>2.4%</u>
Total		<u>\$321,888,481</u>	41.8%

(1) 2007-08 Project Area assessed valuation: \$769,208,425
Source: DHA Consulting.

Collectively, the top ten property owners (ranked by assessed value) own properties that represent approximately 41.8 % of the total assessed value in the Project Area for the 2007-08 fiscal year.

Archstone-Smith Trust. Archstone-Smith is the top property owner with a residential apartment complex that represents approximately 11.2% of the total assessed value of the Project Area for the 2007-08 fiscal year.

The following description of Archstone-Smith Trust is based on its Form 10-K for the year ended December 31, 2006, and other publicly available materials published by Archstone-Smith Trust. The Agency has not independently verified this information and makes no representation as to the accuracy thereof. Archstone-Smith Trust has not reviewed the description contained in this Official Statement.

Archstone-Smith Trust is a real estate investment trust company (REIT) engaged primarily in the acquisition, development, redevelopment, operation and long-term ownership of apartment communities in the United States and is headquartered in Englewood, Colorado. It is an S&P 500 company with a total market capitalization of approximately \$20 billion. The company's portfolio is concentrated in the Washington, D.C. metropolitan area, Southern California, the San Francisco Bay Area, the New York metropolitan area, Seattle and Boston. As of March 31, 2007, Archstone-Smith Trust owned or had an ownership position in 344 communities, representing 86,014 units, including units under construction.

More information regarding Archstone-Smith Trust may be found at its website: www.archstonesmith.com. Archstone-Smith Trust is required to make regular filings with the Securities

and Exchange Commission. These filings may be found at the Securities and Exchange Commission's website: www.sec.gov. These website references are included for informational purposes only. The Agency makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such websites or the continued maintenance of such websites.

See "RISK FACTORS – Concentration of Ownership."

Countrywide Financial Corporation. Countrywide Financial Corporation is the seventh largest property owner with office space that represents approximately 3.0% of the total assessed value of the Project Area for the 2007-08 fiscal year. According to the Countrywide Financial Corporation, its technology operations are conducted at its property within the Project Area.

The following description of Countrywide Financial Corporation is based on its Form 10-K for the year ended December 31, 2006, and other publicly available materials published by Countrywide Financial Corporation. The Agency has not independently verified this information and makes no representation as to the accuracy thereof. Countrywide Financial Corporation has not reviewed the description contained in this Official Statement.

Countrywide Financial Corporation is a holding company based in adjacent Calabasas, California and engaged in mortgage lending and other real estate finance related businesses, including mortgage banking, banking and mortgage warehouse lending, dealing in securities and insurance underwriting, through its subsidiaries (collectively, the "Company"). Mortgage banking is the Company's core business, generating 48% of its pre-tax earnings in 2006. Other operations generated the following percentages of pre-tax earnings in 2006: Banking—32%; Capital Markets—13%; Insurance—6%; and Global Operations—1%. The Company reports that market conditions have been difficult and that the Company has been affected by slowing home sales and increasing pressures on the credit quality of home loans.

On January 11, 2008, Bank of America Corporation, which is headquartered in Charlotte, North Carolina announced it would purchase Countrywide Financial Corporation. The Federal Reserve Board is currently reviewing the proposed transaction.

For more information about the Company, visit the Company's website at: www.countrywide.com. The Company is required to make regular filings with the Securities and Exchange Commission. These filings may be found at the Securities and Exchange Commission's website: www.sec.gov. These website references are included for informational purposes only. The Agency makes no representation concerning, and does not take any responsibility for, the accuracy or timeliness of information posted on such websites or the continued maintenance of such websites.

See "RISK FACTORS – Concentration of Ownership."

Assessed Valuation and Incremental Value

The base year for the Project Area is 1991-92. The Project Area's base year valuation is \$336,636,718. The following table presents a five-year summary of the Project Area's assessed valuation and tax increment revenues since fiscal year 1998-99.

Table 3
AGOURA HILLS REDEVELOPMENT AGENCY
Agoura Hills Redevelopment Project
Assessed Valuations and Incremental Values
Fiscal Years 1998-99 to 2007-08

Fiscal Year	Secured Assessed Valuation ⁽¹⁾	Unsecured Assessed Valuation ⁽¹⁾	Total Assessed Valuation	Incremental Value ⁽²⁾
1998-99	298,851,219	48,760,317	347,611,536	10,974,818
1999-2000	310,055,450	52,552,978	362,608,428	25,971,710
2000-01	348,309,313	41,011,192	389,320,505	52,683,787
2001-02	367,256,901	55,296,441	422,553,342	85,916,624
2002-03	431,170,458	55,755,004	486,925,462	150,288,744
2003-04	457,753,299	57,171,546	514,924,845	178,288,127
2004-05	488,706,499	36,385,992	525,092,491	188,455,773
2005-06	600,192,456	45,504,019	645,696,475	309,059,757
2006-07	637,192,736	61,847,098	698,984,834	362,348,116
2007-08	702,994,274	66,214,151	769,208,425	432,571,707

(1) Net of exemptions.

(2) Equals total assessed value less the 1991-92 base year value of \$336,636,718.

Sources: Los Angeles County Auditor Controller.

After multiple years of increases in home sales volume and prices, many cities throughout the State have experienced a significant slow down in the residential real estate market. The Fiscal Consultant reports that in November of 2007 the median home sale price in the City dropped seven percent from the median price in November of 2006. See "APPENDIX B – FISCAL CONSULTANT'S REPORT." As shown in Table 1, \$102 million, or slightly more than 13%, of the total 2007-08 assessed value in the Project Area is attributable to residential uses and over \$85 million of that value is residential apartments. Property value and development growth in the Project Area will be subject to the fluctuation of the real estate market throughout the term of the Bonds. See "RISK FACTORS – Reduction of Tax Revenues" and "– Unconventional Mortgage Structures and Tightening of Credit by Lenders." See also "RISK FACTORS – Assessment Appeals" and "– Proposition 8 Adjustments" for additional discussion regarding potential reduction of assessed value because of appeals by taxpayers and review by the County Assessor.

Projected Tax Revenues

The projections of Tax Revenues for the Project Area from fiscal years 2008-09 to 2012-13, as prepared by the Fiscal Consultant, are summarized below. The projections are calculated based on the values for fiscal year 2007-08 and assume that assessed value of real property in the Project Area will increase by two percent per annum. The Tax Revenues received during the forecast period may vary from the projections and the variations may be material. See "RISK FACTORS – Reduction in Taxable Value."

Table 4
AGOURA HILLS REDEVELOPMENT AGENCY
Agoura Hills Redevelopment Project
Projected Tax Increment and Tax Revenues
Fiscal Years 2008-09 to 2012-13

Fiscal Year	Taxable Valuation ⁽¹⁾	Incremental Valuation ⁽³⁾	Tax Increment ⁽⁴⁾	Section 33676 Allocations ⁽⁵⁾	Housing Set-Aside	County Admin. Fee	Less Required Tax Sharing Payments ⁽⁶⁾	Tax Revenues ⁽⁷⁾
2008-09	\$808,954,437 ⁽²⁾	\$472,317,719	\$4,723,177	\$6,082	\$ 943,419	\$66,124	\$2,743,444	\$ 964,107
2009-10	854,969,036 ⁽²⁾	518,332,318	5,183,323	6,530	1,035,359	72,567	3,010,706	1,058,162
2010-11	871,115,426	534,478,708	5,344,787	6,986	1,067,560	74,827	3,104,514	1,090,899
2011-12	887,584,745	550,948,027	5,509,480	7,452	1,100,406	77,133	3,200,199	1,124,291
2012-13	904,383,449	567,746,731	5,677,467	7,927	1,133,908	79,485	3,297,797	1,158,351

- (1) The value of real property is projected by the Agency to increase 2% annually, which is the inflationary growth factor of 2% as permitted by Article XIII A of the State Constitution.
- (2) Includes an allowance for: (i) an estimated 7 percent drop in the value of single family residential homes for Proposition 8 reductions pursuant to County Assessor's announcement, see "RISK FACTORS – Proposition 8 Adjustments" and "APPENDIX B – FISCAL CONSULTANT'S REPORT," and (ii) estimated value of new development to be added to assessed value in fiscal years 2008-09 and 2009-10 for construction that is completed or underway, see "APPENDIX B – FISCAL CONSULTANT'S REPORT."
- (3) Taxable valuation less adjusted Base Year valuation of \$336,636,718.
- (4) Assumes 1.00% tax rate applied to incremental valuation.
- (5) Payments required pursuant to former Section 33676 of the Redevelopment Law. See "SECURITY FOR THE BONDS – Pledge and Allocation of Taxes."
- (6) For a discussion regarding Tax Sharing Payments see "THE PROJECT AREA – Tax Sharing Agreements with Various Taxing Agencies."
- (7) No potential ERAF payment included for any year. See "RISK FACTORS – State Budget and ERAF."
- Source: DHA Consulting

The projections above include the value of new construction projects that were completed or underway as of January 16, 2008. The projections do not include an allowance for delinquencies or property tax appeals filed by property owners and related refunds. However, the projected assessed values for fiscal years 2008-09 and 2009-10 include taxable value reductions due to the County Assessor's Proposition 8 reductions. See "RISK FACTORS – Proposition 8 Adjustments." While the Agency believes that these assumptions are reasonable, the Tax Revenues received during the forecast period may vary from the projections and the variations may be material. See "RISK FACTORS – Reduction of Tax Revenues."

Projected Debt Service Coverage

The table below shows the projected debt service coverage by Tax Revenue on the Bonds, assuming that assessed values will increase by two percent per annum.

Table 5
AGOURA HILLS REDEVELOPMENT AGENCY
Agoura Hills Redevelopment Project Area
Estimated Debt Service Coverage

Fiscal Year <u>Ending</u>	Tax <u>Revenues (1)</u>	Debt <u>Service(2)</u>	Projected <u>Coverage</u>
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			

(1) Projected by the Agency to increase 2% annually. See "INTRODUCTION – Security for the Bonds" for the definition of Tax Revenues.

(2) Debt service dollar amounts based on those scheduled to be payable during the corresponding Bond year, assuming no optional redemption prior to maturity.

Source: Projected Tax Revenues from DHA Consulting; debt service and debt service coverage from C.M. de Crinis & Co., Inc.

Delinquencies

California counties can elect to implement the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Pursuant to the Teeter Plan, a participating county will apportion to the participating local agencies, amounts equal to 100 percent of the taxes levied regardless of the amount actually collected. In return, the participating county receives and retains all penalties and interest which are collected with delinquent taxes. Since the County is not part of the Teeter Plan, the County allocates secured and unsecured property taxes to political subdivisions, including the Agency, for which the County acts as the tax-levying or tax-collecting agency on an actual collections basis. The Agency’s tax increment revenues reflect both delinquencies and the receipt of interest and penalties payments. However, the projected Tax Revenues do not include any allowance for projected delinquencies. See “APPENDIX B — FISCAL CONSULTANT’S REPORT.”

The table below provides a comparison of the actual tax collections to the estimated tax collections for fiscal years 2003-04 to 2006-07.

Table 6
AGOURA HILLS REDEVELOPMENT AGENCY
Agoura Hills Redevelopment Project Area
Comparison of Actual Tax Collections to Estimated Tax Collections
Fiscal Years 2003-04 to 2006-07

Fiscal Year	Actual Tax Collections ⁽¹⁾	Estimated ⁽²⁾ Tax Collections (Start of Fiscal Year)	% of Estimated	Estimated Tax Collections (End of Fiscal Year) ⁽³⁾	% of Estimated	Delinquency Rate ⁽⁴⁾
2003-04	\$1,649,330	\$1,801,295	91.6%	\$1,900,462	86.8%	6.930%
2004-05	2,178,196	1,897,774	114.8	2,042,044	106.7	0.049
2005-06	3,578,225	3,109,269	115.1	3,255,291	109.9	0.470
2006-07	3,952,821	2,630,819 ⁽⁵⁾	150.3	3,570,958	110.7	1.030

(1) Includes all gross tax collections including supplemental revenues, revenue changes due to roll adjustments and redemption payments.

(2) Estimated by the County.

(3) Estimated by the County, taking into account any tax roll changes or other assessed value corrections that occurred during the year.

(4) Equals the percentage of taxes reported by the County as uncollected at the end of the fiscal year. The most common reason for uncollected taxes is tax delinquency, but uncollected taxes might also be the result of adjusted taxes which were billed to late in the fiscal year to be collected or other factors.

(5) Appears to be an error because the Fiscal Consultant calculated revenues in an amount that was nearly \$1 million higher.

Source: DHA Consulting.

CONCLUDING INFORMATION

Ratings

[_____ is expected to assign ratings of “___” to the Bonds, conditioned on the issuance by the Bond Insurer of the Bond Insurance Policy at the time of delivery of the Bonds.] [In addition,] _____ has assigned a[n underlying] rating of “___” to the Bonds based on its assessment of the Agency’s ability to make payments with respect to the Bonds[without giving effect to the Bond Insurance Policy]. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating may be obtained from _____. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Underwriting

Pursuant to a Bond Purchase Agreement (the “Bond Purchase Agreement”), by and among the Agency, the Authority and _____ (the “Underwriter”), the Agency will sell the Bonds, when issued, to the Authority. The Authority will simultaneously resell the Bonds to the Underwriter.

The Underwriter has agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, to purchase the Bonds at a purchase price of \$_____ (being equal to the principal amount of the Bonds, plus/minus a net original issue premium/discount of \$_____ and less an underwriter’s discount of \$_____). The Underwriter intends to offer the Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

Legal Opinion

Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel, will render its final approving legal opinion with respect to the Bonds substantially in the form set forth in APPENDIX D hereto. The legal opinion is only as to legality of the Bonds and is not intended to be nor is it to be interpreted or relied upon as a disclosure document or an express or implied recommendation as to the investment quality of the Bonds.

Tax Matters

Bond Counsel expresses no opinion on whether interest on the Bonds is excluded from gross income for federal income tax purposes. If a beneficial owner of a Bond fails to provide its taxpayer identification number or fails to report all interest on its federal income tax returns, payments of principal and interest made on the Bond will be subject to backup withholding. A beneficial owner of a Bond can obtain an exemption from backup withholding by providing a completed IRS Form W-9. Beneficial owners of Bonds should consult their tax advisors with respect to this and other tax consequences of ownership of the Bonds

In further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California.

See “APPENDIX E – FORM OF BOND COUNSEL OPINION” for the proposed form of opinion of Bond Counsel with respect to the Bonds.

No Litigation

There is no litigation pending or, to the Agency’s knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, or to contest the validity of the Bonds, the Indenture or any proceeding of the Agency with respect thereto. In the opinion of Agency counsel, there are no lawsuits or claims pending against the Agency which will materially affect the Agency’s finances so as to impair its ability to repay the Bonds.

Miscellaneous

The quotations from, and summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents, the Indenture and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the Agency. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Agency. The information contained herein shall not be construed as representing all conditions affecting the Agency or the Bonds.

All information contained in this Official Statement pertaining to the Agency has been furnished by the Agency, and the execution and delivery of this Official Statement has been duly authorized by the Agency.

AGOURA HILLS REDEVELOPMENT AGENCY

By: _____
Executive Director

APPENDIX A

CITY OF AGOURA HILLS GENERAL INFORMATION

General

The City is located in the foothills of the Santa Monica mountains in Los Angeles County, 40 miles northwest of downtown Los Angeles. The City is accessed by four freeway exits off U.S. 101, a major north-south highway, which runs through the City, and by taking Kanan Road 12.1 miles from the Pacific Coast Highway and the City of Malibu. The City is bordered by the communities of Calabasas to the east and Westlake Village to the west.

The City encompasses an area of approximately 8 square miles and has an elevation that ranges from 936 to 2,036 feet above sea level. With an average temperature of 65 degrees Fahrenheit and an annual rainfall of 19.5 inches, the City enjoys comfortable weather throughout the year.

With a population of 23,340 as of January 1, 2007 (according to State of California Department of Finance estimates), the City is one of the smaller communities in the County.

The majority of developed land within the City is residential with some retail and office developments concentrated along Agoura Hills Road. In recent years, the City generally has exhibited higher average home prices than the County. The City has a General Plan that allocates specific land use policy for stable growth through public-approved developments that provide employment and retail opportunity within the community. The General Plan includes the anticipated development of 43 acres of remaining commercially zoned property and other economic expansion over the next 20 years.

The City provides a broad range of services, including general city administration, community development and planning, affordable housing, code enforcement, building department, community services, parks construction and maintenance, recreation programming, engineering, street construction and maintenance, drainage and flood control maintenance and various other support services.. The City has contracted with Los Angeles County to provide sheriff, fire protection and animal control services. The City has contracted with G.I. Industries to provide solid waste collection services. Southern California Gas Company provides natural gas service to the City, Southern California Edison provides electric power to the City and the Las Virgenes Municipal Water District provides water and wastewater service to the City.

The City is located in the northwest corner of the County and is within five miles of various City of Los Angeles communities in the San Fernando Valley, the City of Woodland Hills being the closest such community. The San Fernando Valley is a major economic area comprising an area of approximately 235 square miles. The San Fernando Valley is home to numerous well-known companies including CBS Studio Center, NBC-Universal, The Walt Disney Company, Warner Bros, and Sunkist.

City Government

The City is a general law city, which was incorporated on December 8, 1982. The City is governed by the council-manager form of municipal government. The City Council is composed of five members elected biennially at-large to four-year overlapping terms. The Mayor is selected annually by the City Council members to serve a one-year term. The City Manager is appointed by the City Council to supervise the administrative personnel and contract services. The City currently employs approximately 35 permanent employees.

Population

The City's population was approximately 23,2340 as of January 1, 2007, according to the California State Department of Finance's estimates. The table below shows the population growth in the City and the County from January 1, 1997 through January 1, 2007:

City of Agoura Hills City and County Population Calendar Years 1997 through 2007

<u>Year</u> ⁽¹⁾	<u>City</u>		<u>County</u>	
	<u>Population</u>	<u>Growth Rate</u>	<u>Population</u>	<u>Growth Rate</u>
1997	20,100	--	9,147,100	--
1998	20,150	0.25%	9,225,800	0.86%
1999	20,300	0.74	9,330,100	1.13
2000 ⁽²⁾	20,537	1.17	9,519,330	2.03
2001	20,804	1.30	9,663,491	1.51
2002	21,625	3.95	9,829,725	1.72
2003	21,936	1.44	9,980,168	1.53
2004	22,124	0.86	10,101,547	1.22
2005	23,251	5.09	10,191,080	0.89
2006	23,262	0.05	10,257,994	0.66
2007	23,340	0.34	10,331,939	0.72

(1) As of January 1 of each year, except for the year 2000.

(2) As of April 1.

Source: State of California, Department of Finance.

Employment

The following table shows certain employment statistics for the City and the County for calendar years 2000 through 2007.

City of Agoura Hills City and County Employment Statistics Calendar Years 2000 through 2007 ⁽¹⁾

<u>Year</u>	<u>City</u>			<u>County</u>
	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2000	11,800	11,500	2.2%	5.4%
2001	12,000	11,700	2.3	5.7
2002	11,900	11,600	2.8	6.8
2003	11,800	11,500	2.8	7.0
2004	11,900	11,600	2.6	6.5
2005	12,200	11,900	2.1	5.3
2006	12,300	12,100	2.0	4.7
2007	12,500	12,200	2.1	5.0

(1) Not seasonally adjusted. Figures represent the 12-month average for each such year.

Source: State of California, Employment Development Department.

The following table lists the major area employers in the City.

**City of Agoura Hills
Major Area Employers
as of February 1, 2008**

<u>Company</u>	<u>Product/Service</u>	<u>Full-Time Employees</u>
Countrywide	Mortgage lender	600 ⁽¹⁾
THQ	Video game development	460
Las Virgenes Unified School District	Public education	454
Teradyne	Electronic supplier	349
Employers Direct Insurance Co.	Insurance	211
Renaissance Hotel	Hotel & restaurant	130
Wood Ranch	Restaurant	140
Vons	Retail groceries	100
Ralph's	Retail groceries	55
Roadside Lumber and Hardware, Inc.	Retail lumber and hardware	44

(1) Approximate number provided by Countrywide Financial Corporation
Source: City of Agoura Hills.

Commerce

The following table shows the dollar volume of taxable transactions in the City from 2003 through 2007.

**City of Agoura Hills
Taxable Transactions
Calendar Years 2003 through 2007
(in Thousands of Dollars)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Retail Outlets					
Apparel stores	\$ 1,357	\$ 1,815	\$ 2,580	\$ 2,886	[not available]
General merchandise stores	8,191	8,132	8,254	8,684	
Food stores	15,734	15,716	18,170	19,707	
Eating and drinking places	42,741	46,666	51,857	54,313	
Home furnishing and appliances	52,315	56,566	61,483	58,853	
Building materials and farm	22,667	22,091	20,261	19,073	
Auto dealers and supplies	4,431	5,173	4,419	3,197	
Service stations	42,164	49,741	55,833	58,064	
Other retail stores	22,512	25,100	28,576	32,470	
Subtotal	<u>212,112</u>	<u>231,000</u>	<u>251,433</u>	<u>257,247</u>	
All Other Outlets	<u>70,990</u>	<u>63,728</u>	<u>69,729</u>	<u>74,184</u>	
All Outlets	<u>\$283,102</u>	<u>\$294,728</u>	<u>\$321,162</u>	<u>\$331,431</u>	

Source: State of California, Board of Equalization.

Assessed Value and Construction Activity

The following is a summary of the construction permits issued by the City from fiscal years 2002-03 through 2006-07.

**City of Agoura Hills
Building Permits Issued and Values for Permits Issued
Fiscal Years 2002-03 through 2006-07**

<u>Fiscal Year</u>	<u>Building Permits</u>	<u>Value of Permits Issued</u>		
		<u>Commercial</u>	<u>Residential</u>	<u>Total</u>
2002-03	1,433	4,803,646	42,749,541	47,553,187
2002-04	1,140	23,959,257	12,316,793	36,276,050
2004-05	829	8,872,577	8,181,104	17,053,681
2005-06	1,299	9,724,665	9,617,104	19,341,769
2006-07	1,004	23,180,889	3,177,097	26,357,986

Source: City of Agoura Hills.

APPENDIX B
FISCAL CONSULTANT'S REPORT

APPENDIX C
AUDITED FINANCIAL STATEMENTS
Year Ending June 30, 2007

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E

FORM OF BOND COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

APPENDIX H

DTC'S BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, and the Agency does not take any responsibility for the accuracy thereof. The Agency gives no assurances that (i) DTC, the Direct and Indirect Participants or others will distribute payments of principal, premium (if any) or interest with respect to the Bonds paid to DTC or its nominee as, the registered owner, to the Beneficial Owners, (ii) such entities will distribute redemption notices or other notices, to the Beneficial Owners, or (iii) an error or delay relating thereto will not occur.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any) and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agency or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any) and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

\$ _____
Agoura Hills Redevelopment Agency
Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008 (Taxable)

Bond Purchase Agreement

_____, 2008

Agoura Hills Financing Authority
3001 Ladyface Court
Agoura Hills, California 91301

Agoura Hills Redevelopment Agency
3001 Ladyface Court
Agoura Hills, California 91301

Ladies and Gentlemen:

The undersigned, _____, (the "Underwriter"), hereby offers to enter into the following agreement (this "Purchase Agreement") with the Agoura Hills Financing Authority (the "Authority") and the Agoura Hills Redevelopment Agency (the "Agency"). Upon the acceptance of this Purchase Agreement by the Authority and the Agency, this offer will be binding upon the Authority, the Agency and the Underwriter. This offer is made subject to (i) the written acceptance of this Purchase Agreement by the Authority and the Agency and (ii) withdrawal by the Underwriter upon written notice (by telegraph or otherwise) delivered to the Authority and the Agency at any time prior to the acceptance of this Purchase Agreement by the Authority and the Agency.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Agreement, the Underwriter hereby agrees to purchase from the Authority and the Authority agrees to purchase from the Agency for resale and delivery to the Underwriter at the Closing Time on the Closing Date (both as defined herein), all and not less than all, of the aggregate principal amount of the Agency's \$ _____ Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (Taxable) (the "Bonds"). The Bonds shall be dated their delivery date, shall mature on the dates, and shall bear interest at the rates per annum, shown on Exhibit A hereto. Interest on the Bonds shall be payable on _____ and _____ of each year, commencing _____, 2008. The price at which the Underwriter is to purchase the Bonds shall be \$ _____ in immediately available funds (being the aggregate principal amount thereof, [plus/less] a net original issue [premium/discount] of \$ _____, and less an Underwriter's

discount of \$_____). (The date of such payment and delivery is referred to herein as the “Closing Date,” the hour and date of such delivery and payment is referred to herein as the “Closing Time,” and the other actions contemplated hereby to take place at the time of such payment and delivery are sometimes referred to herein as the “Closing”).

2. The Bonds. The Bonds shall be issued and secured pursuant to, the provisions of the Constitution and the laws of the State of California including the provisions of the Community Redevelopment Law of the State of California, being Part 1 of Division 24 of the Health and Safety Code of the State of California, as in existence on the Closing Date or as thereafter amended from time to time (the “Law”) and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and an Indenture, dated as of May 1, 2008 (the “Indenture”), by and between the Agency and The Bank of New York Trust Company, N.A. (the “Trustee”). Capitalized terms used but not defined herein have the meanings ascribed to them in the Indenture. The Bonds are being issued to (i) finance certain redevelopment activities benefiting the Agoura Hills Redevelopment Project Area (the “Project Area”), (ii) fund a reserve account for the Bonds, and (iii) pay costs of issuance of the Bonds.

The Bonds shall be payable and shall be subject to redemption as provided in the Indenture and shall be as described in the Preliminary Official Statement of the Agency dated _____, 2008 and the Official Statement of the Agency dated of even date herewith. Such Preliminary Official Statement, including the cover page, the inside front cover and the appendices thereto, relating to the Bonds, as amended to include the terms of this Purchase Agreement with respect to pricing and interest rates and with such changes and amendments thereto as have been mutually agreed to by the Agency and the Underwriter, is hereinafter referred to as the “Official Statement.”

The Agency will enter into a Continuing Disclosure Agreement, dated as of May 1, 2008 (the “Continuing Disclosure Agreement”), by and between the Agency and The Bank of New York Trust Company, N.A., as Trustee and Dissemination Agent (the “Dissemination Agent”), in order to assist the Underwriter in complying with the requirements of Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934 (“Rule 15c2-12”). Herein, the Indenture, this Purchase Agreement, the Official Statement and the Continuing Disclosure Agreement are referred to as the “Agency Documents.”

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

4. Delivery of Official Statement, Use of Documents. (a) The Agency hereby authorizes the use by the Underwriter of the Preliminary Official Statement and the Official Statement (including any supplements or amendments thereto), the Indenture and the Continuing Disclosure Agreement and the information therein contained, in connection with the public offering and sale of the Bonds.

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

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

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

(a) The Agency is a redevelopment agency duly organized and validly existing under the laws of the State of California (the "State").

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

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

(d) As of the date hereof, to the best of its knowledge, the Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Agency is a party which breach or default has or may have an adverse effect on the ability of the Agency to perform its obligations under the Indenture, this Purchase Agreement, or the Continuing Disclosure Agreement and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Agency Documents, and compliance with the provisions on the Agency's part contained in the Indenture, this Purchase Agreement and the Continuing Disclosure Agreement, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond,

note, resolution, agreement or other instrument to which the Agency is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Agency or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Indenture.

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

(f) The Indenture, the Continuing Disclosure Agreement and the Bonds when issued, will conform to the descriptions thereof contained in the Official Statement under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "APPENDIX D – SUMMARY OF THE INDENTURE" and "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT."

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

(h) As of the date hereof, to the best of the Agency's knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been received by the Agency or, threatened against the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge and lien on the Tax Revenues or any other monies pledged to the payment of the Bonds pursuant to the Indenture, or contesting or affecting as to the Agency the validity or enforceability of the Law, the Bonds, this Purchase Agreement, the Indenture, the Continuing Disclosure Agreement, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency for the issuance of the Bonds, or the execution and delivery by the Agency of the Agency Documents, or in any way contesting or challenging the consummation of the transactions contemplated thereby or challenging the rights of the Agency to collect or receive Tax Revenues pledged to the payment of the Bonds; nor, to the best knowledge of the Agency, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Law, the issuance of the Bonds, or the authorization, execution, delivery or performance by the Agency of the Agency Documents.

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

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

(k) At the time of the Agency's acceptance of this Purchase Agreement, and at all times subsequent thereto up to and including the Closing Date, the descriptions in the Official Statement pertaining to the Agency, the Project Area, the Bonds and the Agency Documents do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except as the Official Statement may be supplemented or amended pursuant to paragraph (m) of this Section 5.

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

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

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

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

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

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

(a) The Authority is a joint powers authority duly organized and validly existing under the laws of the State.

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

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

(d) As of the date hereof, to the best of its knowledge, the Authority is not in any material respect in breach of or in default under any applicable constitutional provision, law or administrative regulation of any state or the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have an adverse effect on the ability of the Authority to perform its obligations under this Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of this Purchase Agreement and compliance with the provisions on the Authority's part contained in this Purchase Agreement, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party.

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

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

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

7. Closing. At 8:00 a.m., California time, on _____, 2008, or on such earlier date or as soon thereafter as practicable, as may be mutually agreed upon by the Agency, the Authority and the Underwriter, the Agency will deliver (i) the Bonds in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), to the Trustee (so that the Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC's Fast Automated Securities Transfer procedures), and (ii) the closing documents hereinafter mentioned at the offices of Richards, Watson & Gershon, A Professional Corporation ("Bond Counsel"), in Los Angeles, California or another place to be mutually agreed upon by the Agency, the Authority and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds to the order of the Trustee. The Bonds will be made available to the Underwriter for inspection not less than 24 hours prior to the Closing.

8. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Agency and the Authority contained in this Purchase Agreement, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Agency and the Authority of their obligations hereunder, both as of the date

hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Agency and the Authority of their obligations to be performed under this Purchase Agreement and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

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

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

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

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

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

(1) A copy of Resolution No. _____, adopted by the City Council of the City of Agoura Hills on _____, 2008, certified by the City Clerk or a Deputy City Clerk;

(2) A copy of Resolution No. _____, adopted by the Agency on _____, 2008, certified by the Secretary or an Assistant Secretary of the Agency;

(3) A copy of Resolution No. _____, adopted by the Authority on _____, 2008, certified by the Secretary or an Assistant Secretary of the Authority;

(4) The Official Statement and each supplement or amendment, if any, thereto, executed by the Agency;

(5) A copy of the Indenture, executed by the Agency and the Trustee;

(6) A copy of the Continuing Disclosure Agreement, executed by the Agency and the Dissemination Agent, substantially in the form presented as Appendix F to the Official Statement;

(7) A certificate, dated the Closing Date, signed by a duly authorized official of the Agency satisfactory in form and substance to the Underwriter to the effect that (i) the representations and warranties of the Agency contained in this Purchase Agreement are true and correct in all material respects as of the Closing Date, and (ii) the Continuing Disclosure Agreement represents the Agency's first continuing disclosure undertaking in connection with Rule 15c2-12;

(8) A certificate, dated the Closing Date, signed by a duly authorized official of the Authority satisfactory in form and substance to the Underwriter to the effect that the representations and warranties of the Authority contained in this Purchase Agreement are true and correct in all material respects as of the Closing Date;

(9) An opinion (the "Final Approving Legal Opinion") dated the Closing Date and addressed to the Agency, of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, in substantially the form included as Appendix E to the Official Statement, accompanied by a reliance letter from Bond Counsel to the effect that such opinion may be relied upon by the Underwriter with the same effect as if such opinion were addressed to the Underwriter (which reliance letter may be incorporated in the supplemental opinion to be delivered pursuant to Item (11) below);

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

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

(12) An opinion, dated the Closing Date and addressed to the Underwriter, of general counsel to the Agency, in substantially in the form attached hereto as Exhibit D;

(13) An opinion, dated the Closing Date and addressed to the Underwriter, of general counsel to the Authority, in substantially in the form attached hereto as Exhibit E;

(14) A certificate of The Bank of New York Trust Company, N.A. ("BNY"), in form and substance satisfactory to the Agency and the Underwriter, dated the Closing Date, that as of the Closing Date:

(i) BNY is a national banking association organized and existing under and by virtue of the laws of the United States of America;

(ii) BNY has the full power and has been duly authorized to (a) authenticate the Bonds, (b) enter into and deliver the Indenture and the

Continuing Disclosure Agreement (together, the “BNY Documents”) and (c) perform its duties under the BNY Documents;

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

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

(v) To the best of BNY’s knowledge, the execution and delivery by BNY of the BNY Documents, the authentication and delivery of the Bonds, and compliance with the terms of the BNY Documents do not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, the Articles of Association or Bylaws of BNY or any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which BNY is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over BNY or any of its activities or properties, or (except with respect to the lien of the Indenture) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of BNY;

(vi) To the best of the knowledge of the BNY officer signing the certificate, after due inquiry, there is no action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against BNY, affecting the existence of BNY, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the execution and delivery of any of the BNY Documents or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the BNY Documents or contesting the powers of BNY or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the BNY Documents or the power and authority of BNY to enter into the BNY Documents and perform its duties under the BNY Documents and to authenticate and deliver the Bonds;

(15) A copy of the general resolution (or excerpt of bylaws or other similar instrument) of BNY authorizing the execution and delivery of certain

documents by certain officers of BNY, which resolution authorizes the authentication of the Bonds and the execution and delivery of the BNY Documents;

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

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

(ii) BNY has duly authorized, executed and delivered the BNY Documents, and by all proper corporate actions has authorized the authentication and delivery of the Bonds in its capacity as Trustee under the Indenture and the acceptance of the duties and obligations of BNY as Trustee and Dissemination Agent, respectively, under the BNY Documents;

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

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

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

(17) A certificate of C.M. de Crinis & Co., Inc. (the "Financial Advisor"), in form and substance satisfactory to the Agency and the Underwriter,

dated the Closing Date, to the effect that (i) although the Financial Advisor has not independently verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, no facts came to its attention that caused it to believe that the Official Statement as of the date hereof contains any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (ii) to the best of the Financial Advisor's knowledge, the information set forth in the Official Statement under the caption "PROJECT AREA" relating to the assessed valuation and tax revenues with respect to the Project Area fairly and accurately reflects the data provided by [Los Angeles County] to the Agency; and

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

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

If the Agency or the Authority shall be unable to satisfy the conditions to the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement, or if the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and none of the Underwriter, the Agency nor the Authority shall be under any further obligation under this Purchase Agreement.

9. Termination. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the Agency, in writing or by telegram, of their election to do so, if, after the execution of this Purchase Agreement and prior to the Closing:

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

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

(c) An event shall have occurred or been discovered as described in paragraph (m) of Section 5 of this Purchase Agreement which, in the reasonable opinion of the Underwriter, requires the preparation and publication of disclosure material or a supplement or amendment to the Official Statement, and (i) the Agency refuses to prepare and furnish such disclosure material, or supplement or amendment to the Official Statement, or (ii) in the reasonable judgment of the Underwriter, the occurrence or discovery of such event materially and adversely affects the marketability of the Bonds or renders the enforcement of contracts for sale of the Bonds impracticable;

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

(e) Legislation shall be introduced, by amendment or otherwise, or be enacted by the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement;

(f) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

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

(h) Trading in securities on the New York Stock Exchange or the American Stock Exchange shall have been suspended or limited or minimum prices have been established on either such exchange; or

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

If this Purchase Agreement shall be terminated pursuant to Section 8 or this Section 9, or if the purchase provided for in this Purchase Agreement is not consummated because any condition to the Underwriter's obligation hereunder is not satisfied or because of any refusal, inability or failure on the part of the Agency or the Authority to comply with any of the terms or to fulfill any of the conditions of this Purchase Agreement, or if for any reason the Agency or the Authority shall be unable to perform all of its obligations under this Purchase Agreement, neither the Agency nor the Authority shall be liable to the Underwriter for damages alleged as loss of anticipated profits arising out of the transactions covered by this Purchase Agreement.

10. Payment of Costs and Expenses. (a) Subject to Sections 5(i) and 10(b), the Underwriter shall be under no obligation to pay and the Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Agency hereunder including but not limited to: (i) the fees and expenses of the Agency and Agency Counsel; (ii) the fees and expenses of the Authority and Authority Counsel; (iii) the fees and expenses of Bond Counsel and Disclosure Counsel; (iv) the fees and expenses of the Financial Advisor or any other consultant retained by the Agency or the Authority; (v) all costs and expenses incurred in connection with the preparation and printing of the Bonds; (vi) all expenses in connection with the preparation, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto; and (vii) the fees and expenses of the Trustee.

(b) The Underwriter shall pay, and the Agency shall be under no obligation to pay, all expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including but not limited to CDIAC, DTC, MSRB, CUSIP Bureau, California Public Securities Association and Public Securities Association fees, if any, and all advertising expenses in connection with the public offering of the Bonds.

11. Representations, Warranties and Agreements to Survive Delivery.

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

12. Notices. Any notice or other communication to be given under this

Purchase Agreement may be given by delivering the same in writing:

To the Agency: Agoura Hills Redevelopment Agency
3001 Ladyface Court
Agoura Hills, California 91301

To the Authority: Agoura Hills Financing Authority
3001 Ladyface Court
Agoura Hills, California 91301

To the Underwriter: _____

Attention: _____

13. Parties in Interest. This Purchase Agreement is made solely for the

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

14. Determination of End of the Underwriting Period. For purposes of this

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

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

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

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

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

[Remainder of the Page Intentionally Left Blank]

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

By: _____
President

Accepted as of the date first stated above:

AGOURA HILLS REDEVELOPMENT AGENCY

By: _____
Executive Director

Attest:

Secretary

AGOURA HILLS FINANCING AUTHORITY

By: _____
[Chief Administrative Officer]

Attest:

Secretary

Exhibit A

MATURITY SCHEDULE

\$ _____

Agoura Hills Redevelopment Agency
Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008 (Taxable)

<u>Maturity Date</u> (____/____/11)	<u>Principal</u> <u>Amount</u> \$	<u>Interest</u> <u>Rate</u> %	<u>Yield</u> %	<u>Price</u> %
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Exhibit B

**Supplemental Opinion of Richards, Watson & Gershon, Bond Counsel
Addressed to the Underwriter**

[Closing Date]

Supplemental Opinion of Bond Counsel

with reference to

\$_____

Agoura Hills Redevelopment Agency
Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008 (Taxable)

Ladies and Gentlemen:

We have this day released to the Agoura Hills Redevelopment Agency (the “Agency”) our final approving legal opinion with respect to the above-referenced bonds (the “Bonds”). You are authorized to rely on such opinion as if the same were addressed to you.

In connection with rendering the above-described opinion, we examined the record of proceedings submitted to us relative to the issuance of the Bonds and such other documents as are in our opinion necessary to enable us to express informed opinions with respect to the following matters. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Bond Purchase Agreement, dated May 1, 2008 (the “Purchase Agreement”), by and among the Agency, the Agoura Hills Financing Authority and _____, as the Underwriter.

Based upon the foregoing, in our opinion:

1. The Agency has full right, power and authority to execute, deliver, and perform its obligations under, the Agency Documents. The Agency Documents have been duly authorized, executed and delivered by the Agency, and assuming due authorization, execution and delivery by the other parties thereto, are in full force and effect, and constitute the legally valid and binding agreements of the Agency enforceable in accordance with their terms, except as limited by any applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other similar laws affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California.

2. The statements contained in the Official Statement under the captions “THE BONDS,” “SECURITY FOR THE BONDS” and “TAX MATTERS” and Appendices D and E

thereto, insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture, or our final approving opinion, fairly and accurately summarize the information presented therein; provided that we do not express any opinion with respect to any financial, statistical or numerical information contained therein.

3. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

This letter is furnished by us as Bond Counsel to the Agency. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is delivered to the addressees, is solely for the benefit of the addressees and is not to be used, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may, not, be relied upon by owners of the Bonds.

Respectfully submitted,

Exhibit C

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

[Closing Date]

Agoura Hills Redevelopment Agency
Agoura Hills, California

Opinion of Disclosure Counsel

with reference to

\$ _____
Agoura Hills Redevelopment Agency
Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008 (Taxable)

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the Agoura Hills Redevelopment Agency (the “Agency”) with respect to the captioned Bonds (the “Bonds”). This opinion is rendered pursuant to the Bond Purchase Agreement, dated May 1, 2008 (the “Purchase Agreement”), by and among the Agency, the Agoura Hills Financing Authority (the “Authority”) and _____, as the Underwriter. All capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement, and if not in the Purchase Agreement, in the Official Statement, dated May 1, 2008, relating to the Bonds (the “Official Statement”).

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

In our capacity as Disclosure Counsel, we have participated in the preparation of the Official Statement. Such participation included, among other things, discussions and inquiries concerning various legal matters, review of certain documents and proceedings, and participation in conferences with, among others, representatives of the Agency, the Authority, the Underwriter and C.M. de Crinis & Co., Inc., as the Financial Advisor, at which conferences the contents of the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or

verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Official Statement which cause us to believe that the Official Statement as of its date (excluding therefrom financial statements and other financial and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; information about the book-entry only system and DTC; statements relating to the treatment of the Bonds or the interest, discount or premium related thereto for tax purposes under the law of any jurisdiction; and the statements contained in the Official Statement under the caption "TAX MATTERS" and Appendix E; as to all of which we express no view herein) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

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

Very truly yours,

Exhibit D

Opinion of _____ as Agency Counsel

[Closing Date]

Agoura Hills Redevelopment Agency
Agoura Hills, California

Opinion of Agency Counsel

with reference to

\$ _____
Agoura Hills Redevelopment Agency
Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008 (Taxable)

Ladies and Gentlemen:

In our capacity as counsel to the Agoura Hills Redevelopment Agency (the “Agency”), and in connection with the issuance of the above-referenced bonds (the “Bonds”) by the Agency as described in Bond Purchase Agreement, dated May 1, 2008 (the “Purchase Agreement”), by and among the Agency, the Agoura Hills Financing Authority and _____, as the Underwriter, we have examined the original, certified copies, or copies otherwise identified to us as being true copies of such documents, certificates, and records as we have deemed relevant and necessary as the basis for the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Purchase Agreement. Relying on such examination and subject to the limitations and qualifications hereinafter set forth, we are of the opinion that:

1. The Agency is a redevelopment agency duly organized and validly existing under the laws of the State of California.

2. Resolution No. _____ authorizing the issuance of the Bonds and the execution and delivery by the Agency of the Agency Documents was duly adopted on _____, 2008, at a meeting of the governing body of the Agency, which meeting was called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout, and such Resolution has not been amended since its date of adoption and is now in full force and effect.

3. To the best of our knowledge, the Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of

any state or the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Agency is a party which breach or default has or may have an adverse effect on the ability of the Agency to perform its obligations under the Indenture, the Purchase Agreement or the Continuing Disclosure Agreement and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument.

4. To the best of our knowledge, the execution and delivery of the Agency Documents, and compliance with the provisions on the Agency's part contained in the Indenture, the Purchase Agreement and the Continuing Disclosure Agreement, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Agency or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Indenture.

5. There is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been received by the Agency or, to the best our knowledge, threatened against the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge and lien on the Tax Revenues or any other monies pledged to the payment of the Bonds pursuant to the Indenture, or contesting or affecting as to the Agency the validity or enforceability of the Law, the Bonds, the Purchase Agreement, the Indenture, the Continuing Disclosure Agreement, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency for the issuance of the Bonds, or the execution and delivery by the Agency of the Agency Documents, or in any way contesting or challenging the consummation of the transactions contemplated thereby or challenging the rights of the Agency to collect or receive Tax Revenues pledged to the payment of the Bonds.

This letter is furnished by us as counsel to the Agency. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is delivered to the addressees, is solely for the benefit of the addressees and is not to be used, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds.

Very truly yours,

Exhibit E

Opinion of _____ as Authority Counsel

[Closing Date]

Agoura Hills Redevelopment Agency
Agoura Hills, California

Agoura Hills Financing Authority
Agoura Hills, California

Opinion of Authority Counsel

with reference to

\$ _____
Agoura Hills Redevelopment Agency
Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008 (Taxable)

Ladies and Gentlemen:

In our capacity as counsel to the Agoura Hills Financing Authority (the “Authority”), and in connection with the issuance of the above-referenced bonds (the “Bonds”) by the Agoura Hills Redevelopment Agency (the “Agency”), we have examined the original, certified copy, or copy otherwise identified to us, as being a true copy of the Bond Purchase Agreement, dated May 1, 2008 (the “Purchase Agreement”), by and among the Agency, the Authority and _____, as the Underwriter and such other documents, certificates, and records as we have deemed relevant and necessary as the basis for the opinions set forth herein as the basis for the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Purchase Agreement. Relying on such examination and subject to the limitations and qualifications hereinafter set forth, we are of the opinion that:

1. The Authority is a joint powers authority duly organized and validly existing under the laws of the State of California.

2. Resolution No. _____ authorizing the execution and delivery by the Authority of the Purchase Agreement was duly adopted on _____, 2008, at a meeting of the governing body of the Authority, which meeting was called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout, and such Resolution has not been amended since its date of adoption and is now in full force and effect.

3. To the best of our knowledge, the Authority is not in any material respect in breach of or in default under any applicable constitutional provision, law or administrative regulation of any state or the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have an adverse effect on the ability of the Authority to perform its obligations under the Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Purchase Agreement and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party.

4. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been received by the Authority, or threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the purchase and resale of the Bonds pursuant to the Purchase Agreement, or contesting or affecting as to the Authority the validity or enforceability of the Purchase Agreement, or contesting the powers of the Authority for the execution and delivery by the Authority of the Purchase Agreement, or in any way contesting or challenging the consummation of the transactions contemplated thereby.

This letter is furnished by us as counsel to the Authority. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to the addressees, is solely for the benefit of the addressees and is not to be used, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds.

Very truly yours,

\$ _____
Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008

Bond Purchase Agreement

_____, 2008

Agoura Hills Financing Authority
3001 Ladyface Court
Agoura Hills, California 91301

Agoura Hills Redevelopment Agency
3001 Ladyface Court
Agoura Hills, California 91301

Ladies and Gentlemen:

The undersigned, _____, (the "Underwriter"), hereby offers to enter into the following agreement (this "Purchase Agreement") with the Agoura Hills Financing Authority (the "Authority") and the Agoura Hills Redevelopment Agency (the "Agency"). Upon the acceptance of this Purchase Agreement by the Authority and the Agency, this offer will be binding upon the Authority, the Agency and the Underwriter. This offer is made subject to (i) the written acceptance of this Purchase Agreement by the Authority and the Agency and (ii) withdrawal by the Underwriter upon written notice (by telegraph or otherwise) delivered to the Authority and the Agency at any time prior to the acceptance of this Purchase Agreement by the Authority and the Agency.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Agreement, the Underwriter hereby agrees to purchase from the Authority and the Authority agrees to purchase from the Agency for resale and delivery to the Underwriter at the Closing Time on the Closing Date (both as defined herein), all and not less than all, of the aggregate principal amount of the Agency's \$ _____ Housing Set-Aside Tax Allocation Bonds (Agoura Hills Redevelopment Project Area), Series 2008 (the "Bonds"). The Bonds shall be dated their delivery date, shall mature on the dates, and shall bear interest at the rates per annum, shown on Exhibit A hereto. Interest on the Bonds shall be payable on _____ and _____ of each year, commencing _____, 2008. The price at which the Underwriter is to purchase the Bonds shall be \$ _____ in immediately available funds (being the aggregate principal amount thereof, [plus/less] a net original issue [premium/discount] of \$ _____, and less an

Underwriter's discount of \$_____). (The date of such payment and delivery is referred to herein as the "Closing Date," the hour and date of such delivery and payment is referred to herein as the "Closing Time," and the other actions contemplated hereby to take place at the time of such payment and delivery are sometimes referred to herein as the "Closing").

2. The Bonds. The Bonds shall be issued and secured pursuant to, the provisions of the Constitution and the laws of the State of California including the provisions of the Community Redevelopment Law of the State of California, being Part 1 of Division 24 of the Health and Safety Code of the State of California, as in existence on the Closing Date or as thereafter amended from time to time (the "Law") and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and an Indenture, dated as of May 1, 2008 (the "Indenture"), by and between the Agency and The Bank of New York Trust Company, N.A. (the "Trustee"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Indenture. The Bonds are being issued to (i) finance low and moderate income housing projects of the Agency, (ii) fund a reserve account for the Bonds, and (iii) pay costs of issuance of the Bonds.

The Bonds shall be payable and shall be subject to redemption as provided in the Indenture and shall be as described in the Preliminary Official Statement of the Agency dated _____, 2008 and the Official Statement of the Agency dated of even date herewith. Such Preliminary Official Statement, including the cover page, the inside front cover and the appendices thereto, relating to the Bonds, as amended to include the terms of this Purchase Agreement with respect to pricing and interest rates and with such changes and amendments thereto as have been mutually agreed to by the Agency and the Underwriter, is hereinafter referred to as the "Official Statement."

The Agency will enter into a Continuing Disclosure Agreement, dated as of May 1, 2008 (the "Continuing Disclosure Agreement"), by and between the Agency and The Bank of New York Trust Company, N.A., as Trustee and Dissemination Agent (the "Dissemination Agent"), in order to assist the Underwriter in complying with the requirements of Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934 ("Rule 15c2-12"). Herein, the Indenture, this Purchase Agreement, the Official Statement and the Continuing Disclosure Agreement are referred to as the "Agency Documents."

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

4. Delivery of Official Statement, Use of Documents. (a) The Agency hereby authorizes the use by the Underwriter of the Preliminary Official Statement and the Official Statement (including any supplements or amendments thereto), the Indenture and the Continuing Disclosure Agreement and the information therein contained, in connection with the public offering and sale of the Bonds.

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

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

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

(a) The Agency is a redevelopment agency duly organized and validly existing under the laws of the State of California (the "State").

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

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

(d) As of the date hereof, to the best of its knowledge, the Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Agency is a party which breach or default has or may have an adverse effect on the ability of the Agency to perform its obligations under the Indenture, this Purchase Agreement, or the Continuing Disclosure Agreement and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Agency Documents, and compliance with the provisions on the Agency's part contained in the Indenture, this Purchase Agreement and the Continuing Disclosure Agreement, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond,

note, resolution, agreement or other instrument to which the Agency is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Agency or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Indenture.

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

(f) The Indenture, the Continuing Disclosure Agreement and the Bonds when issued, will conform to the descriptions thereof contained in the Official Statement under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "APPENDIX D – SUMMARY OF THE INDENTURE" and "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT."

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

(h) As of the date hereof, to the best of the Agency's knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been received by the Agency or, threatened against the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge and lien on the Housing Set-Aside or any other monies pledged to the payment of the Bonds pursuant to the Indenture, or contesting or affecting as to the Agency the validity or enforceability of the Law, the Bonds, this Purchase Agreement, the Indenture, the Continuing Disclosure Agreement or contesting the tax-exempt status of the Bonds, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency for the issuance of the Bonds, or the execution and delivery by the Agency of the Agency Documents, or in any way contesting or challenging the consummation of the transactions contemplated thereby or challenging the rights of the Agency to collect or receive Housing Set-Aside pledged to the payment of the Bonds; nor, to the best knowledge of the Agency, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Law, the issuance of the Bonds, or the authorization, execution, delivery or performance by the Agency of the Agency Documents.

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

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

(k) At the time of the Agency's acceptance of this Purchase Agreement, and at all times subsequent thereto up to and including the Closing Date, the descriptions in the Official Statement pertaining to the Agency, the Project Area, the Bonds and the Agency Documents do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except as the Official Statement may be supplemented or amended pursuant to paragraph (m) of this Section 5.

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

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

supplement to, or amendment of, the Official Statement in a form and in a manner approved by the Underwriter.

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

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

(p) The Agency will cause the proceeds from the sale of the Bonds to be paid to the Trustee for the purposes specified in the Indenture and the Official Statement. So long as any of the Bonds are outstanding and except as may be authorized by the Indenture, the Agency will not issue or sell any bonds or other obligations, other than the Bonds sold by this Purchase Agreement, the interest on and premium, if any, or principal of which will be payable senior to or on a parity with the Bonds from the Housing Set-Aside securing the payments to be made under the Indenture.

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

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

(a) The Authority is a joint powers authority duly organized and validly existing under the laws of the State.

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

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

(d) As of the date hereof, to the best of its knowledge, the Authority is not in any material respect in breach of or in default under any applicable constitutional provision, law or administrative regulation of any state or the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have an adverse effect on the ability of the Authority to perform its obligations under this Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event

of default under any such instrument; and the execution and delivery of this Purchase Agreement and compliance with the provisions on the Authority's part contained in this Purchase Agreement, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party.

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

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

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

7. Closing. At 8:00 a.m., California time, on _____, 2008, or on such earlier date or as soon thereafter as practicable, as may be mutually agreed upon by the Agency, the Authority and the Underwriter, the Agency will deliver (i) the Bonds in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), to the Trustee (so that the Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC's Fast Automated Securities Transfer procedures), and (ii) the closing documents hereinafter mentioned at the offices of Richards, Watson & Gershon, A Professional Corporation ("Bond Counsel"), in Los Angeles, California or another place to be mutually agreed upon by the Agency, the Authority and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds to the order of the Trustee.

The Bonds will be made available to the Underwriter for inspection not less than 24 hours prior to the Closing.

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

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

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

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

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

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

(1) A copy of Resolution No. _____, adopted by the City Council of the City of Agoura Hills on _____, 2008, certified by the City Clerk or a Deputy City Clerk;

(2) A copy of Resolution No. _____, adopted by the Agency on _____, 2008, certified by the Secretary or an Assistant Secretary of the Agency;

(3) A copy of Resolution No. _____, adopted by the Authority on _____, 2008, certified by the Secretary or an Assistant Secretary of the Authority;

(4) The Official Statement and each supplement or amendment, if any, thereto, executed by the Agency;

(5) A copy of the Indenture, executed by the Agency and the Trustee;

(6) A copy of the Continuing Disclosure Agreement, executed by the Agency and the Dissemination Agent, substantially in the form presented as Appendix F to the Official Statement;

(7) A certificate, dated the Closing Date, signed by a duly authorized official of the Agency satisfactory in form and substance to the Underwriter to the effect that (i) the representations and warranties of the Agency contained in this Purchase Agreement are true and correct in all material respects as of the Closing Date, and (ii) the Continuing Disclosure Agreement represents the Agency's first continuing disclosure undertaking in connection with Rule 15c2-12;

(8) A certificate, dated the Closing Date, signed by a duly authorized official of the Authority satisfactory in form and substance to the Underwriter to the effect that the representations and warranties of the Authority contained in this Purchase Agreement are true and correct in all material respects as of the Closing Date;

(9) An opinion (the "Final Approving Legal Opinion") dated the Closing Date and addressed to the Agency, of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, in substantially the form included as Appendix E to the Official Statement, accompanied by a reliance letter from Bond Counsel to the effect that such opinion may be relied upon by the Underwriter with the same effect as if such opinion were addressed to the Underwriter (which reliance letter may be incorporated in the supplemental opinion to be delivered pursuant to Item (11) below);

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

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

(12) An opinion, dated the Closing Date and addressed to the Underwriter, of general counsel to the Agency, in substantially in the form attached hereto as Exhibit D;

(13) An opinion, dated the Closing Date and addressed to the Underwriter, of general counsel to the Authority, in substantially in the form attached hereto as Exhibit E;

(14) A certificate of The Bank of New York Trust Company, N.A. (“BNY”), in form and substance satisfactory to the Agency and the Underwriter, dated the Closing Date, that as of the Closing Date:

(i) BNY is a national banking association organized and existing under and by virtue of the laws of the United States of America;

(ii) BNY has the full power and has been duly authorized to (a) authenticate the Bonds, (b) enter into and deliver the Indenture and the Continuing Disclosure Agreement (together, the “BNY Documents”) and (c) perform its duties under the BNY Documents;

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

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

(v) To the best of BNY’s knowledge, the execution and delivery by BNY of the BNY Documents, the authentication and delivery of the Bonds, and compliance with the terms of the BNY Documents do not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, the Articles of Association or Bylaws of BNY or any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which BNY is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over BNY or any of its activities or properties, or (except with respect to the lien of the Indenture) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of BNY; and

(vi) To the best of the knowledge of the BNY officer signing the certificate, after due inquiry, there is no action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against BNY, affecting the existence of BNY, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the execution and delivery of any of the BNY Documents or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the BNY Documents or contesting the powers of BNY or its authority

to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the BNY Documents or the power and authority of BNY to enter into the BNY Documents and perform its duties under the BNY Documents and to authenticate and deliver the Bonds;

(15) A copy of the general resolution (or excerpt of bylaws or other similar instrument) of BNY authorizing the execution and delivery of certain documents by certain officers of BNY, which resolution authorizes the authentication of the Bonds and the execution and delivery of the BNY Documents;

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

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

(ii) BNY has duly authorized, executed and delivered the BNY Documents, and by all proper corporate actions has authorized the authentication and delivery of the Bonds in its capacity as Trustee under the Indenture and the acceptance of the duties and obligations of BNY as Trustee and Dissemination Agent, respectively, under the BNY Documents;

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

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

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

(17) A certificate of C.M. de Crinis & Co., Inc. (the "Financial Advisor"), in form and substance satisfactory to the Agency and the Underwriter, dated the Closing Date, to the effect that (i) although the Financial Advisor has not independently verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, no facts came to its attention that caused it to believe that the Official Statement as of the date hereof contains any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (ii) to the best of the Financial Advisor's knowledge, the information set forth in the Official Statement under the caption "PROJECT AREA" relating to the assessed valuation and tax revenues with respect to the Project Area fairly and accurately reflects the data provided by [Los Angeles County] to the Agency;

(18) Certificate Regarding Compliance with Certain Tax Matters, executed by the Agency; and

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

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

If the Agency or the Authority shall be unable to satisfy the conditions to the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement, or if the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and none of the Underwriter, the Agency nor the Authority shall be under any further obligation under this Purchase Agreement.

9. Termination. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the Agency, in writing or by telegram, of their election to do so, if, after the execution of this Purchase Agreement and prior to the Closing:

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

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

(c) An event shall have occurred or been discovered as described in paragraph (m) of Section 5 of this Purchase Agreement which, in the reasonable opinion of the Underwriter, requires the preparation and publication of disclosure material or a supplement or amendment to the Official Statement, and (i) the Agency refuses to prepare and furnish such disclosure material, or supplement or amendment to the Official Statement, or (ii) in the reasonable judgment of the Underwriter, the occurrence or discovery of such event materially and adversely affects the marketability of the Bonds or renders the enforcement of contracts for sale of the Bonds impracticable;

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

(e) Legislation shall be introduced, by amendment or otherwise, or be enacted by the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, or with the purpose or effect of otherwise prohibiting the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement;

(f) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

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

(h) Trading in securities on the New York Stock Exchange or the American Stock Exchange shall have been suspended or limited or minimum prices have been established on either such exchange; or

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

If this Purchase Agreement shall be terminated pursuant to Section 8 or this Section 9, or if the purchase provided for in this Purchase Agreement is not consummated because any condition to the Underwriter's obligation hereunder is not satisfied or because of any refusal, inability or failure on the part of the Agency or the Authority to comply with any of the terms or to fulfill any of the conditions of this Purchase Agreement, or if for any reason the Agency or the Authority shall be unable to perform all of its obligations under this Purchase Agreement, neither the Agency nor the Authority shall be liable to the Underwriter for damages alleged as loss of anticipated profits arising out of the transactions covered by this Purchase Agreement.

10. Payment of Costs and Expenses. (a) Subject to Sections 5(i) and 10(b), the Underwriter shall be under no obligation to pay and the Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Agency hereunder including but not limited to: (i) the fees and expenses of the Agency and Agency Counsel; (ii) the fees and expenses of the Authority and Authority Counsel; (iii) the fees and expenses of Bond Counsel and Disclosure Counsel; (iv) the fees and expenses of the Financial Advisor or any other consultant retained by the Agency or the Authority; (v) all costs and expenses incurred in connection with the preparation and printing of the Bonds; (vi) all expenses in connection with the preparation, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto; and (vii) the fees and expenses of the Trustee.

(b) The Underwriter shall pay, and the Agency shall be under no obligation to pay, all expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including but not limited to CDIAC, DTC, MSRB, CUSIP Bureau, California Public Securities Association and Public Securities Association fees, if any, and all advertising expenses in connection with the public offering of the Bonds.

11. Representations, Warranties and Agreements to Survive Delivery.

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

12. Notices. Any notice or other communication to be given under this

Purchase Agreement may be given by delivering the same in writing:

To the Agency: Agoura Hills Redevelopment Agency
3001 Ladyface Court
Agoura Hills, California 91301

To the Authority: Agoura Hills Financing Authority
3001 Ladyface Court
Agoura Hills, California 91301

To the Underwriter: _____

Attention: _____

13. Parties in Interest. This Purchase Agreement is made solely for the

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

14. Determination of End of the Underwriting Period. For purposes of this

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

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

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

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

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

[Remainder of the Page Intentionally Left Blank]

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

By: _____
President

Accepted as of the date first stated above:

AGOURA HILLS REDEVELOPMENT AGENCY

By: _____
Executive Director

Attest:

Secretary

AGOURA HILLS FINANCING AUTHORITY

By: _____
[Chief Administrative Officer]

Attest:

Secretary

Exhibit A

MATURITY SCHEDULE

\$ _____

Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008

<u>Maturity Date</u> (____/____/11)	<u>Principal</u> <u>Amount</u> \$	<u>Interest</u> <u>Rate</u> %	<u>Yield</u> %	<u>Price</u> %
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Exhibit B

**Supplemental Opinion of Richards, Watson & Gershon, Bond Counsel
Addressed to the Underwriter**

[Closing Date]

Supplemental Opinion of Bond Counsel

with reference to

§ _____

Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008

Ladies and Gentlemen:

We have this day released to the Agoura Hills Redevelopment Agency (the “Agency”) our final approving legal opinion with respect to the above-referenced bonds (the “Bonds”). You are authorized to rely on such opinion as if the same were addressed to you.

In connection with rendering the above-described opinion, we examined the record of proceedings submitted to us relative to the issuance of the Bonds and such other documents as are in our opinion necessary to enable us to express informed opinions with respect to the following matters. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Bond Purchase Agreement, dated May 1, 2008 (the “Purchase Agreement”), by and among the Agency, the Agoura Hills Financing Authority and _____, as the Underwriter.

Based upon the foregoing, in our opinion:

1. The Agency has full right, power and authority to execute, deliver, and perform its obligations under, the Agency Documents. The Agency Documents have been duly authorized, executed and delivered by the Agency, and assuming due authorization, execution and delivery by the other parties thereto, are in full force and effect, and constitute the legally valid and binding agreements of the Agency enforceable in accordance with their terms, except as limited by any applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other similar laws affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California.

2. The statements contained in the Official Statement under the captions “THE BONDS,” “SECURITY FOR THE BONDS” and “TAX MATTERS” and Appendices D and E

thereto, insofar as such statements purport to summarize certain provisions of the Bonds, the Indenture, or our final approving opinion, fairly and accurately summarize the information presented therein; provided that we do not express any opinion with respect to any financial, statistical or numerical information contained therein.

3. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

This letter is furnished by us as Bond Counsel to the Agency. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is delivered to the addressees, is solely for the benefit of the addressees and is not to be used, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may, not, be relied upon by owners of the Bonds.

Respectfully submitted,

Exhibit C

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

[Closing Date]

Agoura Hills Redevelopment Agency
Agoura Hills, California

Opinion of Disclosure Counsel

with reference to

\$ _____
Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the Agoura Hills Redevelopment Agency (the “Agency”) with respect to the captioned Bonds (the “Bonds”). This opinion is rendered pursuant to the Bond Purchase Agreement, dated May 1, 2008 (the “Purchase Agreement”), by and among the Agency, the Agoura Hills Financing Authority (the “Authority”) and _____, as the Underwriter. All capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement, and if not in the Purchase Agreement, in the Official Statement, dated May 1, 2008, relating to the Bonds (the “Official Statement”).

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

In our capacity as Disclosure Counsel, we have participated in the preparation of the Official Statement. Such participation included, among other things, discussions and inquiries concerning various legal matters, review of certain documents and proceedings, and participation in conferences with, among others, representatives of the Agency, the Authority, the Underwriter and C.M. de Crinis & Co., Inc., as the Financial Advisor, at which conferences the contents of the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or

verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Official Statement which cause us to believe that the Official Statement as of its date (excluding therefrom financial statements and other financial and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; information about the book-entry only system and DTC; statements relating to the treatment of the Bonds or the interest, discount or premium related thereto for tax purposes under the law of any jurisdiction; and the statements contained in the Official Statement under the caption "TAX MATTERS" and Appendix E; as to all of which we express no view herein) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

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

Very truly yours,

Exhibit D

Opinion of _____ as Agency Counsel

[Closing Date]

Agoura Hills Redevelopment Agency
Agoura Hills, California

Opinion of Agency Counsel

with reference to

\$ _____
Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008

Ladies and Gentlemen:

In our capacity as counsel to the Agoura Hills Redevelopment Agency (the "Agency"), and in connection with the issuance of the above-referenced bonds (the "Bonds") by the Agency as described in Bond Purchase Agreement, dated May 1, 2008 (the "Purchase Agreement"), by and among the Agency, the Agoura Hills Financing Authority and _____, as the Underwriter, we have examined the original, certified copies, or copies otherwise identified to us as being true copies of such documents, certificates, and records as we have deemed relevant and necessary as the basis for the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Purchase Agreement. Relying on such examination and subject to the limitations and qualifications hereinafter set forth, we are of the opinion that:

1. The Agency is a redevelopment agency duly organized and validly existing under the laws of the State of California.

2. Resolution No. _____ authorizing the issuance of the Bonds and the execution and delivery by the Agency of the Agency Documents was duly adopted on _____, 2008, at a meeting of the governing body of the Agency, which meeting was called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout, and such Resolution has not been amended since its date of adoption and is now in full force and effect.

3. To the best of our knowledge, the Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of

any state or the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Agency is a party which breach or default has or may have an adverse effect on the ability of the Agency to perform its obligations under the Indenture, the Purchase Agreement or the Continuing Disclosure Agreement and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument.

4. To the best of our knowledge, the execution and delivery of the Agency Documents, and compliance with the provisions on the Agency's part contained in the Indenture, the Purchase Agreement and the Continuing Disclosure Agreement, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Agency or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Indenture.

5. There is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been received by the Agency or, to the best our knowledge, threatened against the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge and lien on the Housing Set-Aside or any other monies pledged to the payment of the Bonds pursuant to the Indenture, or contesting or affecting as to the Agency the validity or enforceability of the Law, the Bonds, the Purchase Agreement, the Indenture, the Continuing Disclosure Agreement or contesting the tax-exempt status of interest on the Bonds, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency for the issuance of the Bonds, or the execution and delivery by the Agency of the Agency Documents, or in any way contesting or challenging the consummation of the transactions contemplated thereby or challenging the rights of the Agency to collect or receive Housing Set-Aside pledged to the payment of the Bonds.

This letter is furnished by us as counsel to the Agency. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is delivered to the addressees, is solely for the benefit of the addressees and is not to be used, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds.

Very truly yours,

Exhibit E

Opinion of _____ as Authority Counsel

[Closing Date]

Agoura Hills Redevelopment Agency
Agoura Hills, California

Agoura Hills Financing Authority
Agoura Hills, California

Opinion of Authority Counsel

with reference to

\$ _____
Agoura Hills Redevelopment Agency
Housing Set-Aside Tax Allocation Bonds
(Agoura Hills Redevelopment Project Area)
Series 2008

Ladies and Gentlemen:

In our capacity as counsel to the Agoura Hills Financing Authority (the “Authority”), and in connection with the issuance of the above-referenced bonds (the “Bonds”) by the Agoura Hills Redevelopment Agency (the “Agency”), we have examined the original, certified copy, or copy otherwise identified to us, as being a true copy of the Bond Purchase Agreement, dated May 1, 2008 (the “Purchase Agreement”), by and among the Agency, the Authority and _____, as the Underwriter and such other documents, certificates, and records as we have deemed relevant and necessary as the basis for the opinions set forth herein as the basis for the opinions set forth herein. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Purchase Agreement. Relying on such examination and subject to the limitations and qualifications hereinafter set forth, we are of the opinion that:

1. The Authority is a joint powers authority duly organized and validly existing under the laws of the State of California.

2. Resolution No. _____ authorizing the execution and delivery by the Authority of the Purchase Agreement was duly adopted on _____, 2008, at a meeting of the governing body of the Authority, which meeting was called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout, and such Resolution has not been amended since its date of adoption and is now in full force and effect.

3. To the best of our knowledge, the Authority is not in any material respect in breach of or in default under any applicable constitutional provision, law or administrative regulation of any state or the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party which breach or default has or may have an adverse effect on the ability of the Authority to perform its obligations under the Purchase Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Purchase Agreement and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party.

4. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been received by the Authority, or threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the purchase and resale of the Bonds pursuant to the Purchase Agreement, or contesting or affecting as to the Authority the validity or enforceability of the Purchase Agreement, or contesting the powers of the Authority for the execution and delivery by the Authority of the Purchase Agreement, or in any way contesting or challenging the consummation of the transactions contemplated thereby.

This letter is furnished by us as counsel to the Authority. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to the addressees, is solely for the benefit of the addressees and is not to be used, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds.

Very truly yours,