

RESOLUTION NO. 29 (SAS) Oversight Board

A RESOLUTION OF THE SANTA MONICA SUCCESSOR
AGENCY OVERSIGHT BOARD MAKING FINDINGS TO
RE-ESTABLISH THE LOAN FOR PAYMENT OF PARKING
STRUCTURES 1-6 AS AN ENFORCEABLE OBLIGATION
AND TAKING CERTAIN RELATED ACTIONS

RECITALS:

WHEREAS, on January 17, 1994, the "Northridge Earthquake" occurred in Southern California and President Clinton declared the Northridge Earthquake a major disaster under federal law; and

WHEREAS, pursuant to the California Community Redevelopment Financial Assistance and Disaster Project Law (Health and Safety Code Section 34000 et seq.) (the "Disaster Law"), the City Council of the City of Santa Monica (the "Council") adopted the Redevelopment Plan for the Earthquake Recovery Redevelopment Project Area by Ordinance No. 1747 (CCS) on June 21, 1994, a copy of which is on file in the Office of the City Clerk; and

WHEREAS, the purpose of the Earthquake Recovery Redevelopment Project Area was to provide disaster assistance to the City due to the Northridge Earthquake in the form of tax increment which would allow the City to acquire, demolish, remove, relocate, repair, restore, rehabilitate, or replace buildings, low- and moderate-income housing, facilities, structures, or other improvements within the Project Area, in accordance with Health and Safety Code section 34007; and

WHEREAS, the California Legislature adopted, and the Governor signed, Assembly Bill Nos. 26 and 27 (2011-2012 1st Ex. Sess.) enacted as Stats. 2011, 1st Ex.

Sess. 2011-2012, chs. 5-6 (hereinafter AB 261x 26 and AB1x 27) into law; and

WHEREAS, in July 2011, *California Redevelopment Agency v. Matosantos* was filed in the California Supreme Court, challenging the constitutionality of AB1x 26 and AB1x 27, and on December 29, 2011, the Supreme Court issued its opinion in *Matosantos*, upholding AB1x 26 and exercising its power of reformation to revise and extend each effective date or deadline for performance of an obligation in part 1.85 of division 24 of the Redevelopment Law, and invalidating AB1x 27; and

WHEREAS, for purposes of implementing AB 261x and subsequent amendments thereto and in accordance with Health and Safety Code section 34167.10, the definition of "city" includes any legal entities controlled by the "city"; and

WHEREAS, the Parking Authority of the City of Santa Monica ("Authority") is subject to the control of the City because the City exercises substantial municipal control over the Authority's operations, revenues or expenditures; the City has ownership or control over the Authority's property or facilities; the City's board and the Authority's board are comprised of the same members; and the City was involved in the creation of the Authority; and

WHEREAS, effective on February 1, 2012, the City of Santa Monica ("City") became the designated Successor Agency of the Redevelopment Agency of the City of Santa Monica, within the meaning of AB1x 26; and

WHEREAS, upon the receipt by the Successor Agency of a finding of completion by the Department of Finance and in accordance with Health and Safety Code section 34191.4(b)(1), upon application by the Successor Agency and approval by the Oversight Board, loan agreements entered into between the former Redevelopment Agency and the City shall be deemed to be enforceable obligations provided that the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes; and

WHEREAS, Senate Bill 107 ("SB 107") was passed by the State Legislature on September 11, 2015, as a budget trailer bill and will take effect upon signature by the Governor; and

WHEREAS, SB 107 modifies Health and Safety Code section 34191.4(b)(2), by clarifying that if the Oversight Board finds that a loan for property is an enforceable obligation, any interest that was previously unpaid after the original effective date of the loan shall be recalculated from the date of origination of the loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of 3 percent. The recalculated loan shall be repaid to the City in accordance with a defined schedule over a reasonable term of years; and

WHEREAS, in accordance with Health and Safety Code section 34179.7, the Successor Agency received its finding of completion from the Department of Finance on January 16, 2015, a copy of which is attached hereto and incorporated by reference herein as Exhibit "A"; and

WHEREAS, the Parking Authority of the City of Santa Monica ("Authority") owned six (6) parking structures, designated as Parking Structures 1-6 (including land and improvements) located within the Earthquake Recovery Redevelopment Project Area; and

WHEREAS, the construction of Parking Structures 1-6 was financed with lease revenue bonds issued by the Authority, the repayment of which was financed by lease payments made by the City (as the "Lessee") to the Authority (as the "Lessor"); and

WHEREAS, the former Redevelopment Agency, the Authority, and the City executed that certain Amended and Restated Sale and Performance Agreement dated as of June 20, 2003 (the "2003 Agreement"), as amended by the Amendment No. 1 to the 2003 Agreement dated December 14, 2004 ("Amendment No. 1")(all collectively referenced herein as "the Agreement") to obligate the Authority to sell Parking Structures 1-6 to the former Redevelopment Agency for the amount of \$60,000,000 and

obligate the former Redevelopment Agency to make \$60,000,000 in seismic upgrades to Parking Structures 1-6 after conveyance, which the former Redevelopment Agency completed, a copy of which is attached hereto and incorporated by reference herein as Exhibit "B"; and

Whereas the sale of Parking Structures 1-6 to the former Redevelopment Agency was financed by a loan ("Loan") from the Authority to the former Redevelopment Agency in the principal amount of \$60,000,000; and

WHEREAS, the former Redevelopment Agency's obligation to repay the Loan was evidenced by two (2) promissory notes, including one in the principal amount of \$38,930,000 (referenced as "Promissory Note A") and one in the principal amount of \$21,070,000 (referenced as "Promissory Note B"), copies of which are attached hereto as Exhibits "C" and "D", and incorporated herein by this reference; and

WHEREAS, in accordance with the Promissory Note Assignment dated December 1, 2004, the Authority assigned all rights to receive payments under Promissory Note A to the City (see copy of the Promissory Note Assignment attached hereto as Exhibit "E" and incorporated herein by this reference); and

WHEREAS, in reliance upon the assignment of Promissory Note A payments to the City under the Promissory Note Assignment, the City's Public Financing Authority issued lease revenue bonds in the amount of \$38,930,000 to finance the construction of the City's Civic Center Parking Garage (see copy of the Official Statement, attached hereto as Exhibit "F"); and

WHEREAS, the Oversight Board has reviewed documentation and oral presentations made at the public meeting of the Oversight Board on February 23, 2015 and determined that the Loan was made for a legitimate redevelopment purpose of seismic retrofitting Parking Structures 1-6 in accordance with the Disaster Law and the Redevelopment Plan for the Earthquake Recovery Redevelopment Project Area, and is therefore deemed to be an enforceable obligation; and

WHEREAS, the Successor Agency desires to seek repayment of the Loan in accordance with the conditions imposed by Health and Safety Code section 34191.4(b)(2) and the repayment schedule attached hereto as Exhibit G;

NOW, THEREFORE, THE OVERSIGHT BOARD DOES RESOLVE AS FOLLOWS:

SECTION 1. The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

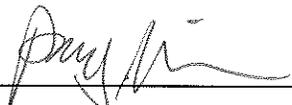
SECTION 2. The Oversight Board hereby makes a finding that the Loan was for a legitimate redevelopment purpose and is therefore an enforceable obligation that Promissory Note A may be paid in accordance with the terms and conditions of Exhibit G.

SECTION 3. The staff of the Successor Agency is hereby directed to transmit this Resolution to the Department of Finance on behalf of the Oversight Board.

SECTION 4. The Oversight Board authorizes the Successor Agency's Chief Administrative Officer or his designee to take such actions and execute such documents as are necessary or appropriate to effectuate the intent of this Resolution on behalf of the Oversight Board and any such actions previously taken are hereby ratified.

SECTION 5. The Secretary of the Oversight Board shall certify the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect in accordance with applicable law.

APPROVED BY A MAJORITY OF THE TOTAL MEMBERSHIP OF THE OVERSIGHT BOARD:



CHAIR OF THE OVERSIGHT BOARD

EXHIBITS:

Exhibit A: Finding of Completion

Exhibit B: The Agreement

Exhibit C: Promissory Note A

Exhibit D: Promissory Note B

Exhibit E: Promissory Note A Assignment

Exhibit F: 2004 Official Statement SMPFA- Civic Center Parking Project

Exhibit G: Loan Repayment Schedule Promissory Note A



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

January 16, 2015

Ms. Tina Rodriguez, Successor Agency Administrator
City of Santa Monica
1901 Main Street, Suite B
Santa Monica, CA 90405

Dear Ms. Rodriguez:

Subject: Finding of Completion

The California Department of Finance (Finance) has completed the Finding of Completion for the City of Santa Monica Successor Agency.

Finance has completed its review of your documentation, which may have included reviewing supporting documentation submitted to substantiate payment or obtaining confirmation from the county auditor-controller. Pursuant to Health and Safety Code (HSC) section 34179.7, we are pleased to inform you that Finance has verified that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

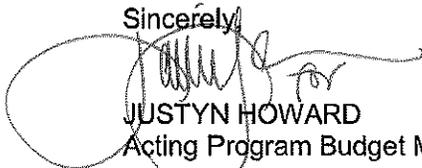
This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c).

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b), within six months from the date of this letter.

Please direct inquiries to Derk Symons, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD

Acting Program Budget Manager

cc: Ms. Barbara Collins, Housing Manager, City of Santa Monica
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office

**AMENDMENT NO. 1 TO
AMENDED AND RESTATED SALE AND PERFORMANCE AGREEMENT
BY AND AMONG THE CITY OF SANTA MONICA,
THE PARKING AUTHORITY OF THE CITY OF SANTA MONICA
AND THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA MONICA
FOR THE SANTA MONICA DOWNTOWN PARKING GARAGE
ACQUISITION AND RETROFIT PROJECT**

This AMENDMENT NO. 1 TO AMENDED AND RESTATED SALE AND PERFORMANCE AGREEMENT (the "Amendment No. 1") is entered into and is effective as of this 14th day of December, 2004 (the "Effective Date") by and among the CITY OF SANTA MONICA (the "City"), the PARKING AUTHORITY OF THE CITY OF SANTA MONICA (the "Authority") and the REDEVELOPMENT AGENCY OF THE CITY OF SANTA MONICA (the "Agency") with reference to the following:

RECITALS:

WHEREAS, on January 9, 2003, the City, the Authority and the Agency entered into that certain Sale and Performance Agreement (the "Agreement") pertaining to the Santa Monica Downtown Parking Garage and Retrofit Project (the "Project");

WHEREAS, on June 20, 2003, the City, the Authority and the Agency entered into that certain Amended and Restated Sale and Performance Agreement (the "Amended Agreement") to correct an error in title and to restate the terms upon which the Authority sold and/or conveyed its interests in six (6) parking structures to the Agency, and the Agency purchased and/or accepted conveyance from the Authority of the Authority's interest in such structures;

WHEREAS, in partial consideration of the transfer of the Authority Parking Structures (as defined in the Amended Agreement), the Agency agreed to pay \$60,000,000 to the Authority pursuant to the terms of the Authority Promissory Note;

WHEREAS, the parties desire to amend the Amended Agreement to modify the terms of the Authority Note to reflect two notes with fixed rates of interest instead of a variable interest rate and to amortize principal to produce level annual note payments for the resulting notes; and

WHEREAS, the parties desire to replace the form of Authority Promissory Note attached as Exhibit C to the Amended Agreement, which Authority Promissory Note is used to secure the obligations under the Amended Agreement, to cancel the existing Authority Promissory Note executed pursuant to the terms of the Agreement and the Amended Agreement and to execute two (2) replacement notes ("Promissory Note A" and "Promissory Note B" and collectively, the "Authority Replacement Promissory Notes"), in the forms attached hereto as Exhibit C-1 and C-2; and

WHEREAS, the parties desire that the principal amount and interest rate of the Authority Promissory Note A shall be as designated by the Authority in furtherance of and corresponding to the financing plan of the Authority, and, with respect to the Authority Promissory Note B, the principal amount shall equal the remaining balance of unpaid principal of the Authority

Promissory Note after deducting for the principal amount of Authority Promissory Note A, and the interest rate shall equal 7.00% per annum.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto mutually agree as follows:

1. **Amendment to Amended Agreement.**

1.1 All references in the Amended Agreement to "Authority Promissory Note" or "Promissory Note" shall mean the "Authority Replacement Promissory Notes."

1.2 The reference to "Exhibit C" in Section C.1 shall mean "Exhibits C-1 and C-2" and the reference therein in line 5 to "principal amount" shall mean "aggregate principal amount."

1.3 Section C.2. a., b. and c. of the Amended Agreement is hereby amended to read as follows:

C.2. Authority Replacement Promissory Notes. The Authority Replacement Promissory Notes shall include the following provisions:

a. The Authority Replacement Promissory Notes shall be delivered as two separate notes ("Promissory Note A" and "Promissory Note B") in the aggregate principal amount equal to the unpaid principal amount of Authority Parking Structures Purchase Price as of September 1, 2004. The principal amount of Promissory Note A shall be \$38,930,000 and the principal amount of Promissory Note B shall be \$21,070,000. The term of Promissory Note A and Promissory Note B each shall end on January 1, 2033.

b. The Agency shall pay to the Authority, or its assigns, principal and interest due under Promissory Note A and Promissory Note B on each January 1 through and including January 1, 2033, in the amounts set forth on Schedule of Payments attached to each Promissory Note A or Promissory Note B.

c. The unpaid principal amount of Promissory Note A shall bear interest at the rate(s) not to exceed 7.00% per annum and shall be as set forth on Exhibit A to Promissory Note A. The unpaid principal amount of Promissory Note B shall bear interest at the rate of 7.00% per annum."

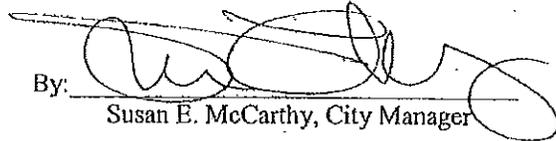
2. Amendment to Authority Promissory Note. The form of the Authority Promissory Note attached as Exhibit C to the Amended Agreement is hereby replaced with the form of Promissory Note A and Promissory Note B attached hereto as Exhibit C-1 and C-2 (the "Authority Replacement Promissory Notes").

3. Agreement to Execute. The Agency hereto agrees to execute the Authority Replacement Promissory Notes concurrently with the cancellation of any existing Authority Promissory Note issued pursuant to the terms of the Amended Agreement, all concurrently with the execution of this Amendment.

4. Miscellaneous. Except as hereinabove provided, the Amended Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the 14th day of December, 2004, to be effective as of the date first set forth above.

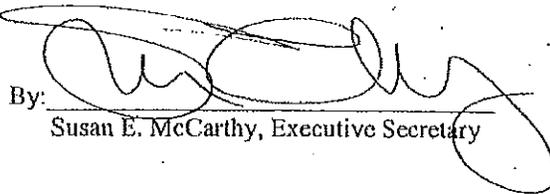
CITY OF SANTA MONICA

By: 
Susan E. McCarthy, City Manager

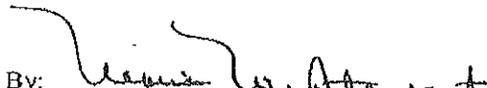
Attest:

By: 
Maria M. Stewart, City Clerk

PARKING AUTHORITY OF THE CITY OF
SANTA MONICA

By: 
Susan E. McCarthy, Executive Secretary

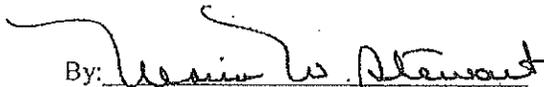
Attest:

By: 
Maria M. Stewart, Authority Clerk

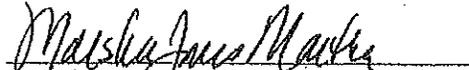
REDEVELOPMENT AGENCY OF THE CITY
OF SANTA MONICA

By: 
Susan E. McCarthy, Executive Director

Attest:

By: 
Maria Stewart, Secretary

APPROVED AS TO FORM:


Marsha Jongs Moutrie
City Attorney and Authority and Agency
General Counsel

AMENDED AND RESTATED SALE AND PERFORMANCE AGREEMENT
BY AND AMONG THE CITY OF SANTA MONICA,
THE PARKING AUTHORITY OF THE CITY OF SANTA MONICA
AND THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA
MONICA FOR THE SANTA MONICA DOWNTOWN PARKING
GARAGE ACQUISITION AND RETROFIT PROJECT

THIS AMENDED AND RESTATED SALE AND PERFORMANCE AGREEMENT ("Amended Agreement") is entered into this 20th day of June, 2003 ("Effective Date"), by and among the CITY OF SANTA MONICA (the "City"), the PARKING AUTHORITY OF THE CITY OF SANTA MONICA (the "Authority"), and the REDEVELOPMENT AGENCY OF THE CITY OF SANTA MONICA (the "Agency"), with reference to the following facts:

A. On January 9, 2003, the City, Authority and Agency entered into that certain Sale and Performance Agreement ("Agreement") pertaining to the Santa Monica Downtown Parking Garage and Retrofit Project ("Project").

B. At the time the parties entered into the Agreement it was believed that both the City and the Authority held ownership interests in some of the six public parking structures located within the Project Area.

C. Subsequent to execution of the Agreement title reports were completed which determined that the City holds no ownership interests in the real property within the Project Area on which the parking structures are located or in the parking structures. Rather, the Authority owns all of the real property within the Project Area ("Authority Property") on which the six parking structures are located. The Authority Property together with the parking structures shall collectively be referred to as the "Authority Parking Structures." The Authority Parking Structures are legally described in Exhibit A, which exhibit is attached hereto and incorporated herein by reference. The Authority Parking Structures are depicted on Exhibit B, which exhibit is attached hereto and incorporated herein by reference. Some or all of the Authority Parking Structures are subject to a certain Lease Agreement between the Authority and the City dated as of May 1, 2002 whereby the Authority leases the Authority Parking Structures to the City ("Lease Agreement"). The Lease Agreement was entered into in connection with the issuance of those certain Parking Authority of the City of Santa Monica Lease Revenue Refunding Bonds, Series 2002 ("Bonds"). Pursuant to the Lease, at the termination of the Lease, the ownership of the Authority Parking Structures subject to the Lease Agreement shall revert to the City.

D. Pursuant to Section 33445(a) of the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*) ("CRL"), the Agency may, with the consent of the City Council ("City Council") of the City, pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvements which is publicly owned either within or outside a project area, if the City Council

makes certain determinations.

E. Further, pursuant to Section 33220 of the CRL, for the purpose of aiding and cooperating in the planning, undertaking, construction or operation of redevelopment projects located within the Project Area, any public body, upon the terms and with or without consideration as the public body determines, may sell or convey its property to the Agency.

F. Pursuant to Section 33391 of the CRL, within a survey area or for purposes of redevelopment, the Agency may purchase or accept conveyance of real property.

G. The Authority desires to sell and/or convey its interests in the Authority Parking Structures) to the Agency and the Agency desires to purchase and/or accept conveyance of the Authority's interests in the Authority Parking Structures pursuant to the terms and conditions set forth in this Agreement.

H. In addition, the Agency proposes to complete certain work on the Authority Parking Structures pursuant to the terms and conditions of this Agreement ("Work"). The Work is more specifically described in Section II.A of this Agreement.

I. The City and the Agency have made the determinations required by CRL Section 33445.

J. The parties desire to enter into this Amended Agreement in order to accurately reflect the actual ownership interests and obligations of the parties with respect to the Project and the sale of the Authority Parking Structures.

NOW, THEREFORE, the parties hereto mutually agree as follows:

I. SALE AND CONVEYANCE

A. Sale and Conveyance

1. Authority Parking Structures The Authority hereby agrees to sell and/or convey its interests in the Authority Parking Structures to the Agency and the Agency hereby agrees to purchase and/or accept conveyance from the Authority of the Authority's interests in the Authority Parking Structures, pursuant and subject to the terms and conditions set forth herein.

B. Purchase Price.

1. Authority Parking Structures The Agency hereby agrees to pay to the Authority Sixty Million Dollars (\$60,000,000) as and for the purchase price for the Authority Parking Structures ("Authority Parking Structures Purchase Price").

C. Payment of Purchase Price.

1. Authority Parking Structures Purchase Price The Agency shall pay to the Authority the Authority Parking Structures Purchase Price pursuant to the terms of a promissory note ("Authority Promissory Note"), substantially in the form attached hereto as Exhibit C, which exhibit is incorporated by reference. The Authority Promissory Note shall be in the principal amount of the Authority Parking Structures Purchase Price, shall be secured by a deed of trust recorded against the Authority Parking Structures, and shall include the provisions set forth in section C.2. below. The Agency shall execute the Authority Promissory Note and deposit same into escrow prior to the close of escrow pursuant to this Agreement. It shall be a condition precedent to close of escrow that the Agency execute and deposit the Authority Promissory Note and Deed of Trust pursuant to this Agreement.

2. Promissory Note The Promissory Note shall include the following provisions:

- a. The Promissory Note shall be for a thirty (30) year term.
- b. The Agency shall pay all principal and interest due under the Promissory Note in thirty (30) equal annual payments to the Authority pursuant to a Schedule of Payments attached to the Promissory Note.
- c. The principal amount of the Promissory Note shall bear interest at a variable rate equal to the rate from time to time paid on the City's Local Agency Investment Fund investments.
- d. Consistent with the proper and orderly implementation of the Redevelopment Plan for the Project Area, the Agency shall use any legally available funds of the Project Area to repay amounts under the Promissory Note.
- e. The indebtedness of the Agency created by this Agreement and the Promissory Note shall be subordinate to the Agency's existing indebtedness and bond issuance(s) and the refunding or refinancing thereof and any future bonds and/or other indebtedness the Agency may issue and the indebtedness incurred in connection therewith; provided that the Agency determines at the time of issuance of any such future bonds

and/or other indebtedness that the issuance and indebtedness will not materially adversely affect the Agency's ability to perform its obligations under the Promissory Note. Indebtedness includes any indebtedness incurred by the Agency for bonds, notes, interim certificates, debentures, certificates of participation or other obligations issued by the Agency.

- f. The Agency's obligations under this Agreement and the Promissory Note is not and shall not be construed as a "pledge" of property tax revenue for purposes of Section 33671.5 of the CRL.
- g. The Agency's obligations under the Promissory Note may be prepaid and/or refinanced by the Agency, in whole or in part, at any time and from time to time without penalty.
- h. An enforced delay provision shall be added to the Promissory Note consistent with Section IV.F below.

D. Escrow

1. Opening of Escrow The Agency shall open an escrow with an escrow agent mutually acceptable to the City and Authority ("Escrow Agent"). The parties shall execute and deliver to the Escrow Agent any escrow instructions as may be necessary or convenient to implement the terms of this Agreement and close the transaction contemplated hereby. The parties shall also deposit with the Escrow Agent all instruments, documents, and other items: (a) identified in the escrow instructions; and (b) reasonably required by the Escrow Agent to close the conveyance by the close of escrow date.

2. Close of Escrow The Authority shall convey its interests in the Authority Parking Structures to the Agency, and escrow shall close pursuant to this Amended Agreement, on or before ninety (90) days from the Effective Date of this Amended Agreement. The City Manager, Agency Executive Director and Authority Executive Secretary may agree in writing to extend the close of escrow date; provided, however, in no event shall close of escrow occur later than December 31, 2003.

3. Escrow General Instructions The parties understand and agree that they may be required to execute general instructions required by the Escrow Agent. In the event of a conflict between this Agreement and any such general instructions, this Agreement shall control. The parties agree, however, that they will refuse to sign general instructions which: (a) purport to relieve the Escrow Agent of liability for negligence or intentional wrong-doing; (b) excuse the Escrow Agent from strict compliance with each and all of the provisions of this document and the general instructions; or (c) purport to authorize the Escrow Agent to follow the instructions or directive of any person not a direct signatory party to this Agreement.

4. Title The Authority hereby agrees to convey to the Agency fee merchantable title to the Authority Parking Structures subject to: (a) any document entered into in connection with the Bonds, including, without limitation, the Lease Agreement and an Indenture by and among the Authority, the City and BNY Western Trust Company dated as of May 1, 2002 ("Indenture"); and (b) any lien or other encumbrance arising out of the Bonds.

5. Title Insurance; Costs and Expenses; Prorations for Closing
Any reimbursement of costs provided for by this Amended Agreement shall occur outside of escrow.

a. Title Insurance

(1) Authority Parking Structures It shall be a condition precedent to close of escrow for the benefit of the Agency (which benefit may be waived by the Agency Executive Director at his or her sole discretion) that a title company mutually agreeable to the parties is prepared to issue an owner's CLTA Standard Coverage Policy of title insurance in favor of the Agency insuring the Agency's fee title in the Authority Parking Structures as provided in section D. 4. above with such endorsements as are reasonably requested by the Agency in the amount of the Authority Parking Structures Purchase Price.

b. Costs and Expenses

(1) Authority Parking Structures

(a) Authority Costs: Subject to full reimbursement by Authority, Agency shall advance payment for (i) Authority's one-half share of escrow fees and costs; (ii) the premium charged for the Authority Parking Structures CLTA Standard Coverage Policy in the amount of the Authority Parking Structures Purchase Price; and (iii) Authority's share of prorations.

(b) Agency Costs: Agency shall pay document recording charges, if any; (ii) Agency's one-half share of escrow fees and costs; and (iii) Agency's share of prorations.

- (c) Legal, Professional and Other Fees: Agency and Authority shall each pay their own legal and professional fees and fees of other consultants incurred by Agency and Authority, respectively. Any other costs and expenses shall be allocated between Agency and Authority in accordance with the customary escrow practice in Los Angeles County, California.

c. Prorations

(1) Taxes and Assessments

- (a) Authority Parking Structures Any taxes or assessments that accrue prior to the close of escrow for the Authority Parking Structures shall be paid by the Agency, subject to full reimbursement by the Authority as described herein. Following the close of escrow, Agency shall be responsible for paying one hundred percent (100%) of the taxes and assessments accruing after the close of escrow against the Authority Parking Structures. All other assessments, if any, on the Authority Parking Structures shall be prorated on an accrual basis. Agency shall advance payment for Authority's share of such other assessments that accrue prior to the close of escrow, subject to full reimbursement by Authority. Agency shall pay all such assessments accruing on the close of escrow and thereafter.

- (2) Method of Proration All prorations shall be made in accordance with customary practice in Los Angeles County.

E. No Threat of Eminent Domain The Agency acknowledges and agrees that it is not acquiring the Authority Parking Structures pursuant to or under the threat of eminent domain.

F. Limitations on Sale and Conveyance with respect to the Authority Parking Structures Which are Subject to the Lease Agreement

1. The obligations of the parties are subject to compliance with any and all provisions, terms, conditions, covenants, requirements and/or obligations: (a) which may be set forth in documents entered into in connection with the Bonds, including, without limitation, the Lease Agreement and the Indenture; (b) arising out of any lien or other encumbrance arising out of the Bonds; and/or (c) otherwise arising out of the Bonds.
2. Title shall be conveyed to the Agency and accepted by the Agency subject to: (a) any document entered into in connection with the Bonds, including, without limitation, the Lease Agreement and the Indenture; and (b) any lien or other encumbrance arising out of the Bonds.
3. Either the Parking Authority or City may terminate this Agreement as it pertains to the Authority Parking Structures which are subject to the Lease Agreement if either the City Manager or the Authority Executive Secretary reasonably determines that this Agreement as it pertains to the Authority Parking Structures which are subject to the Lease Agreement is adverse to the Bonds.

II. COMPLETION OF WORK

A. Description of Work The Authority Parking Structures may be referred to in the singular as a "Parking Structure." Subject to the terms and conditions of this Agreement, the Agency hereby agrees to complete the following Work with respect to each Parking Structure:

1. Seismically retrofit each Parking Structure;
2. Rehabilitate each Parking Structure;
3. Provide temporary, interim relocation parking for each Parking Structure during seismic retrofit and rehabilitation of said Parking Structure; and
4. Otherwise facilitate improvements to each Parking Structure.

The Agency currently estimates that the cost to complete the Work will be approximately Sixty Million Dollars (\$60,000,000). The City and Authority hereby agree that the Agency shall not be obligated to complete any Work which exceeds in the aggregate a total of Sixty Million Dollars (\$60,000,000).

B. Schedule or Performance The Agency hereby agrees to complete the Work in

accordance with the Schedule of Performance attached hereto as Exhibit D, which exhibit is incorporated herein by reference.

III. USE OF SALE AND CONVEYANCE PROCEEDS

As partial consideration for the Agency entering into this Agreement, the Authority hereby agrees to expend the proceeds received by the Authority from the Authority Parking Structures Purchase Price in a manner which will implement the Redevelopment Plan for the Project Area and facilitate redevelopment of the Project Area.

IV. GENERAL PROVISIONS

A. Liability and Indemnification In contemplation of the provisions of California Government Code Section 895.2 imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Government Code Section 895, the parties hereto, as between themselves, pursuant to the authorization contained in Government Code Sections 895.4 and 895.6, shall each assume the full liability imposed upon it, or any of its officers, agents or employees, by law for injury caused by negligent or wrongful acts or omissions occurring in the performance of this Agreement to the same extent that such liability would be imposed in the absence of Government Code Section 895.2. To achieve the above-stated purpose, each party indemnifies, defends and holds harmless the other parties for any liability, losses, cost or expenses that may be incurred by such other parties solely by reason of Government Code Section 895.2.

B. Exhibits and Recitals The "Exhibits" and "Recitals" of this Agreement constitute a material part of this Agreement and are incorporated by reference as though fully set forth hereto.

C. Entire Agreement This Agreement may be executed in counterpart originals, each of which is deemed to be an original. This Agreement constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supercedes all negotiations or previous agreements between the parties with respect to the subject matter of this Agreement.

D. No Third Party Beneficiaries This Agreement is intended solely for the benefit of the City, the Authority and the Agency. Notwithstanding any reference in this Agreement to persons or entities other than the City, the Authority and the Agency, there shall be no third party beneficiaries under this Agreement.

E. Waivers and Amendments All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representatives of the parties.

F. Enforced Delay For purposes of any provision of this Agreement, no party, nor any successors or assign of any party, shall be considered in breach of, or default in, its obligations under this Agreement as a result of the enforced delay in the performance of such obligations due to causes beyond such party's reasonable control, including, without limitation, failure of governmental agencies to act or to issue necessary permits or licenses, acts of God, acts of the public enemy, acts of the State or Federal governments, acts of any other party (including, but not limited to, delays in performing such other party's obligations pursuant to this Agreement), fires, floods, epidemics, quarantine restrictions, strikes, labor disputes, freight embargoes, inability to obtain materials or supplies or unusually severe weather or delays of contractors and subcontractors due to such causes; it being the purpose and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times for performance of the obligations of such party shall be extended for the period of the enforced delay.

G. Indebtedness The Agency's obligation under this Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment project for the Project Area.

H. Notices Any notice to be given or other document to be delivered by either party to the other may be delivered in person or may be deposited in the United States mail, with first class postage prepaid, and addressed as follows:

City: City of Santa Monica
1685 Main Street
Santa Monica, CA 90401
Attn: City Manager

Agency: Redevelopment Agency of the City of Santa Monica
1685 Main Street
Santa Monica, CA 90401
Attn: Executive Director

Authority: Parking Authority of the City of Santa Monica
1685 Main Street
Santa Monica, CA 90401
Attn: Executive Secretary

I. Further Documents The parties hereto hereby agree to execute such other documents and to take such other actions as may be reasonably necessary to further the purposes of this Agreement.

J. Time of the Essence Time is of the essence in this Agreement.

K. Successors and Assigns This Agreement shall be binding upon and inure to the

benefit of the successors, assignees, personal representatives, heirs and legatees of all the respective parties hereto.

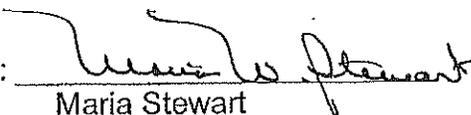
L. Invalidity If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal; invalid or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.

M. Interpretation No provision in this Agreement is to be interpreted for or against any party because that party or its legal representatives drafted such provision.

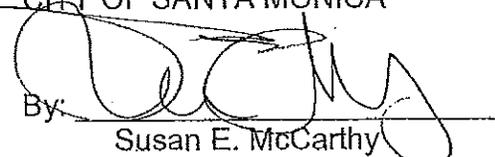
N. Voluntary Agreement The parties hereto further represent and declare that they carefully read this Agreement and know the contents thereof, and that they sign the same freely and voluntarily.

IN WITNESS WHEREOF, the parties have executed this Amended Agreement as of the date first set forth above.

Attest:

By: 

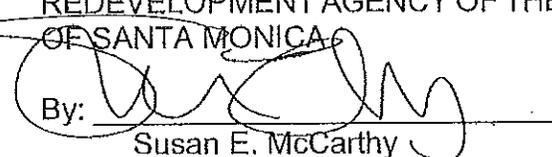
Maria Stewart
City Clerk

CITY OF SANTA MONICA

By: _____
Susan E. McCarthy
City Manager

Attest:

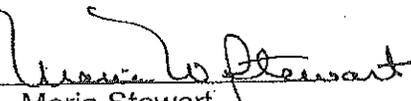
By: 

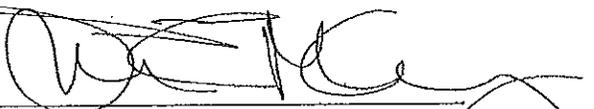
Maria Stewart
Secretary

REDEVELOPMENT AGENCY OF THE CITY
OF SANTA MONICA

By: _____
Susan E. McCarthy
Executive Director

Attest:

PARKING AUTHORITY OF THE CITY OF
SANTA MONICA

By: 
Maria Stewart
Authority Clerk

By: 
Susan E. McCarthy
Executive Secretary

APPROVED AS TO FORM:


Marsha Jones Moutrie
City Attorney and Authority
and Agency General Counsel

APPROVED AS TO FORM:

KANE, BALLMER & BERKMAN

Murray O. Kane
Agency Special Counsel

Attest:

PARKING AUTHORITY OF THE CITY OF
SANTA MONICA

By: _____
Maria Stewart
Authority Clerk

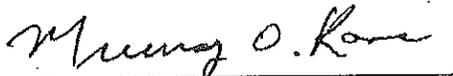
By: _____
Susan E. McCarthy
Executive Secretary

APPROVED AS TO FORM:

Marsha Jones Moutrie
City Attorney and Authority
and Agency General Counsel

APPROVED AS TO FORM:

KANE, BALLMER & BERKMAN



Murray O. Kane
Agency Special Counsel

EXHIBIT A

LEGAL DESCRIPTION OF AUTHORITY PROPERTY

[behind this page]

EXHIBIT A-1

PARKING STRUCTURE #1
4291-003-903

PARCEL 1:

LOT "H" AND THE SOUTHEAST 25 FEET OF LOT "G" IN BLOCK 121 OF THE TOWN OF SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 80 AND 81 AND IN BOOK 39 PAGES 45, ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THE SOUTHEASTERLY 25 FEET OF LOT "F" AND THE NORTHWESTERLY 25 FEET OF LOT "G" OF BLOCK 121 OF THE TOWN OF SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 80 AND 81, AND IN BOOK 39 PAGES 45, ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3:

THE NORTHWESTERLY 25 FEET OF LOT "F" IN BLOCK 121 OF THE TOWN OF SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 80 AND 81, AND IN BOOK 39 PAGES 45, ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4:

LOT "E" IN BLOCK 121 OF THE TOWN OF SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 80 AND 81, AND IN BOOK 39 PAGES 45, ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT A-2

PARKING STRUCTURE #2
4291-002-901

LOTS O, P, Q AND R, BLOCK 122, TOWN OF SANTA MONICA TRACT,
THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF
CALIFORNIA, AS PER MAP RECORDED IN BOOK 39 PAGES 45, ET
SEQ., MISCELLANEOUS RECORDS OF THE COUNTY OF LOS ANGELES.

EXCEPT THE NORTHWESTERLY 3 INCHES OF SAID LOT R;

EXCEPTING THEREFROM ALL OIL, OIL RIGHTS, MINERALS, MINERAL
RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER
HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR
UNDER SAID LOTS O, P, Q AND R, BLOCK 122, TOWN OF SANTA
MONICA TRACT, TOGETHER WITH THE PERPETUAL RIGHT OF
DRILLING,

MINING, EXPLORING AND OPERATING THEREFOR AND REMOVING THE
SAME FROM DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER
THAN

THOSE HEREINABOVE DESCRIBED, OIL OR GAS WELLS, TUNNELS AND
SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF THE LAND
HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCK OR
DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND
BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO
REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND
OPERATE ANY SUCH WELLS OR MINES, WITHOUT, HOWEVER, THE
RIGHT

TO DRILL, MINE, OPERATE ANY SUCH WELLS OR MINES, WITHOUT,
HOWEVER, THE RIGHT TO DRILL, MINE, EXPLORE AND OPERATE
THROUGH THE SURFACE OR THE UPPER 100 FEET OF THE SUBSURFACE
OF THE SAID LOTS O, P, Q AND R OR OTHERWISE IN SUCH MANNER
AS TO ENDANGER THE SAFETY OF ANY IMPROVEMENT THAT MAY BE
CONSTRUCTED ON THE SAID LOTS O, P, Q AND R. THE RIGHT TO
DRILL, MINE, EXPLORE AND OPERATE SHALL BE SUBJECT TO THE
LAWS OF THE STATE OF CALIFORNIA, THE COUNTY OF LOS ANGELES,
AND THE CITY OF SANTA MONICA.

EXHIBIT A-3

PARKING STRUCTURE #3
4291-012-900 & 4291-012-901

LOTS C, D, E, AND F, BLOCK 146, OF THE TOWN OF SANTA
MONICA,
IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE
OF
CALIFORNIA, BOOK 3 PAGES 80 AND 81, AND IN BOOK 39 PAGE 45
ET SEQ. OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE
COUNTY RECORDER.

EXHIBIT A-4

PARKING STRUCTURE #4
4291-013-901

LOTS "S", "T", "U" AND "V", IN BLOCK 147 OF THE TOWN OF MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 3 PAGE (S) 80 AND 81 OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT A-5

PARKING STRUCTURE #5
4291-017-905

PARCEL 1:

LOTS H, I, J AND K, IN BLOCK 171 OF THE TOWN OF SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3 PAGES 80 AND 81 AND IN BOOK 39 PAGE 45 ET SEQ., MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THE NORTHWESTERLY .5 FEET OF LOT L, IN BLOCK 171 OF THE TOWN OF SANTA MONICA, IN THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 3, PAGES 80 AND 81 AND IN BOOK 39 PAGE 45 ET SEQ., MISCELLANEOUS RECORDS, OF SAID COUNTY.

EXHIBIT A-6

PARKING STRUCTURE #6
4291-016-902

LOTS P, Q, R AND S, BLOCK 172, OF THE TOWN OF SANTA MONICA,
THE CITY OF SANTA MONICA, COUNTY OF LOS ANGELES, STATE OF
CALIFORNIA, BOOK 3, PAGES 80 AND 81, AND IN BOOK 39 PAGES
45
ET SEQ. OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE
COUNTY RECORDER.

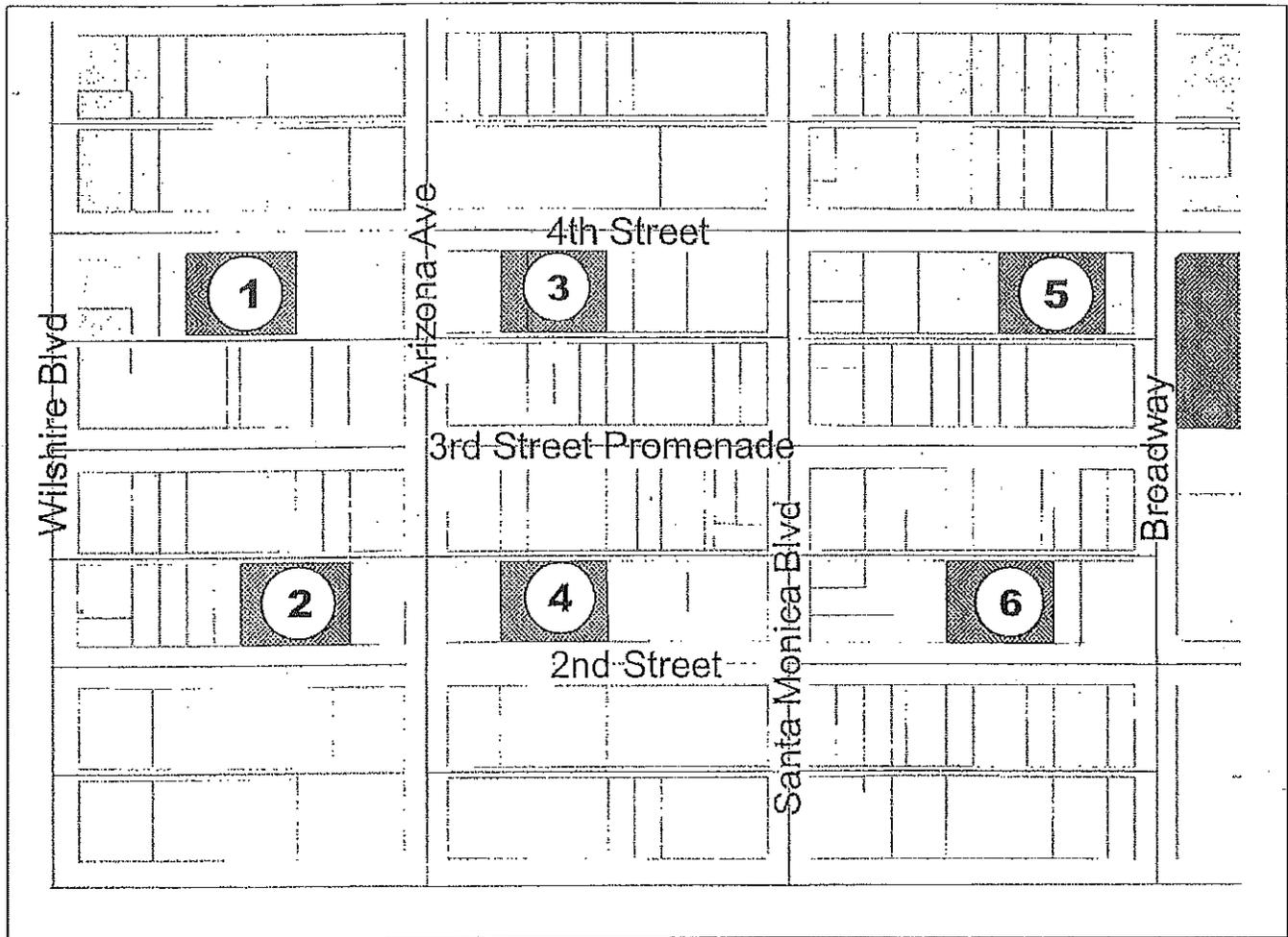
EXHIBIT B

SITE MAPS OF AUTHORITY PARKING STRUCTURES

[behind this page]

EXHIBIT B

Site Map



① Parking Structure 1

② Parking Structure 2

③ Parking Structure 3

④ Parking Structure 4

⑤ Parking Structure 5

⑥ Parking Structure 6

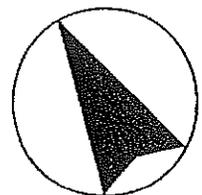


EXHIBIT C

FORM OF PROMISSORY NOTE

[behind this page]

PROMISSORY NOTE
SECURED BY DEED OF TRUST
(AUTHORITY)

Variable Interest
\$60,000,000

Santa Monica, California
Dated: June 20, 2003

- A. The REVELOPMENT AGENCY OF THE CITY OF SANTA MONICA (the "Borrower"), the CITY OF SANTA MONICA (the "City"), and the PARKING AUTHORITY OF THE CITY OF SANTA MONICA ("Lender"), have entered into that certain Sale and Performance Agreement dated as of January 9, 2003 ("Agreement") and amended by that certain Amended and Restated Sale and Performance Agreement dated as of June 20, 2003 (the "Amended Agreement"), regarding the acquisition by the Borrower of the Lender's interest in the Authority Parking Structures. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Amended Agreement. This Note is made pursuant to, entitled to the benefits of, and referred to as the "Authority Promissory Note" in the Amended Agreement.
- B. Pursuant to the Amended Agreement, Lender has agreed to permit Borrower to acquire its interest in the Authority Parking Structures, subject to the terms thereof. To induce Lender to permit such acquisition, Borrower has agreed, among other things to execute this Note. This Note is secured by, among other things, the Deed of Trust dated on or about the same date as this Note, executed by Borrower as Trustor, in favor of the Lender as beneficiary and encumbering the real property described in the Deed of Trust (the "Property").

NOW, THEREFORE, in consideration of the foregoing, Borrower hereby agrees as follows:

1. **Principal.** The Borrower promises to pay to the order of the Lender at 1685 Main Street Santa Monica, CA 90401, or at such other place as Lender may from time to time designate in writing or to the assignee of Lender, the principal sum of Sixty Million Dollars (\$60,000,000) ("Principal"), with interest, as set forth in this Note.
2. **Interest.** Commencing on the date of this Note first written above, the principal amount of this Note shall bear simple interest calculated on an annual basis at the same variable rate of interest from time to time paid on the Parking Authority of the City of Santa Monica Lease Revenue Refunding Bonds, Series 2002.
3. **Repayment Terms.**
 - a. Borrower shall make payments to the Lender as provided in this Section 3.

- b. In accordance with the Amended Agreement, Borrower shall make a total of thirty (30) payments to the Lender, each such payment to be made on an annual basis on January 1st of each year for a period of thirty (30) years commencing on January 1, 2004. Each payment shall be in an amount equal to one-thirtieth of the principal amount of this Note plus accrued but unpaid interest, as set forth in the Schedule of Payments attached hereto as Exhibit A and incorporated herein by this reference.
 - c. Consistent with the proper and orderly implementation of the Redevelopment Plan for the Santa Monica Earthquake Recovery Redevelopment Project (the "Project Area"), all payments made by Borrower pursuant to this Note shall be made from legally available funds of the Project Area.
 - d. Borrower's obligation to make any payment to Lender shall not be construed as a "pledge" of property tax revenue for the purposes of Section 33671.5 of the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).
 - e. The indebtedness of the Borrower created by the Agreement and this Note shall be subordinate to the Borrower's existing indebtedness and bond issuance(s) and the refunding or refinancing thereof and any future bonds and/or other indebtedness the Borrower may issue and the indebtedness incurred in connection therewith; provided that the Borrower determines at the time of issuance of any such future bonds and/or other indebtedness that the issuance and indebtedness will not materially adversely affect the Borrower's ability to perform its obligations under this Note. Indebtedness includes any indebtedness incurred by the Borrower for bonds, notes, interim certificates, debentures, certificates of participation or other obligations issued by the Borrower.
4. **Prepayment.** Borrower may refinance or prepay the outstanding indebtedness under this Note, in whole or in part, together with any accrued but unpaid interest and other sums owed to the Lender under this Note, at any time and from time to time, without penalty.
5. **Lawful Money.** All sums due and owing under this Note are payable in lawful money of the United States of America.

6. **Applications of Payments: Late Charges.**

- a. Any payments received by the Lender pursuant to the terms hereof shall be applied first to sums, other than principal and interest, due the Lender pursuant to this Note, next to the payment of all interest accrued to the date of such payment, and the balance, if any, to the payment of principal.
- b. If any payment is not received by the Lender within ten (10) days following the due date thereof, then in addition to the remedies conferred upon the Lender pursuant to this Note, the Deed of Trust and the Agreement, Borrower shall pay, at Lender's option, a late charge of not less than One Hundred Dollars (\$100) and not more than One Thousand Dollars (\$1,000) to compensate the Lender for the expense of handling the delinquency. Borrower shall pay this late charge only once on any payment.

7. **Event of Default.**

- a. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms and conditions of the Deed of Trust or the Agreement, then the Lender may exercise its rights or remedies hereunder or thereunder.
- b. Subject to the provisions of Section 8 and 15 hereof, the occurrence of any of the following shall be deemed to be an event of default ("Event of Default") hereunder:
 - (1) Failure by Borrower to make any payments provided for herein; or
 - (2) Failure by Borrower to perform any covenant or agreement in this Note, the Deed of Trust or the Agreement.

8. **Notice of Default.**

- a. Subject to the extensions of time set forth in Section 15, and subject to the further provisions of this Section 8, failure or delay by Borrower to perform any material term or provision of this Note, the Deed of Trust, or the Agreement constitutes a default under this Note. Any failures or delays by Lender in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Lender in asserting any of its rights and remedies shall not deprive Lender of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

- b. Upon any default described in this Section 8, Lender shall deliver written notice to Borrower ("Notice of Default"), which notice shall specify the nature of the default. If the default is not cured within ten (10) days after receipt of the Notice of Default if an obligation to pay money, or within thirty (30) days after receipt of the Notice of Default otherwise, or if such default (other than the payment of money) is of a type which is not capable of being cured within thirty (30) days after receipt of the Notice of Default (or if commencement of a cure cannot reasonably begin within thirty (30) days, then within such reasonable period of time as Lender may allow to commence to cure the default) and is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, Lender shall be entitled to exercise any and all rights or remedies which may be available at law or in equity. Any and all rights or remedies available to Lender shall be cumulative, not alternative.
- c. Any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy shall be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Borrower, or two (2) days after deposit of such notice in the United States mail, postage prepaid, return receipt requested. Any notice to any party shall be addressed to the party as follows:

Lender: Parking Authority of the City of Santa Monica
1685 Main Street
Santa Monica, CA 90401
Attn: Executive Secretary

Borrower: Redevelopment Agency of the City of Santa Monica
1685 Main Street
Santa Monica, CA 90401
Attn: Executive Director

9. **Remedies.** Upon the occurrence of an Event of Default, the giving of notice and the expiration of any applicable cure period therefore, Lender may declare all sums evidenced hereby immediately due and payable by delivery to the Borrower of a written declaration of default and demand for payment.
10. **Waiver.** Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, Lender may extend any maturity date or

the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.

11. **Attorneys' Fees.** In the event of any dispute, legal proceeding, foreclosure or other enforcement action, reference or arbitration between the parties arising out of or relating to this Note or its breach, the prevailing party shall be entitled to recover from the non-prevailing party all fees, costs and expenses, including but not limited to attorneys' and expert witness fees, incurred in connection with such dispute, legal proceeding, foreclosure or other enforcement action, reference or arbitration, with any counterclaims or cross-complaints, with any appeals, and with any proceeding to establish and recover such costs and expenses, in such amount as the court deems reasonable.
12. **Severability.** Every provision in this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.
13. **Interest Rate Limitation.** It is the intent of the Borrower and Lender in the execution of this Note and all other instruments securing this Note that the loan evidenced hereby be exempt from the restrictions of the usury laws of the State of California. The Lender and Borrower stipulate and agree that none of the terms and provisions contained herein or in any of the loan instruments shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of California. In such event, if the Lender shall collect monies which are deemed to constitute interest, which would otherwise increase the effective interest rate on this Note to a rate in excess of such maximum rate shall, at the option of the Lender, be credited to the payment of the sums hereunder or returned to Borrower.
14. **Number and Gender.** In this Note, the singular shall include the plural and the masculine shall include the feminine and neuter gender, and vice versa, if the context so requires.
15. **Enforced Delay.** For purposes of any provision of this Note, no party, nor any successors or assign of any party, shall be considered in breach of, or default in, its obligations under this Note as a result of the enforced delay in the performance of such obligations due to causes beyond such party's reasonable control, including, without limitation, failure of governmental agencies to act or to issue necessary permits or licenses, acts of God, acts of the public enemy, acts of the State or Federal governments, acts of any other party

(including, but not limited to, delays in performing such other party's obligations pursuant to this Note), fires, floods, epidemics, quarantine restrictions, strikes, labor disputes, freight embargoes, inability to obtain materials or supplies or unusually severe weather or delays of contractors and subcontractors due to such causes; it being the purpose and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times for performance of the obligations of such party shall be extended for the period of the enforced delay.

16. **Security.** This Note, including any extensions or amendments hereto, and Borrower's obligation to pay the indebtedness evidenced by this Note, is secured by the Deed of Trust.
17. **Nonrecourse Obligation.** Notwithstanding anything contained to the contrary in this Note, this Note shall be payable by Borrower without personal liability of the Borrower, or any officer, director, agent, attorney, servant or employee of Borrower, and the Note holder shall have no recourse for such payment with interest except against the Property against which this Note is secured.
18. **Joint Venture.** The relationship of Borrower and Lender under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Deed of Trust will in no manner make the Borrower the partner or joint venturer of Borrower.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year set forth above.

Attest:

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA MONICA

Maria Stewart
Secretary

By: _____
Susan E. McCarthy
Executive Director

Approved As To Form:

Marsha Jones Moutrie
City Attorney

EXHIBIT A

SCHEDULE OF PAYMENTS

<u>DATE DUE</u>	<u>AMOUNT DUE</u>
January 1, 2004	\$2,000,000 + interest
January 1, 2005	\$2,000,000 + interest
January 1, 2006	\$2,000,000 + interest
January 1, 2007	\$2,000,000 + interest
January 1, 2008	\$2,000,000 + interest
January 1, 2009	\$2,000,000 + interest
January 1, 2010	\$2,000,000 + interest
January 1, 2011	\$2,000,000 + interest
January 1, 2012	\$2,000,000 + interest
January 1, 2013	\$2,000,000 + interest
January 1, 2014	\$2,000,000 + interest
January 1, 2015	\$2,000,000 + interest
January 1, 2016	\$2,000,000 + interest
January 1, 2017	\$2,000,000 + interest
January 1, 2018	\$2,000,000 + interest
January 1, 2019	\$2,000,000 + interest
January 1, 2020	\$2,000,000 + interest
January 1, 2021	\$2,000,000 + interest
January 1, 2022	\$2,000,000 + interest
January 1, 2023	\$2,000,000 + interest
January 1, 2024	\$2,000,000 + interest
January 1, 2025	\$2,000,000 + interest
January 1, 2026	\$2,000,000 + interest
January 1, 2027	\$2,000,000 + interest
January 1, 2028	\$2,000,000 + interest
January 1, 2029	\$2,000,000 + interest
January 1, 2030	\$2,000,000 + interest
January 1, 2031	\$2,000,000 + interest
January 1, 2032	\$2,000,000 + interest
January 1, 2033	\$2,000,000 + interest

EXHIBIT D

SCHEDULE OF PERFORMANCE

[behind this page]

EXHIBIT D

SCHEDULE OF PERFORMANCE

1. Parking Structure No. 1 – Submission of Basic Concept Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval basic concept drawings for the Work related to Parking Structure No. 1.

Within ninety (90) days following the close of escrow pursuant to this Agreement.
2. Parking Structure No. 1 – Approval of Basic Concept Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the basic concept drawings.

Within ninety (90) days following submission to the City Manager and Authority Executive Director of the basic concept drawings.
3. Parking Structure No. 1 – Submission of Final Construction Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final construction drawings for the Work related to Parking Structure No. 1.

Within one hundred eighty (180) days following approval of the basic concept drawings by the City Manager and Authority Executive Director.
4. Parking Structure No. 1 – Approval of Final Construction Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the final construction drawings.

Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final construction drawings.

5. Parking Structure No. 1 – Submission of Final Bid Documents. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final bid documents for the Work related to Parking Structure No. 1. Within one hundred eighty (180) days following approval of the final construction drawings by the City Manager and Authority Executive Director.
6. Parking Structure No. 1 – Approval of Final Bid Documents. The City Manager and Authority Executive Director shall approve or disapprove of the final bid documents. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final bid documents.
7. Parking Structure No. 1 – Commencement of Work. The Agency shall commence the Work related to Parking Structure No. 1. Within sixty (60) days following approval of the bid and letting of the contract for the Work for Parking Structure No. 1.
8. Parking Structure No. 1 – Completion of Work. The Agency shall complete the Work related to Parking Structure No. 1. Within twenty-four (24) months following commencement of the Work related to Parking Structure No. 1.
9. Parking Structure No. 2 – Submission of Basic Concept Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval basic concept drawings for the Work related to Parking Structure No. 2. Within one hundred eighty (180) days following completion of the Work related to Parking Structure No. 1.
10. Parking Structure No. 2 – Approval of Basic Concept Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the basic concept drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the basic concept drawings.

11. Parking Structure No. 2 – Submission of Final Construction Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final construction drawings for the Work related to Parking Structure No. 2. Within one hundred eighty (180) days following approval of the basic concept drawings by the City Manager and Authority Executive Director.
12. Parking Structure No. 2 – Approval of Final Construction Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the final construction drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final construction drawings.
13. Parking Structure No. 2 – Submission of Final Bid Documents. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final bid documents for the Work related to Parking Structure No. 2. Within one hundred eighty (180) days following approval of the final construction drawings by the City Manager and Authority Executive Director.
14. Parking Structure No. 2 – Approval of Final Bid Documents. The City Manager and Authority Executive Director shall approve or disapprove of the final bid documents. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final bid documents.
15. Parking Structure No. 2 – Commencement of Work. The Agency shall commence the Work related to Parking Structure No. 2. Within sixty (60) days following approval of the bid and letting of the contract for the Work for Parking Structure No. 2.
16. Parking Structure No. 2 – Completion of Work. The Agency shall complete the Work related to Parking Structure No. 2. Within twenty-four (24) months following commencement of the Work related to Parking Structure No. 2.

17. Parking Structure No. 3 – Submission of Basic Concept Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval basic concept drawings for the Work related to Parking Structure No. 3. Within one hundred eighty (180) days following completion of the Work related to Parking Structure No. 2.
18. Parking Structure No. 3 – Approval of Basic Concept Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the basic concept drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the basic concept drawings.
19. Parking Structure No. 3 – Submission of Final Construction Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final construction drawings for the Work related to Parking Structure No. 3. Within one hundred eighty (180) days following approval of the basic concept drawings by the City Manager and Authority Executive Director.
20. Parking Structure No. 3 – Approval of Final Construction Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the final construction drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final construction drawings.
21. Parking Structure No. 3 – Submission of Final Bid Documents. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final bid documents for the Work related to Parking Structure No. 3. Within one hundred eighty (180) days following approval of the final construction drawings by the City Manager and Authority Executive Director.

22. Parking Structure No. 3 – Approval of Final Bid Documents. The City Manager and Authority Executive Director shall approve or disapprove of the final bid documents. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final bid documents.
23. Parking Structure No. 3 – Commencement of Work. The Agency shall commence the Work related to Parking Structure No. 3. Within sixty (60) days following approval of the bid and letting of the contract for the Work for Parking Structure No. 3.
24. Parking Structure No. 3 – Completion of Work. The Agency shall complete the Work related to Parking Structure No. 3. Within twenty-four (24) months following commencement of the Work related to Parking Structure No. 3.
25. Parking Structure No. 4 – Submission of Basic Concept Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval basic concept drawings for the Work related to Parking Structure No. 4. Within one hundred eighty (180) days following completion of the Work related to Parking Structure No. 3.
26. Parking Structure No. 4 – Approval of Basic Concept Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the basic concept drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the basic concept drawings.
27. Parking Structure No. 4 – Submission of Final Construction Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final construction drawings for the Work related to Parking Structure No. 4. Within one hundred eighty (180) days following approval of the basic concept drawings by the City Manager and Authority Executive Director.

28. Parking Structure No. 4 – Approval of Final Construction Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the final construction drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final construction drawings.
29. Parking Structure No. 4 – Submission of Final Bid Documents. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final bid documents for the Work related to Parking Structure No. 4. Within one hundred eighty (180) days following approval of the final construction drawings by the City Manager and Authority Executive Director.
30. Parking Structure No. 4 – Approval of Final Bid Documents. The City Manager and Authority Executive Director shall approve or disapprove of the final bid documents. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final bid documents.
31. Parking Structure No. 4 – Commencement of Work. The Agency shall commence the Work related to Parking Structure No. 4. Within sixty (60) days following approval of the bid and letting of the contract for the Work for Parking Structure No. 4.
32. Parking Structure No. 4 – Completion of Work. The Agency shall complete the Work related to Parking Structure No. 4. Within twenty-four (24) months following commencement of the Work related to Parking Structure No. 4.
33. Parking Structure No. 5 – Submission of Basic Concept Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval basic concept drawings for the Work related to Parking Structure No. 5. Within one hundred eighty (180) days following completion of the Work related to Parking Structure No. 4.

34. Parking Structure No. 5 – Approval of Basic Concept Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the basic concept drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the basic concept drawings.
35. Parking Structure No. 5 – Submission of Final Construction Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final construction drawings for the Work related to Parking Structure No. 5. Within one hundred eighty (180) days following approval of the basic concept drawings by the City Manager and Authority Executive Director.
36. Parking Structure No. 5 – Approval of Final Construction Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the final construction drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final construction drawings.
37. Parking Structure No. 5 – Submission of Final Bid Documents. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final bid documents for the Work related to Parking Structure No. 5. Within one hundred eighty (180) days following approval of the final construction drawings by the City Manager and Authority Executive Director.
38. Parking Structure No. 5 – Approval of Final Bid Documents. The City Manager and Authority Executive Director shall approve or disapprove of the final bid documents. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final bid documents.
39. Parking Structure No. 5 – Commencement of Work. The Agency shall commence the Work related to Parking Structure No. 5. Within sixty (60) days following approval of the bid and letting of the contract for the Work for Parking Structure No. 5.

40. Parking Structure No. 5 -- Completion of Work. The Agency shall complete the Work related to Parking Structure No. 5. Within twenty-four (24) months following commencement of the Work related to Parking Structure No. 5.
41. Parking Structure No. 6 -- Submission of Basic Concept Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval basic concept drawings for the Work related to Parking Structure No. 6. Within one hundred eighty (180) days following completion of the Work related to Parking Structure No. 5.
42. Parking Structure No. 6 -- Approval of Basic Concept Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the basic concept drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the basic concept drawings.
43. Parking Structure No. 6 -- Submission of Final Construction Drawings. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final construction drawings for the Work related to Parking Structure No. 6. Within one hundred eighty (180) days following approval of the basic concept drawings by the City Manager and Authority Executive Director.
44. Parking Structure No. 6 -- Approval of Final Construction Drawings. The City Manager and Authority Executive Director shall approve or disapprove of the final construction drawings. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final construction drawings.

45. Parking Structure No. 6 – Submission of Final Bid Documents. The Agency shall prepare and submit to the City Manager and Authority Executive Director for review and approval final bid documents for the Work related to Parking Structure No. 6. Within one hundred eighty (180) days following approval of the final construction drawings by the City Manager and Authority Executive Director.
46. Parking Structure No. 6 – Approval of Final Bid Documents. The City Manager and Authority Executive Director shall approve or disapprove of the final bid documents. Within ninety (90) days following submission to the City Manager and Authority Executive Director of the final bid documents.
47. Parking Structure No. 6 – Commencement of Work. The Agency shall commence the Work related to Parking Structure No. 6. Within sixty (60) days following approval of the bid and letting of the contract for the Work for Parking Structure No. 6.
48. Parking Structure No. 6 – Completion of Work. The Agency shall complete the Work related to Parking Structure No. 6. Within twenty-four (24) months following commencement of the Work related to Parking Structure No. 6.

PROMISSORY NOTE A
SECURED BY DEED OF TRUST
(AUTHORITY)

\$38,930,000 Principal Amount

Santa Monica, California
Dated: December 14, 2004

- A. The REVELOPMENT AGENCY OF THE CITY OF SANTA MONICA (the "Borrower"), the CITY OF SANTA MONICA (the "City"), and the PARKING AUTHORITY OF THE CITY OF SANTA MONICA ("Lender"), have entered into that certain Sale and Performance Agreement dated as of January 9, 2003 ("Agreement") and amended by that certain Amended and Restated Sale and Performance Agreement dated as of June 20, 2003 (the "2003 Agreement"), and as further amended by the Amendment No. 1 to the 2003 Agreement dated 14, 2004 ("Amendment No. 1," and together with the 2003 Agreement, the "Amended Agreement") regarding the acquisition by the Borrower of the Lender's interest in the Authority Parking Structures. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Amended Agreement. This Note is made pursuant to, entitled to the benefits of, and referred to as the "Promissory Note A" in the Amended Agreement.
- B. Pursuant to the Amended Agreement, Lender has agreed to permit Borrower to acquire its interest in the Authority Parking Structures, subject to the terms thereof. To induce Lender to permit such acquisition, Borrower has agreed, among other things to execute this Note. This Note is secured by, among other things, the Amended Deed of Trust dated on or about the same date as this Note, executed by Borrower as Trustor, in favor of the Lender as beneficiary and encumbering the real property described in the Amended Deed of Trust (the "Property"). The Amended Deed of Trust also secures that certain Note B, dated the same date as this Note, in the principal amount of \$21,070,000.

NOW, THEREFORE, in consideration of the foregoing, Borrower hereby agrees as follows:

1. **Principal.** The Borrower promises to pay to the order of the Lender at 1685 Main Street Santa Monica, CA 90401, or at such other place as Lender may from time to time designate in writing or to the assignee of Lender, the principal sum of Thirty Eight Million Nine Hundred Thirty Thousand Dollars (\$38,930,000) ("Principal"), with interest, as set forth in this Note.
2. **Interest.** Commencing on the date of this Note first written above, the principal amount of this Note shall bear simple interest calculated on an annual basis at the rate(s) of interest not to exceed 7% per annum, as shall be designated by Lender in furtherance of and corresponding to the financing plan of Lender, in the amounts set forth in Exhibit A to this Note.

3. **Repayment Terms.**

- a. Borrower shall make payments to the Lender as provided in this Section 3.
- b. In accordance with the Amended Agreement, Borrower shall make a total of twenty-seven (27) payments to the Lender, each such payment to be made on January 1st of each year for a period of twenty-seven (27) years commencing on January 1, 2007. Each payment of principal and interest shall be in an amount as set forth in the Schedule of Payments attached hereto as Exhibit A and incorporated herein by this reference.
- c. Consistent with the proper and orderly implementation of the Redevelopment Plan for the Santa Monica Earthquake Recovery Redevelopment Project (the "Project Area"), all payments made by Borrower pursuant to this Note shall be made from legally available funds of the Project Area.
- d. Borrower's obligation to make any payment to Lender shall not be construed as a "pledge" of property tax revenue for the purposes of Section 33671.5 of the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).
- e. The indebtedness of the Borrower created by the Agreement and this Note shall be subordinate to the Borrower's existing indebtedness and bond issuance(s) and the refunding or refinancing thereof and any future bonds and/or other indebtedness the Borrower may issue and the indebtedness incurred in connection therewith; provided that the Borrower determines at the time of issuance of any such future bonds and/or other indebtedness that the issuance and indebtedness will not materially adversely affect the Borrower's ability to perform its obligations under this Note. Indebtedness includes any indebtedness incurred by the Borrower for bonds, notes, interim certificates, debentures, certificates of participation or other obligations issued by the Borrower.

4. **Prepayment.** Borrower may refinance or prepay the outstanding indebtedness under this Note, in whole or in part, together with any accrued but unpaid interest and other sums owed to the Lender under this Note, at any time and from time to time, without penalty.

5. **Lawful Money.** All sums due and owing under this Note are payable in lawful money of the United States of America.

6. **Applications of Payments: Late Charges.**

- a. Any payments received by the Lender pursuant to the terms hereof shall be applied first to sums, other than principal and interest, due the Lender pursuant to this Note, next to the payment of all interest accrued to the date of such payment, and the balance, if any, to the payment of principal.
- b. If any payment is not received by the Lender within ten (10) days following the due date thereof, then in addition to the remedies conferred upon the Lender pursuant to this Note, the Amended Deed of Trust and the Amended Agreement, Borrower shall pay, at Lender's option, a late charge of not less than One Hundred Dollars (\$100) and not more than One Thousand Dollars (\$1,000) to compensate the Lender for the expense of handling the delinquency. Borrower shall pay this late charge only once on any payment.

7. **Event of Default.**

- a. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms and conditions of the Amended Deed of Trust or the Amended Agreement, then the Lender may exercise its rights or remedies hereunder or thereunder.
- b. Subject to the provisions of Section 8 and 15 hereof, the occurrence of any of the following shall be deemed to be an event of default ("Event of Default") hereunder:
 - (1) Failure by Borrower to make any payments provided for herein; or
 - (2) Failure by Borrower to perform any covenant or agreement in this Note, the Deed of Trust or the Agreement.

8. **Notice of Default.**

- a. Subject to the extensions of time set forth in Section 15, and subject to the further provisions of this Section 8, failure or delay by Borrower to perform any material term or provision of this Note, the Amended Deed of Trust, or the Amended Agreement constitutes a default under this Note. Any failures or delays by Lender in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Lender in asserting any of its rights and remedies shall not deprive Lender of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

- b. Upon any default described in this Section 8, Lender shall deliver written notice to Borrower ("Notice of Default"), which notice shall specify the nature of the default. If the default is not cured within ten (10) days after receipt of the Notice of Default if an obligation to pay money, or within thirty (30) days after receipt of the Notice of Default otherwise, or if such default (other than the payment of money) is of a type which is not capable of being cured within thirty (30) days after receipt of the Notice of Default (or if commencement of a cure cannot reasonably begin within thirty (30) days, then within such reasonable period of time as Lender may allow to commence to cure the default) and is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, Lender shall be entitled to exercise any and all rights or remedies which may be available at law or in equity. Any and all rights or remedies available to Lender shall be cumulative, not alternative.
- c. Any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy shall be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Borrower, or two (2) days after deposit of such notice in the United States mail, postage prepaid, return receipt requested. Any notice to any party shall be addressed to the party as follows:

Lender: Parking Authority of the City of Santa Monica
1685 Main Street
Santa Monica, CA 90401
Attn: Executive Secretary

Borrower: Redevelopment Agency of the City of Santa Monica
1685 Main Street
Santa Monica, CA 90401
Attn: Executive Director

9. **Remedies.** Upon the occurrence of an Event of Default, the giving of notice and the expiration of any applicable cure period therefore, Lender may declare all sums evidenced hereby immediately due and payable by delivery to the Borrower of a written declaration of default and demand for payment.
10. **Waiver.** Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, Lender may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release

any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.

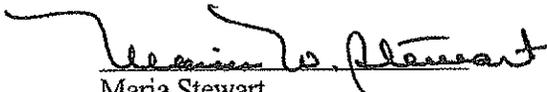
11. **Attorneys' Fees.** In the event of any dispute, legal proceeding, foreclosure or other enforcement action, reference or arbitration between the parties arising out of or relating to this Note or its breach, the prevailing party shall be entitled to recover from the non-prevailing party all fees, costs and expenses, including but not limited to attorneys' and expert witness fees, incurred in connection with such dispute, legal proceeding, foreclosure or other enforcement action, reference or arbitration, with any counterclaims or cross-complaints, with any appeals, and with any proceeding to establish and recover such costs and expenses, in such amount as the court deems reasonable.
12. **Severability.** Every provision in this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.
13. **Interest Rate Limitation.** It is the intent of the Borrower and Lender in the execution of this Note and all other instruments securing this Note that the loan evidenced hereby be exempt from the restrictions of the usury laws of the State of California. The Lender and Borrower stipulate and agree that none of the terms and provisions contained herein or in any of the loan instruments shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of California. In such event, if the Lender shall collect monies which are deemed to constitute interest, which would otherwise increase the effective interest rate on this Note to a rate in excess of such maximum rate shall, at the option of the Lender, be credited to the payment of the sums hereunder or returned to Borrower.
14. **Number and Gender.** In this Note, the singular shall include the plural and the masculine shall include the feminine and neuter gender, and vice versa, if the context so requires.
15. **Enforced Delay.** For purposes of any provision of this Note, no party, nor any successors or assign of any party, shall be considered in breach of, or default in, its obligations under this Note as a result of the enforced delay in the performance of such obligations due to causes beyond such party's reasonable control, including, without limitation, failure of governmental agencies to act or to issue necessary permits or licenses, acts of God, acts of the public enemy, acts of the State or Federal governments, acts of any other party (including, but not limited to, delays in performing such other party's obligations pursuant

to this Note), fires, floods, epidemics, quarantine restrictions, strikes, labor disputes, freight embargoes, inability to obtain materials or supplies or unusually severe weather or delays of contractors and subcontractors due to such causes; it being the purpose and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times for performance of the obligations of such party shall be extended for the period of the enforced delay.

16. **Security.** This Note, including any extensions or amendments hereto, and Borrower's obligation to pay the indebtedness evidenced by this Note, is secured by the Amended Deed of Trust.
17. **Nonrecourse Obligation.** Notwithstanding anything contained to the contrary in this Note, this Note shall be payable by Borrower without personal liability of the Borrower, or any officer, director, agent, attorney, servant or employee of Borrower, and the Note holder shall have no recourse for such payment with interest except against the Property against which this Note is secured.
18. **Joint Venture.** The relationship of Borrower and Lender under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Amended Deed of Trust will in no manner make the Borrower the partner or joint venturer of Borrower.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year set forth above.

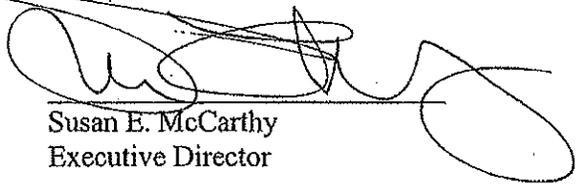
Attest:



Maria Stewart
Secretary

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA MONICA

By:



Susan E. McCarthy
Executive Director

Approved As To Form:



Marsha Jones Moutrie
City Attorney and Authority and
Agency General Counsel

EXHIBIT A

SCHEDULE OF PAYMENTS

Payment Date (January 1)	Principal Amount	Interest Amount	Total Payment
2007	\$ 800,000.00	\$ 875,668.75	\$1,675,668.75
2008	835,000.00	1,715,337.50	2,550,337.50
2009	875,000.00	1,673,587.50	2,548,587.50
2010	920,000.00	1,629,837.50	2,549,837.50
2011	960,000.00	1,588,437.50	2,548,437.50
2012	995,000.00	1,554,837.50	2,549,837.50
2013	1,030,000.00	1,521,505.00	2,551,505.00
2014	1,065,000.00	1,485,455.00	2,550,455.00
2015	1,105,000.00	1,446,582.50	2,551,582.50
2016	1,145,000.00	1,405,145.00	2,550,145.00
2017	1,190,000.00	1,361,062.50	2,551,062.50
2018	1,240,000.00	1,313,462.50	2,553,462.50
2019	1,285,000.00	1,263,862.50	2,548,862.50
2020	1,340,000.00	1,210,856.26	2,550,856.26
2021	1,395,000.00	1,153,906.26	2,548,906.26
2022	1,460,000.00	1,092,875.00	2,552,875.00
2023	1,520,000.00	1,028,635.00	2,548,635.00
2024	1,590,000.00	960,235.00	2,550,235.00
2025	1,660,000.00	888,685.00	2,548,685.00
2026	1,740,000.00	812,325.00	2,552,325.00
2027	1,820,000.00	729,675.00	2,549,675.00
2028	1,910,000.00	643,225.00	2,553,225.00
2029	2,000,000.00	552,500.00	2,552,500.00
2030	2,100,000.00	452,500.00	2,552,500.00
2031	2,205,000.00	347,500.00	2,552,500.00
2032	2,315,000.00	237,250.00	2,552,250.00
2033	2,430,000.00	121,500.00	2,551,500.00
TOTAL	\$38,930,000.00	\$29,066,448.77	\$67,996,448.77

PROMISSORY NOTE B
SECURED BY DEED OF TRUST
(AUTHORITY)

\$21,070,000 Principal Amount

Santa Monica, California
Dated: December 14, 2004

- A. The REVELOPMENT AGENCY OF THE CITY OF SANTA MONICA (the "Borrower"), the CITY OF SANTA MONICA (the "City"), and the PARKING AUTHORITY OF THE CITY OF SANTA MONICA ("Lender"), have entered into that certain Sale and Performance Agreement dated as of January 9, 2003 ("Agreement") and amended by that certain Amended and Restated Sale and Performance Agreement dated as of June 20, 2003 (the "2003 Agreement"), and as further amended by the Amendment No. 1 to the 2003 Agreement dated December 14, 2004 ("Amendment No. 1," and, together with the 2003 Agreement, the "Amended Agreement") regarding the acquisition by the Borrower of the Lender's interest in the Authority Parking Structures. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Amended Agreement. This Note is made pursuant to, entitled to the benefits of, and referred to as the "Promissory Note B" in the Amended Agreement.
- B. Pursuant to the Amended Agreement, Lender has agreed to permit Borrower to acquire its interest in the Authority Parking Structures, subject to the terms thereof. To induce Lender to permit such acquisition, Borrower has agreed, among other things to execute this Note. This Note is secured by, among other things, the Amended Deed of Trust dated on or about the same date as this Note, executed by Borrower as Trustor, in favor of the Lender as beneficiary and encumbering the real property described in the Amended Deed of Trust (the "Property"). The Amended Deed of Trust also secures that certain Note A, dated the same date as this Note, in the principal amount of \$38,930,000.

NOW, THEREFORE, in consideration of the foregoing, Borrower hereby agrees as follows:

1. **Principal.** The Borrower promises to pay to the order of the Lender at 1685 Main Street Santa Monica, CA 90401, or at such other place as Lender may from time to time designate in writing or to the assignee of Lender, the principal sum of Twenty One Million Seventy Thousand Dollars (\$21,070,000) ("Principal"), with interest, as set forth in this Note.
2. **Interest.** Commencing on the date of this Note first written above, the principal amount of this Note shall bear simple interest calculated on an annual basis at the interest rate of 7.00% per annum.

3. **Repayment Terms.**

- a. Borrower shall make payments to the Lender as provided in this Section 3.
- b. In accordance with the Amended Agreement, Borrower shall make a total of twenty-nine (29) payments to the Lender, each such payment to be made on January 1st of each year for a period of twenty-nine (29) years commencing on January 1, 2005. Each payment of principal and interest shall be in an amount as set forth in the Schedule of Payments attached hereto as Exhibit A and incorporated herein by this reference.
- c. Consistent with the proper and orderly implementation of the Redevelopment Plan for the Santa Monica Earthquake Recovery Redevelopment Project (the "Project Area"), all payments made by Borrower pursuant to this Note shall be made from legally available funds of the Project Area.
- d. Borrower's obligation to make any payment to Lender shall not be construed as a "pledge" of property tax revenue for the purposes of Section 33671.5 of the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).
- e. The indebtedness of the Borrower created by the Agreement and this Note shall be subordinate to the Borrower's existing indebtedness and bond issuance(s) and the refunding or refinancing thereof and any future bonds and/or other indebtedness the Borrower may issue and the indebtedness incurred in connection therewith; provided that the Borrower determines at the time of issuance of any such future bonds and/or other indebtedness that the issuance and indebtedness will not materially adversely affect the Borrower's ability to perform its obligations under this Note. Indebtedness includes any indebtedness incurred by the Borrower for bonds, notes, interim certificates, debentures, certificates of participation or other obligations issued by the Borrower.

4. **Prepayment.** Borrower may refinance or prepay the outstanding indebtedness under this Note, in whole or in part, together with any accrued but unpaid interest and other sums owed to the Lender under this Note, at any time and from time to time, without penalty.

5. **Lawful Money.** All sums due and owing under this Note are payable in lawful money of the United States of America.

6. **Applications of Payments: Late Charges.**

- a. Any payments received by the Lender pursuant to the terms hereof shall be applied

first to sums, other than principal and interest, due the Lender pursuant to this Note, next to the payment of all interest accrued to the date of such payment, and the balance, if any, to the payment of principal.

- b. If any payment is not received by the Lender within ten (10) days following the due date thereof, then in addition to the remedies conferred upon the Lender pursuant to this Note, the Amended Deed of Trust and the Amended Agreement, Borrower shall pay, at Lender's option, a late charge of not less than One Hundred Dollars (\$100) and not more than One Thousand Dollars (\$1,000) to compensate the Lender for the expense of handling the delinquency. Borrower shall pay this late charge only once on any payment.

7. **Event of Default.**

- a. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms and conditions of the Amended Deed of Trust or the Amended Agreement, then the Lender may exercise its rights or remedies hereunder or thereunder.
- b. Subject to the provisions of Section 8 and 15 hereof, the occurrence of any of the following shall be deemed to be an event of default ("Event of Default) hereunder:
 - (1) Failure by Borrower to make any payments provided for herein; or
 - (2) Failure by Borrower to perform any covenant or agreement in this Note, the Deed of Trust or the Agreement.

8. **Notice of Default.**

- a. Subject to the extensions of time set forth in Section 15, and subject to the further provisions of this Section 8, failure or delay by Borrower to perform any material term or provision of this Note, the Amended Deed of Trust, or the Amended Agreement constitutes a default under this Note. Any failures or delays by Lender in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Lender in asserting any of its rights and remedies shall not deprive Lender of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
- b. Upon any default described in this Section 8, Lender shall deliver written notice to Borrower ("Notice of Default"), which notice shall specify the nature of the default. If the default is not cured within ten (10) days after receipt of the Notice of Default

if an obligation to pay money, or within thirty (30) days after receipt of the Notice of Default otherwise, or if such default (other than the payment of money) is of a type which is not capable of being cured within thirty (30) days after receipt of the Notice of Default (or if commencement of a cure cannot reasonably begin within thirty (30) days, then within such reasonable period of time as Lender may allow to commence to cure the default) and is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, Lender shall be entitled to exercise any and all rights or remedies which may be available at law or in equity. Any and all rights or remedies available to Lender shall be cumulative, not alternative.

- c. Any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy shall be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Borrower, or two (2) days after deposit of such notice in the United States mail, postage prepaid, return receipt requested. Any notice to any party shall be addressed to the party as follows:

Lender: Parking Authority of the City of Santa Monica
 1685 Main Street
 Santa Monica, CA 90401
 Attn: Executive Secretary

Borrower: Redevelopment Agency of the City of Santa Monica
 1685 Main Street
 Santa Monica, CA 90401
 Attn: Executive Director

9. **Remedies.** Upon the occurrence of an Event of Default, the giving of notice and the expiration of any applicable cure period therefore, Lender may declare all sums evidenced hereby immediately due and payable by delivery to the Borrower of a written declaration of default and demand for payment.
10. **Waiver.** Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, Lender may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust,

security agreement, guaranty or other agreement now or hereafter securing this Note.

11. **Attorneys' Fees.** In the event of any dispute, legal proceeding, foreclosure or other enforcement action, reference or arbitration between the parties arising out of or relating to this Note or its breach, the prevailing party shall be entitled to recover from the non-prevailing party all fees, costs and expenses, including but not limited to attorneys' and expert witness fees, incurred in connection with such dispute, legal proceeding, foreclosure or other enforcement action, reference or arbitration, with any counterclaims or cross-complaints, with any appeals, and with any proceeding to establish and recover such costs and expenses, in such amount as the court deems reasonable.
12. **Severability.** Every provision in this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.
13. **Interest Rate Limitation.** It is the intent of the Borrower and Lender in the execution of this Note and all other instruments securing this Note that the loan evidenced hereby be exempt from the restrictions of the usury laws of the State of California. The Lender and Borrower stipulate and agree that none of the terms and provisions contained herein or in any of the loan instruments shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of California. In such event, if the Lender shall collect monies which are deemed to constitute interest, which would otherwise increase the effective interest rate on this Note to a rate in excess of such maximum rate shall, at the option of the Lender, be credited to the payment of the sums hereunder or returned to Borrower.
14. **Number and Gender.** In this Note, the singular shall include the plural and the masculine shall include the feminine and neuter gender, and vice versa, if the context so requires.
15. **Enforced Delay.** For purposes of any provision of this Note, no party, nor any successors or assign of any party, shall be considered in breach of, or default in, its obligations under this Note as a result of the enforced delay in the performance of such obligations due to causes beyond such party's reasonable control, including, without limitation, failure of governmental agencies to act or to issue necessary permits or licenses, acts of God, acts of the public enemy, acts of the State or Federal governments, acts of any other party (including, but not limited to, delays in performing such other party's obligations pursuant to this Note), fires, floods, epidemics, quarantine restrictions, strikes, labor disputes, freight embargoes, inability to obtain materials or supplies or unusually severe weather or delays of contractors and subcontractors due to such causes; it being the purpose and intent of this

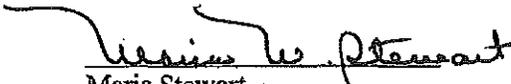
provision that in the event of the occurrence of any such enforced delay, the time or times for performance of the obligations of such party shall be extended for the period of the enforced delay.

16. **Security.** This Note, including any extensions or amendments hereto, and Borrower's obligation to pay the indebtedness evidenced by this Note, is secured by the Amended Deed of Trust.
17. **Nonrecourse Obligation.** Notwithstanding anything contained to the contrary in this Note, this Note shall be payable by Borrower without personal liability of the Borrower, or any officer, director, agent, attorney, servant or employee of Borrower, and the Note holder shall have no recourse for such payment with interest except against the Property against which this Note is secured.
18. **Joint Venture.** The relationship of Borrower and Lender under this Note is solely that of borrower and lender, and the loan evidenced by this Note secured by the Amended Deed of Trust will in no manner make the Borrower the partner or joint venturer of Borrower.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year set forth above.

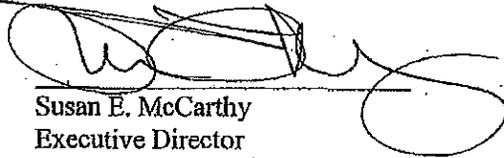
Attest:

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA MONICA



Maria Stewart
Secretary

By:



Susan E. McCarthy
Executive Director

Approved As To Form:



Marsha Jones Moutrie
City Attorney and Authority and
Agency General Counsel

EXHIBIT A

SCHEDULE OF PAYMENTS*

Payment Date (January 1)	Principal Amount	Interest Amount	Total Payment
2005	\$ 2,251,000.00	\$ 1,428,700.00	\$ 3,679,700.00
2006	2,409,000.00	1,271,130.00	3,680,130.00
2007	958,000.00	1,102,500.00	2,060,500.00
2008	214,000.00	1,035,440.00	1,249,440.00
2009	229,000.00	1,020,460.00	1,249,460.00
2010	245,000.00	1,004,430.00	1,249,430.00
2011	264,000.00	987,280.00	1,251,280.00
2012	284,000.00	968,800.00	1,252,800.00
2013	302,000.00	948,920.00	1,250,920.00
2014	323,000.00	927,780.00	1,250,780.00
2015	347,000.00	905,170.00	1,252,170.00
2016	371,000.00	880,880.00	1,251,880.00
2017	394,000.00	854,910.00	1,248,910.00
2018	422,000.00	827,330.00	1,249,330.00
2019	455,000.00	797,790.00	1,252,790.00
2020	483,000.00	765,940.00	1,248,940.00
2021	522,000.00	732,130.00	1,254,130.00
2022	557,000.00	695,590.00	1,252,590.00
2023	594,000.00	656,600.00	1,250,600.00
2024	637,000.00	615,020.00	1,252,020.00
2025	681,000.00	570,430.00	1,251,430.00
2026	727,000.00	522,760.00	1,249,760.00
2027	777,000.00	471,870.00	1,248,870.00
2028	834,000.00	417,480.00	1,251,480.00
2029	894,000.00	359,100.00	1,253,100.00
2030	957,000.00	296,520.00	1,253,520.00
2031	1,020,000.00	229,530.00	1,249,530.00
2032	1,091,000.00	158,130.00	1,249,130.00
2033	1,168,000.00	81,760.00	1,249,760.00
TOTAL	\$20,410,000.00	\$21,534,380.00	\$41,944,380.00

* Preliminary, subject to change.

PROMISSORY NOTE ASSIGNMENT

1. FOR VALUE RECEIVED, the undersigned PARKING AUTHORITY OF THE CITY OF SANTA MONICA ("Authority"), hereby assigns, transfers and sets over unto CITY OF SANTA MONICA ("City"), all rights relating to Promissory Note A ("Note A"), including all moneys now due or hereafter to become due to Authority from Note A, under the Amended and Restated Sale and Performance Agreement by and Among the City of Santa Monica, the Parking Authority of the City of Santa Monica, and the Redevelopment Agency of the City of Santa Monica for the Santa Monica Downtown Parking Garage Acquisition and Retrofit Project, dated as of June 20, 2003, and as further amended by an Amendment No. 1 dated December 14, 2004 (the "Agreement").

2. This assignment (this "Assignment") includes any and all amendments thereof and supplements thereto now existing or hereafter arising, no matter how evidenced, and any extensions, renewals or modifications of Note A, and constitutes a present and absolute assignment to City as of the Effective Date. Upon the occurrence of an event of default or failure to pay Note A when due, City may, in its sole discretion, may initiate or participate in any legal proceedings respecting the enforcement of said rights. Authority acknowledges that by accepting this Assignment, City does not assume any of Authority's obligations under the Agreement.

3. Authority hereby irrevocably constitutes and appoints City the true and lawful attorney-in-fact of Authority with respect to Note A, which power is deemed coupled with an interest to demand, receive and enforce payments, and to give receipts, releases and satisfactions, either in the name of Authority or in the name of City, in the same manner and with the same effect as Authority could do if this Assignment had not been made.

4. Authority agrees that should any payments assigned hereunder be received by Authority, such payments will be received in trust for City and Authority will forthwith deliver the same to City in the identical form received by Authority.

5. Authority represents and warrants to City, as of the Effective Date that:

- (a) Authority is the sole owner of the rights, privileges and interests being assigned to the City;
- (b) Authority has the right to make this Assignment and such rights and interests are granted and assigned free from liens, encumbrances, claims, setoffs of every kind whatsoever;
- (c) the Agreement is in full force and effect and enforceable in accordance with its terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to the Agreement;
- (d) Authority has not heretofore assigned or pledged its interest in Note A, and Authority will not further pledge or assign its interest in Note A; and

(f) this Assignment is irrevocable and shall remain in full force and effect until and unless defeasance or payment in full, of the Santa Monica Public Financing Authority Lease Revenue Bonds, Series 2004 (Civic Center Parking garage Project) (the "Bonds"), and any bonds issued to refund the Bonds; no event of termination or release shall have any effect unless and until City shall execute, in writing, a certification that such event has occurred; and until such certification is so executed by City and delivered, all persons may rely upon this document as an effective assignment of the rights, privileges and property interests, as hereinabove described.

6. Authority agrees:

(a) to observe and perform all obligations of Authority under the Agreement, and to indemnify and hold City harmless from the consequences of any failure to do so;

(b) to enforce the payment and performance of all obligations of any other person or entity under the Agreement;

(c) not to further assign, for security or any other purposes, its rights under the Note A; and

(d) City may assign its right, title and interest in Note A to any person or entity without any further requirement of Authority's consent, and any such assignment shall be valid and binding upon Authority as fully as if it had expressly approved the same.

7. City hereby accepts the foregoing Assignment.

8. This Assignment, together with the agreements, covenants and warranties contained herein, shall inure to the benefit of City and any subsequent assignee or transferee and shall be binding upon City and any subsequent assign or successor-in-interest.

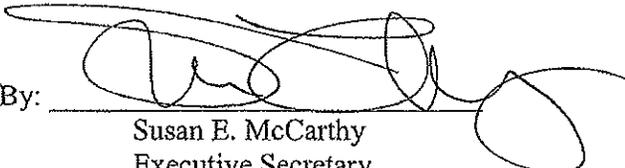
9. This Assignment shall be governed exclusively by the provisions hereof and by the laws of the State of California as they may from time to time exist.

10. "Effective Date" shall mean December 14, 2004.

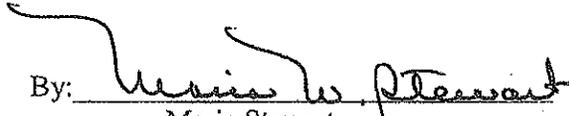
11. This Assignment may be executed in any number of counterparts, each of which shall be deemed to be an original, but together shall constitute but one and the same Assignment.

Dated as of December 1, 2004

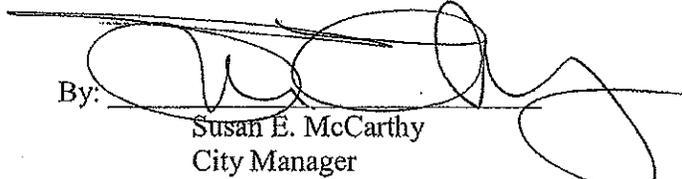
PARKING AUTHORITY OF THE CITY OF
SANTA MONICA

By: 
Susan E. McCarthy
Executive Secretary

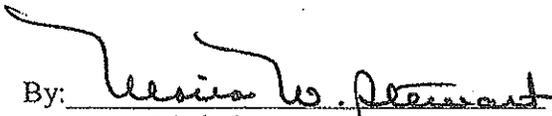
Attest:

By: 
Maria Stewart
Authority Clerk

CITY OF SANTA MONICA

By: 
Susan E. McCarthy
City Manager

Attest:

By: 
Maria Stewart
City Clerk

APPROVED AS TO FORM:


Marsha Jones Moutrie
City Attorney and Authority General Counsel

PROMISSORY NOTE ASSIGNMENT

1. FOR VALUE RECEIVED, the undersigned PARKING AUTHORITY OF THE CITY OF SANTA MONICA ("Authority"), hereby assigns, transfers and sets over unto CITY OF SANTA MONICA ("City"), all rights relating to Promissory Note A ("Note A"), including all moneys now due or hereafter to become due to Authority from Note A, under the Amended and Restated Sale and Performance Agreement by and Among the City of Santa Monica, the Parking Authority of the City of Santa Monica, and the Redevelopment Agency of the City of Santa Monica for the Santa Monica Downtown Parking Garage Acquisition and Retrofit Project, dated as of June 20, 2003, and as further amended by an Amendment No. 1 dated December 14, 2004 (the "Agreement").

2. This assignment (this "Assignment") includes any and all amendments thereof and supplements thereto now existing or hereafter arising, no matter how evidenced, and any extensions, renewals or modifications of Note A, and constitutes a present and absolute assignment to City as of the Effective Date. Upon the occurrence of an event of default or failure to pay Note A when due, City may, in its sole discretion, may initiate or participate in any legal proceedings respecting the enforcement of said rights. Authority acknowledges that by accepting this Assignment, City does not assume any of Authority's obligations under the Agreement.

3. Authority hereby irrevocably constitutes and appoints City the true and lawful attorney-in-fact of Authority with respect to Note A, which power is deemed coupled with an interest to demand, receive and enforce payments, and to give receipts, releases and satisfactions, either in the name of Authority or in the name of City, in the same manner and with the same effect as Authority could do if this Assignment had not been made.

4. Authority agrees that should any payments assigned hereunder be received by Authority, such payments will be received in trust for City and Authority will forthwith deliver the same to City in the identical form received by Authority.

5. Authority represents and warrants to City, as of the Effective Date that:

(a) Authority is the sole owner of the rights, privileges and interests being assigned to the City;

(b) Authority has the right to make this Assignment and such rights and interests are granted and assigned free from liens, encumbrances, claims, setoffs of every kind whatsoever;

(c) the Agreement is in full force and effect and enforceable in accordance with its terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to the Agreement;

(d) Authority has not heretofore assigned or pledged its interest in Note A, and Authority will not further pledge or assign its interest in Note A; and

(f) this Assignment is irrevocable and shall remain in full force and effect until and unless defeasance or payment in full, of the Santa Monica Public Financing Authority Lease Revenue Bonds, Series 2004 (Civic Center Parking garage Project) (the "Bonds"), and any bonds issued to refund the Bonds; no event of termination or release shall have any effect unless and until City shall execute, in writing, a certification that such event has occurred; and until such certification is so executed by City and delivered, all persons may rely upon this document as an effective assignment of the rights, privileges and property interests, as hereinabove described.

6. Authority agrees:

(a) to observe and perform all obligations of Authority under the Agreement, and to indemnify and hold City harmless from the consequences of any failure to do so;

(b) to enforce the payment and performance of all obligations of any other person or entity under the Agreement;

(c) not to further assign, for security or any other purposes, its rights under the Note A; and

(d) City may assign its right, title and interest in Note A to any person or entity without any further requirement of Authority's consent, and any such assignment shall be valid and binding upon Authority as fully as if it had expressly approved the same.

7. City hereby accepts the foregoing Assignment.

8. This Assignment, together with the agreements, covenants and warranties contained herein, shall inure to the benefit of City and any subsequent assignee or transferee and shall be binding upon City and any subsequent assign or successor-in-interest.

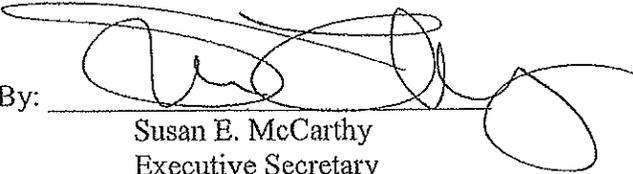
9. This Assignment shall be governed exclusively by the provisions hereof and by the laws of the State of California as they may from time to time exist.

10. "Effective Date" shall mean December 14, 2004.

11. This Assignment may be executed in any number of counterparts, each of which shall be deemed to be an original, but together shall constitute but one and the same Assignment.

Dated as of December 1, 2004

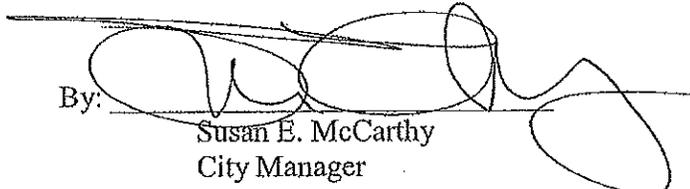
PARKING AUTHORITY OF THE CITY OF
SANTA MONICA

By: 
Susan E. McCarthy
Executive Secretary

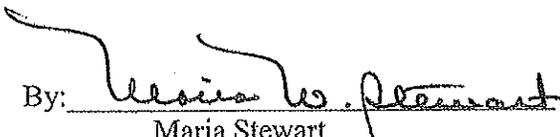
Attest:

By: 
Maria Stewart
Authority Clerk

CITY OF SANTA MONICA

By: 
Susan E. McCarthy
City Manager

Attest:

By: 
Maria Stewart
City Clerk

APPROVED AS TO FORM:


Marsha Jones Moutrie
City Attorney and Authority General Counsel

PROMISSORY NOTE A
SECURED BY DEED OF TRUST
(AUTHORITY)

\$38,930,000 Principal Amount

Santa Monica, California
Dated: December 14, 2004

- A. The REVELOPMENT AGENCY OF THE CITY OF SANTA MONICA (the "Borrower"), the CITY OF SANTA MONICA (the "City"), and the PARKING AUTHORITY OF THE CITY OF SANTA MONICA ("Lender"), have entered into that certain Sale and Performance Agreement dated as of January 9, 2003 ("Agreement") and amended by that certain Amended and Restated Sale and Performance Agreement dated as of June 20, 2003 (the "2003 Agreement"), and as further amended by the Amendment No. 1 to the 2003 Agreement dated 14, 2004 ("Amendment No. 1," and, together with the 2003 Agreement, the "Amended Agreement") regarding the acquisition by the Borrower of the Lender's interest in the Authority Parking Structures. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Amended Agreement. This Note is made pursuant to, entitled to the benefits of, and referred to as the "Promissory Note A" in the Amended Agreement.
- B. Pursuant to the Amended Agreement, Lender has agreed to permit Borrower to acquire its interest in the Authority Parking Structures, subject to the terms thereof. To induce Lender to permit such acquisition, Borrower has agreed, among other things to execute this Note. This Note is secured by, among other things, the Amended Deed of Trust dated on or about the same date as this Note, executed by Borrower as Trustor, in favor of the Lender as beneficiary and encumbering the real property described in the Amended Deed of Trust (the "Property"). The Amended Deed of Trust also secures that certain Note B, dated the same date as this Note, in the principal amount of \$21,070,000.

NOW, THEREFORE, in consideration of the foregoing, Borrower hereby agrees as follows:

1. **Principal.** The Borrower promises to pay to the order of the Lender at 1685 Main Street Santa Monica, CA 90401, or at such other place as Lender may from time to time designate in writing or to the assignee of Lender, the principal sum of Thirty Eight Million Nine Hundred Thirty Thousand Dollars (\$38,930,000) ("Principal"), with interest, as set forth in this Note.
2. **Interest.** Commencing on the date of this Note first written above, the principal amount of this Note shall bear simple interest calculated on an annual basis at the rate(s) of interest not to exceed 7% per annum, as shall be designated by Lender in furtherance of and corresponding to the financing plan of Lender, in the amounts set forth in Exhibit A to this Note.

3. **Repayment Terms.**

- a. Borrower shall make payments to the Lender as provided in this Section 3.
- b. In accordance with the Amended Agreement, Borrower shall make a total of twenty-seven (27) payments to the Lender, each such payment to be made on January 1st of each year for a period of twenty-seven (27) years commencing on January 1, 2007. Each payment of principal and interest shall be in an amount as set forth in the Schedule of Payments attached hereto as Exhibit A and incorporated herein by this reference.
- c. Consistent with the proper and orderly implementation of the Redevelopment Plan for the Santa Monica Earthquake Recovery Redevelopment Project (the "Project Area"), all payments made by Borrower pursuant to this Note shall be made from legally available funds of the Project Area.
- d. Borrower's obligation to make any payment to Lender shall not be construed as a "pledge" of property tax revenue for the purposes of Section 33671.5 of the California Community Redevelopment Law (Health & Safety Code Section 33000 *et seq.*).
- e. The indebtedness of the Borrower created by the Agreement and this Note shall be subordinate to the Borrower's existing indebtedness and bond issuance(s) and the refunding or refinancing thereof and any future bonds and/or other indebtedness the Borrower may issue and the indebtedness incurred in connection therewith; provided that the Borrower determines at the time of issuance of any such future bonds and/or other indebtedness that the issuance and indebtedness will not materially adversely affect the Borrower's ability to perform its obligations under this Note. Indebtedness includes any indebtedness incurred by the Borrower for bonds, notes, interim certificates, debentures, certificates of participation or other obligations issued by the Borrower.

4. **Prepayment.** Borrower may refinance or prepay the outstanding indebtedness under this Note, in whole or in part, together with any accrued but unpaid interest and other sums owed to the Lender under this Note, at any time and from time to time, without penalty.

5. **Lawful Money.** All sums due and owing under this Note are payable in lawful money of the United States of America.

6. **Applications of Payments: Late Charges.**

- a. Any payments received by the Lender pursuant to the terms hereof shall be applied first to sums, other than principal and interest, due the Lender pursuant to this Note, next to the payment of all interest accrued to the date of such payment, and the balance, if any, to the payment of principal.
- b. If any payment is not received by the Lender within ten (10) days following the due date thereof, then in addition to the remedies conferred upon the Lender pursuant to this Note, the Amended Deed of Trust and the Amended Agreement, Borrower shall pay, at Lender's option, a late charge of not less than One Hundred Dollars (\$100) and not more than One Thousand Dollars (\$1,000) to compensate the Lender for the expense of handling the delinquency. Borrower shall pay this late charge only once on any payment.

7. **Event of Default.**

- a. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms and conditions of the Amended Deed of Trust or the Amended Agreement, then the Lender may exercise its rights or remedies hereunder or thereunder.
- b. Subject to the provisions of Section 8 and 15 hereof, the occurrence of any of the following shall be deemed to be an event of default ("Event of Default") hereunder:
 - (1) Failure by Borrower to make any payments provided for herein; or
 - (2) Failure by Borrower to perform any covenant or agreement in this Note, the Deed of Trust or the Agreement.

8. **Notice of Default.**

- a. Subject to the extensions of time set forth in Section 15, and subject to the further provisions of this Section 8, failure or delay by Borrower to perform any material term or provision of this Note, the Amended Deed of Trust, or the Amended Agreement constitutes a default under this Note. Any failures or delays by Lender in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Lender in asserting any of its rights and remedies shall not deprive Lender of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

- b. Upon any default described in this Section 8, Lender shall deliver written notice to Borrower ("Notice of Default"), which notice shall specify the nature of the default. If the default is not cured within ten (10) days after receipt of the Notice of Default if an obligation to pay money, or within thirty (30) days after receipt of the Notice of Default otherwise, or if such default (other than the payment of money) is of a type which is not capable of being cured within thirty (30) days after receipt of the Notice of Default (or if commencement of a cure cannot reasonably begin within thirty (30) days, then within such reasonable period of time as Lender may allow to commence to cure the default) and is not cured promptly in a continuous and diligent manner within a reasonable period of time after commencement, Lender shall be entitled to exercise any and all rights or remedies which may be available at law or in equity. Any and all rights or remedies available to Lender shall be cumulative, not alternative.
- c. Any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy shall be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Borrower, or two (2) days after deposit of such notice in the United States mail, postage prepaid, return receipt requested. Any notice to any party shall be addressed to the party as follows:

Lender: Parking Authority of the City of Santa Monica
1685 Main Street
Santa Monica, CA 90401
Attn: Executive Secretary

Borrower: Redevelopment Agency of the City of Santa Monica
1685 Main Street
Santa Monica, CA 90401
Attn: Executive Director

9. **Remedies.** Upon the occurrence of an Event of Default, the giving of notice and the expiration of any applicable cure period therefore, Lender may declare all sums evidenced hereby immediately due and payable by delivery to the Borrower of a written declaration of default and demand for payment.
10. **Waiver.** Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, Lender may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release

any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.

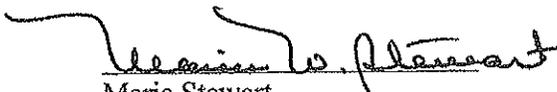
11. **Attorneys' Fees.** In the event of any dispute, legal proceeding, foreclosure or other enforcement action, reference or arbitration between the parties arising out of or relating to this Note or its breach, the prevailing party shall be entitled to recover from the non-prevailing party all fees, costs and expenses, including but not limited to attorneys' and expert witness fees, incurred in connection with such dispute, legal proceeding, foreclosure or other enforcement action, reference or arbitration, with any counterclaims or cross-complaints, with any appeals, and with any proceeding to establish and recover such costs and expenses, in such amount as the court deems reasonable.
12. **Severability.** Every provision in this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.
13. **Interest Rate Limitation.** It is the intent of the Borrower and Lender in the execution of this Note and all other instruments securing this Note that the loan evidenced hereby be exempt from the restrictions of the usury laws of the State of California. The Lender and Borrower stipulate and agree that none of the terms and provisions contained herein or in any of the loan instruments shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of California. In such event, if the Lender shall collect monies which are deemed to constitute interest, which would otherwise increase the effective interest rate on this Note to a rate in excess of such maximum rate shall, at the option of the Lender, be credited to the payment of the sums hereunder or returned to Borrower.
14. **Number and Gender.** In this Note, the singular shall include the plural and the masculine shall include the feminine and neuter gender, and vice versa, if the context so requires.
15. **Enforced Delay.** For purposes of any provision of this Note, no party, nor any successors or assign of any party, shall be considered in breach of, or default in, its obligations under this Note as a result of the enforced delay in the performance of such obligations due to causes beyond such party's reasonable control, including, without limitation, failure of governmental agencies to act or to issue necessary permits or licenses, acts of God, acts of the public enemy, acts of the State or Federal governments, acts of any other party (including, but not limited to, delays in performing such other party's obligations pursuant

to this Note), fires, floods, epidemics, quarantine restrictions, strikes, labor disputes, freight embargoes, inability to obtain materials or supplies or unusually severe weather or delays of contractors and subcontractors due to such causes; it being the purpose and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times for performance of the obligations of such party shall be extended for the period of the enforced delay.

16. **Security.** This Note, including any extensions or amendments hereto, and Borrower's obligation to pay the indebtedness evidenced by this Note, is secured by the Amended Deed of Trust.
17. **Nonrecourse Obligation.** Notwithstanding anything contained to the contrary in this Note, this Note shall be payable by Borrower without personal liability of the Borrower, or any officer, director, agent, attorney, servant or employee of Borrower, and the Note holder shall have no recourse for such payment with interest except against the Property against which this Note is secured.
18. **Joint Venture.** The relationship of Borrower and Lender under this Note is solely that of borrower and lender, and the loan evidenced by this Note and secured by the Amended Deed of Trust will in no manner make the Borrower the partner or joint venturer of Borrower.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year set forth above.

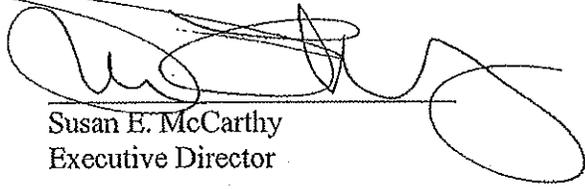
Attest:



Maria Stewart
Secretary

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA MONICA

By:



Susan E. McCarthy
Executive Director

Approved As To Form:



Marsha Jones Moutrie
City Attorney and Authority and
Agency General Counsel

EXHIBIT A

SCHEDULE OF PAYMENTS

Payment Date (January 1)	Principal Amount	Interest Amount	Total Payment
2007	\$ 800,000.00	\$ 875,668.75	\$1,675,668.75
2008	835,000.00	1,715,337.50	2,550,337.50
2009	875,000.00	1,673,587.50	2,548,587.50
2010	920,000.00	1,629,837.50	2,549,837.50
2011	960,000.00	1,588,437.50	2,548,437.50
2012	995,000.00	1,554,837.50	2,549,837.50
2013	1,030,000.00	1,521,505.00	2,551,505.00
2014	1,065,000.00	1,485,455.00	2,550,455.00
2015	1,105,000.00	1,446,582.50	2,551,582.50
2016	1,145,000.00	1,405,145.00	2,550,145.00
2017	1,190,000.00	1,361,062.50	2,551,062.50
2018	1,240,000.00	1,313,462.50	2,553,462.50
2019	1,285,000.00	1,263,862.50	2,548,862.50
2020	1,340,000.00	1,210,856.26	2,550,856.26
2021	1,395,000.00	1,153,906.26	2,548,906.26
2022	1,460,000.00	1,092,875.00	2,552,875.00
2023	1,520,000.00	1,028,635.00	2,548,635.00
2024	1,590,000.00	960,235.00	2,550,235.00
2025	1,660,000.00	888,685.00	2,548,685.00
2026	1,740,000.00	812,325.00	2,552,325.00
2027	1,820,000.00	729,675.00	2,549,675.00
2028	1,910,000.00	643,225.00	2,553,225.00
2029	2,000,000.00	552,500.00	2,552,500.00
2030	2,100,000.00	452,500.00	2,552,500.00
2031	2,205,000.00	347,500.00	2,552,500.00
2032	2,315,000.00	237,250.00	2,552,250.00
2033	2,430,000.00	121,500.00	2,551,500.00
TOTAL	\$38,930,000.00	\$29,066,448.77	\$67,996,448.77

Ratings: Fitch: "AAA"
 Moody's: "Aaa"
 Standard & Poor's: "AAA"
 (XL Insured)
 See "RATINGS" herein

NEW ISSUE - BOOK-ENTRY ONLY

In the opinion of Fulbright & Jaworski L.L.P., Los Angeles, California, under existing law, interest on the Series 2004 Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the tax covenant described herein, interest on the Series 2004 Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of preference for purposes of the federal alternative minimum tax. See "TAX MATTERS."

\$38,930,000

**SANTA MONICA PUBLIC FINANCING AUTHORITY
 LEASE REVENUE BONDS, SERIES 2004
 (Civic Center Parking Project)**

Dated: Date of Delivery

Due: July 1, as shown below

The Santa Monica Public Financing Authority Lease Revenue Bonds, Series 2004 (Civic Center Parking Project) (the "Series 2004 Bonds") are payable from base rental payments (the "Base Rental Payments") to be made by the City of Santa Monica (the "City") for the right to the use of certain real property on which the Project (defined below) is to be constructed (the "Site") and the Project (together, the "Property") pursuant to a Lease Agreement, dated as of December 1, 2004 (the "Lease Agreement"), by and between the City, as lessee, and the Santa Monica Public Financing Authority (the "Authority"), as lessor. See "SECURITY FOR THE SERIES 2004 BONDS." The Series 2004 Bonds are being issued to provide funds to (i) finance the costs of the design, construction, installation, reimbursement and/or acquisition of certain capital improvements constituting a public parking garage and related improvements (the "Project"), (ii) fund a reserve fund for the Series 2004 Bonds, (iii) pay capitalized interest on the Series 2004 Bonds through January 1, 2007 and (iv) pay the costs incurred in connection with the issuance of the Series 2004 Bonds, including the premium of a municipal bond insurance policy. See "THE PROJECT." The City has covenanted under the Lease Agreement to make all Base Rental Payments provided for therein, to include all such payments as a separate line item in its annual budgets, and to make all the necessary annual appropriations for such Base Rental Payments. The City's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property. See "RISK FACTORS—Abatement."

The Series 2004 Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the Series 2004 Bonds is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2005. Purchasers will not receive certificates representing their interest in the Series 2004 Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2004 Bonds will be paid by Union Bank of California, N.A., as trustee (the "Trustee") to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Series 2004 Bonds. See "THE SERIES 2004 BONDS—Book-Entry Only System" herein.

The Series 2004 Bonds are being issued pursuant to an Indenture, dated as of December 1, 2004 (the "Indenture"), by and between the Authority and the Trustee. Pursuant to the Indenture and subject to certain terms and conditions, the Authority may issue additional bonds ("Additional Bonds") on a parity with the Series 2004 Bonds. The Series 2004 Bonds and any such Additional Bonds are collectively referred to as the "Bonds."

The Series 2004 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2004 BONDS—Redemption" herein.

Payment of the principal of and interest on the Series 2004 Bonds when due will be insured by a municipal bond insurance policy to be issued by XL Capital Assurance Inc. to be issued simultaneously with the delivery of the Series 2004 Bonds.



The Series 2004 Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Series 2004 Bonds. The Authority has no taxing power.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

MATURITY SCHEDULE
 (Base CUSIP No. 802437)

\$22,410,000 Series 2004 Serial Bonds

Maturity Date (July 1)	Principal Amount	Interest Rate	Price/Yield	CUSIP No.	Maturity Date (July 1)	Principal Amount	Interest Rate	Price/Yield	CUSIP No.
2007	\$ 800,000	4.500%	2.250%	BR3	2017	\$1,190,000	4.000%	4.000%	CB7
2008	835,000	5.000	2.450	BS1	2018	1,240,000	4.000	4.100	CC5
2009	875,000	5.000	2.750	BT9	2019	1,285,000	4.125	4.200	CD3
2010	920,000	4.500	3.000	BU6	2020	1,340,000	4.250	4.300	CE1
2011	960,000	3.500	3.200	BV4	2021	1,395,000	4.375	4.400	CF8
2012	995,000	3.350	3.350	BW2	2022	1,460,000	4.400	4.500	CG6
2013	1,030,000	3.500	3.500	BX0	2023	1,520,000	4.500	4.600	CH4
2014	1,065,000	3.650	3.650	BY8	2024	1,590,000	4.500	4.650	CJ0
2015	1,105,000	3.750	3.750	BZ5	2025	1,660,000	4.600	4.700	CK7
2016	1,145,000	3.850	3.850	CA9					

\$16,520,000 Series 2004 Term Bonds

\$5,470,000 4.750% Term Bonds due July 1, 2028 - Price: 100.000% to Yield: 4.750% CUSIP: 802437CL5
 \$11,050,000 5.000% Term Bonds due July 1, 2033 - Price: 100.000% to Yield: 5.000% CUSIP: 802437CM3

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as, and if issued by the City and received by the Underwriter, subject to approval by Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney and by Fulbright & Jaworski L.L.P., Los Angeles, California, Disclosure Counsel. Public Resources Advisory Group has served as financial advisor to the City in connection with the issuance of the Series 2004 Bonds. It is anticipated that the Series 2004 Bonds in definitive form will be available for delivery to DTC in New York, New York on or about December 14, 2004.

Dated: November 30, 2004

Loan Amortization Schedule - 2003 Promissory Note A

Enter values	
Outstanding Principal as of 06.30.15	\$ 30,932,777.00
Simple interest rate	3.00 %
Loan period in years	10
Number of payments per year	2
Start date of loan	7/1/2015
Optional extra payments	\$ -

Loan summary	
Scheduled payment	
Scheduled number of payments	20
Actual number of payments	5
Total early payments	\$ -
Total interest	\$ 1,191,160.61

Lender name: City of Santa Monica

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	1/1/2016	\$ 30,932,777.00	12,289,080.00	\$ -	\$ 12,289,080.00	\$ 11,825,088.35	463,991.66	\$ 19,107,688.66	\$ 463,991.66
2	7/1/2016	19,107,688.66	5,337,249.00	-	5,337,249.00	5,050,633.67	286,615.33	14,057,054.98	750,606.98
3	1/1/2017	14,057,054.98	1,779,083.00	-	1,779,083.00	1,568,227.18	210,855.82	12,488,827.81	961,462.81
4	7/1/2017	12,488,827.81	9,851,801.25	-	9,851,801.25	9,664,468.83	187,332.42	2,824,358.98	1,148,795.23
5	1/1/2018	2,824,358.98	2,824,358.98	-	2,824,358.98	2,781,993.59	42,365.38	0.00	1,191,160.61

Adopted and approved this 21st day of September, 2015.



Paul Silvern, Chair
Successor Agency Oversight Board

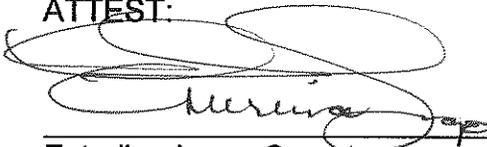
I, Denise Anderson-Warren, Secretary to the Successor Agency Oversight Board, do hereby certify that the foregoing Resolution No. 29 (SAS-Oversight Board) was duly adopted at a meeting of the Oversight Board meeting held on the 21st day of September, 2015, by the following vote:

AYES: Board Members Dijkstra, Kanschat, Maez, Varon
Vice-Chair Moran, Chair Silvern

NOES: None

ABSENT: Board Member Girard

ATTEST:



Esterlina Lugo, Secretary
Successor Agency Oversight Board