

IRREVOCABLE REFUNDING INSTRUCTIONS

These IRREVOCABLE REFUNDING INSTRUCTIONS (these "Instructions"), dated _____, 2014, are given by the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO, a public entity existing under the laws of the State of California (the "Successor Agency"), as successor agency of the REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO (the "Former Agency"), to U.S. Bank NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, acting as trustee (the "2002 Trustee") for the hereinafter defined 2002 Bonds;

WITNESSETH:

WHEREAS, the Former Agency has previously issued its Plaza Redevelopment Project Tax Allocation Bonds, Series 2002 (the "2002 Bonds") for the purpose of financing and refinancing redevelopment activities with respect to the Redevelopment Project (as defined in the hereinafter mentioned 2002 Bonds), pursuant to an Indenture of Trust dated as of November 1, 2002, between the Former Agency and the 2002 Trustee (the "2002 Indenture"); and

WHEREAS, by implementation of California Assembly Bill X1 26, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, the Former Agency was dissolved on February 1, 2012 in accordance with California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 ("AB 26"), and on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Former Agency, including, without limitation, the obligations of the Former Agency under the 2002 Indenture and related documents to which the Former Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the 2002 Bonds; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing 2014 Subordinated Tax Allocation Refunding Bonds (Redevelopment Projects) (the "2014 Bonds") and applying a portion of the proceeds thereof, together with certain other moneys, to defease and redeem all of the outstanding 2002 Bonds; and

WHEREAS, the 2014 Bonds are being issued pursuant to an Indenture of Trust dated as of _____ 1, 2014, between the Successor Agency and U.S. Bank National Association, as trustee (the "2014 Trustee"); and

WHEREAS, the Successor Agency wishes to give these Instructions to the 2002 Trustee for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the payment and redemption of the outstanding 2002 Bonds;

NOW, THEREFORE, the Successor Agency hereby irrevocably instructs the 2002 Trustee as follows:

Section 1. Establishment of the 2002 Bonds Escrow Fund. The 2002 Trustee shall establish and hold, separate and apart from all other funds and accounts held by it, a special fund known as the "2002 Bonds Escrow Fund" (the "Escrow Fund"). All amounts on deposit in the Escrow Fund are hereby irrevocably pledged as a special trust fund for the redemption of all of the outstanding 2002 Bonds on _____, 2014. Neither the 2002 Trustee, the 2014 Trustee nor any other person shall have a lien upon or right of set off against the amounts at any time on deposit in the Escrow Fund, and such amounts shall be applied only as provided herein.

Section 2. Deposit into the 2002 Bonds Escrow Fund; Investment of Amounts. Concurrently with delivery of the 2014 Bonds, the Successor Agency shall cause to be deposited in the Escrow Fund the amount of \$_____ in immediately available funds to be derived from a portion of the proceeds of sale of the 2014 Bonds. The Successor Agency shall also transfer to the Trustee for deposit in the Escrow Fund \$_____ of funds on hand relating to the 2002 Bonds, and hereby directs the 2002 Trustee to transfer for deposit into the Escrow Fund (i) \$_____ on deposit in the Reserve Account established pursuant to the 2002 Indenture and (ii) \$_____ on deposit in the Debt Service Fund established pursuant to the 2002 Indenture into the Escrow Fund, resulting in a total deposit into the Escrow Fund of \$_____. The Successor Agency hereby directs the 2002 Trustee to hold all of the amounts on deposit in the Escrow Fund uninvested.

The Successor Agency signifies that by making the deposit described herein, it is discharging the 2002 Bonds pursuant to Sections 9.03 of the 2002 Indenture.

Section 3. Proceedings for Redemption of 2002 Bonds. The Successor Agency hereby irrevocably elects, and directs the 2002 Trustee, to redeem, on _____, 2014, from amounts on deposit in the Escrow Fund, the outstanding 2002 Bonds pursuant to the provisions of Section 2.03(a) of the 2002 Indenture. The 2002 Trustee acknowledges that it has heretofore given notice of such redemption in accordance with Section 2.03(d) of the 2002 Indenture in order to allow for the redemption of the 2002 Bonds on _____, 2014.

Section 4. Application of Funds to Redeem 2002 Bonds. The 2002 Trustee shall apply the amounts on deposit in the Escrow Fund to redeem the outstanding 2002 Bonds on _____, 2014 at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, all in accordance with Section 2.03(a) of the 2002 Indenture.

Section 5. Transfer of Remaining Funds. On _____, 2014, following the payment and redemption described above and payment of any amounts then owed to the 2002 Trustee, the 2002 Trustee shall withdraw any amounts remaining on deposit in the Escrow Fund and transfer such amounts to the 2014 Trustee for deposit into the Interest Account established under the Indenture to be used solely for the purpose of paying interest on the 2014 Bonds.

Section 6. Amendment. These Instructions shall be irrevocable by the Successor Agency. These Instructions may be amended or supplemented by the Successor Agency, but only if the Successor Agency shall file with the 2002 Trustee and the 2014 Trustee (a) an opinion of nationally recognized bond counsel engaged by the Successor Agency stating that such amendment or supplement will not, of itself, adversely affect the exclusion from gross income of interest on the 2002 Bonds or the 2014 Bonds under federal income tax law, and (b)

a certification of an independent accountant or independent financial adviser engaged by the Successor Agency stating that such amendment or supplement will not affect the sufficiency of funds invested and held hereunder to make the payments required by Section 4.

Section 7. Application of Certain Terms of the 2002 Indenture. All of the terms of the 2002 Indenture relating to the payment of principal of and interest and repayment premium, if any, on the 2002 Bonds and the redemption thereof, and the protections, immunities and limitations from liability afforded the 2002 Trustee, are incorporated in these Instructions as if set forth in full herein.

Section 8. Counterparts. These Instructions may be signed in several counterparts, each of which will constitute an original, but all of which will constitute one and the same instrument.

Section 9. Governing Law. These Instructions shall be construed in accordance with and governed by the laws of the State of California.

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF SAN LEANDRO**

By: _____
City Manager

ACCEPTED:

U.S. BANK NATIONAL ASSOCIATION,
as 2002 Trustee

By: _____
Authorized Officer

Accepted with respect to Section 5

U.S. BANK NATIONAL ASSOCIATION,
as 2014 Trustee

By: _____
Authorized Officer