

REPAYMENT AGREEMENT

This Repayment Agreement, dated as of June 1, 2008 by and between the Redevelopment Agency of the County of Santa Barbara (the "Agency") and the County of Santa Barbara (the "County").

WITNESSETH

WHEREAS, on November 27, 1990 the Board of Supervisors of the County adopted Ordinance 3894, approving and adopting the Redevelopment Plan for the Isla Vista Redevelopment Project Area (the "Plan") for the purposes of eliminating blight and assisting the redevelopment of the Isla Vista Redevelopment Project Area Project (the "Project Area"); and

WHEREAS, the Plan provides for the acquisition and construction of certain capital improvements, including but not limited to the installation, construction, reconstruction, redesign, or reuse of streets, utilities, curbs, gutters, sidewalks, traffic control devices and other public improvements and for the installation, or construction of parking facilities, streets, utilities, parks, open space, playgrounds and other public improvements; and

WHEREAS, the County has determined to issue 2008 Certificates of Participation Series A-1 (the "Certificates of Participation") pursuant to that certain Trust Agreement, dated as of June 1, 2008 among the County, U.S. Bank National Association as trustee (the "Trustee") and the Santa Barbara County Finance Corporation, Inc. (the "Trust Agreement"); and

WHEREAS, an aggregate principal amount of \$17,000,000 will be advanced by the County to the Agency for the purpose of acquiring and constructing the Projects (the "Advance"); and

WHEREAS, the amount of the Advance, together with interest thereon and other expenses as hereinafter provided, will be repaid by the Agency to the County out of tax increment funds and rental income generated within the Project Area and/or, if appropriate, from the proceeds of indebtedness hereinafter issued by the Agency; and

WHEREAS, the County and the Agency are each ready and willing to assume the relationship described herein;

NOW, THEREFORE, the Agency and the County, for and in consideration of the mutual promises and agreements herein contained do agree as follows:

1. DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Agreement and of any amendment hereto have the meanings herein specified. Capitalized terms used herein and not otherwise defined have the definition ascribed thereto in the Trust Agreement.

"Certificates of Participation" means the certificates of participation issued pursuant to the Trust Agreement.

“Closing Date” means the date of issuance of the Certificates of Participation.

“Law” means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory thereof and in supplement thereto.

“Projects” mean the acquisition and construction of capital improvements, including but not limited to the widening of sidewalks; improvements to intersections; acquisition of land for future mixed-use development; acquisition of land for and development of parking improvements, expansion and development of park facilities, road improvements; and construction and installation of landscaping improvements.

“Project Area” means the Isla Vista Redevelopment Project Area of the Agency.

“Tax Increment Revenues” means all taxes allocated to, and paid into a special fund of the Agency for the Project Area pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Project Area, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations.

“Trust Agreement” means the Trust Agreement, dated as of June 1, 2008, among the County, U.S. Bank National Association, as trustee and the Santa Barbara County Finance Corporation, Inc. (the “Trust Agreement”).

“Trustee” means U.S. Bank National Association or any other entity then performing the function of Trustee under the Trust Agreement.

2. PURPOSE: ALLOCATION OF PROCEEDS

The County hereby agrees to advance to the Agency an aggregate principal amount of \$17,000,000. On the Closing Date, the total proceeds of the Advance shall be disbursed as follows:

(1) The County shall cause the Trustee to deposit \$152,938.79 into Account I of the Costs of Issuance Account, and \$153,485.01 shall be applied to underwriter’s discount and original issue discount.

(2) The County shall cause the Trustee to deposit \$1,863,096.43 into the Capitalized Interest Fund.

(3) The County shall cause the Trustee to deposit \$1,430,479.77 into Account I of the Reserve Fund; and

(4) The County shall cause the Trustee to deposit \$13,400,000 in Account I of the Project Fund.

The Agency shall, from time to time, request the County Treasurer to requisition disbursements from Account I of the Project Fund to pay costs of the Projects in the manner and subject to the terms and conditions set forth in Section 3.03 of the Trust Agreement. The form of the request is attached hereto as Exhibit B. The Agency hereby covenants that all hearings, findings and determinations as required pursuant to the Law with respect to a withdrawal for a Project shall have been made prior to submitting a request to the County Treasurer and hereby agrees to provide (or cause to be provided) such information concerning each Project as may be reasonably requested by the County Treasurer.

3. REPAYMENT TERMS

The principal of the Advance shall be payable in installments on the date which is five days before December 1 in each of the years and in the amounts, and interest on the Advance shall be payable in installments on the date which is five days before June 1 and on December 1 in each of the years and in the amounts, as set forth in Exhibit A.

In the event the principal of the Advance shall be prepaid pursuant to Section 4, the foregoing schedule of principal installment payments shall be reduced pro rata as provided in Section 4.

Interest on each installment of principal of the Advance has been calculated on the basis of a 360-day year of twelve 30-day months, and shall accrue on each installment of principal from and including the Closing Date to but not including the interest payment date with respect to which such installment of principal is payable. Any installment of principal or interest which is not paid when due shall continue to accrue interest at the interest rate payable with respect to the Certificates of Participation from and including the interest payment date with respect to which such principal or interest is payable to but not including the date of actual payment.

Principal of and interest on the Advance shall be payable by the Agency directly to the County in immediately available funds which constitute lawful money of the United States of America.

Any portion of the Advance deposited on the Closing Date into Account I of the Reserve Fund established by the Trust Agreement shall be credited to the final installment payments payable pursuant to this Section. In addition, amounts in the Capitalized Interest Account held by the Trustee pursuant to the Trust Agreement (including earnings thereon) and investment earnings on Account I of the Project Fund shall be (i) applied to pay Base Rental Payments and credited to the installment payments payable pursuant to this Section or (ii) deposited into Account I of the Project Fund or the Rebate Fund if directed by the County Treasurer.

4. OPTIONAL PREPAYMENT

The principal and interest installments will be subject to optional prepayment in whole or in part by the Agency upon 60 days written notice to the Treasurer of the County on or after December 1, 2013 in an amount equal to the principal installments outstanding plus accrued interest to the date of prepayment.

5. REIMBURSEMENT TO COUNTY BY AGENCY

The Agency agrees to reimburse the County for all ongoing expenses of the County relating to the Agency's proportionate share of the Certificates of Participation, including but not limited to the fees and expenses of the Trustee and fees and expenses of the rebate analyst. Such expenses shall be determined from time to time by the County Treasurer.

6. REPAYMENT FROM TAX INCREMENT REVENUES

The Agency and the County agree that Tax Increment Revenues shall be used and applied to repay the County for all amounts due to the County hereunder. In addition, the Agency may apply any other lawfully available funds, including rental income from properties of the Agency, to repay the County. This Agreement may be amended from time to time by the parties hereto, (1) to subordinate the Agency's obligations hereunder to any other obligations issued or incurred or to be issued or incurred by the Agency, or (2) for any other purposes and with any other effect whatsoever.

7. VALIDITY OF AGREEMENT

If any provisions of this Agreement, or the application thereof to any person, party, transaction, or circumstance, is held invalid, the remainder of this Agreement, or the application of such provision to other persons, parties, transactions or circumstances, shall not be affected thereby.

8. NONLIABILITY OF COUNTY

No liability shall be imposed on the County or its supervisors, officers, agents and employees by reason of its execution of this Agreement, including without limitation liability with respect to Agency actions or operations or the Projects.

9. PROTECTION OF COUNTY

The County shall not be answerable for the exercise of any of its rights hereunder or for the performance of any of its obligations hereunder or under the Trust Agreement or for anything whatsoever in connection with the funds established hereunder or thereunder, except only for its own willful misconduct.

No provision hereof shall require the County to expend or risk its own funds or otherwise incur any financial or other liability or risk in the performance of any of its obligations hereunder.

10. FURTHER ASSURANCES

The Agency agrees that it will execute and deliver any and all such further agreements, instruments or other assurances as may be reasonably necessary or requested by the County to carry out the intention or to facilitate the performance of this Agreement.

11. NOTICES

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

If to the Agency:

Executive Director
Redevelopment Agency of the County of Santa Barbara
c/o County Executive Officer
105 East Anapamu Street
Santa Barbara, California 93101

If to the County:

County Executive Officer-County of Santa Barbara
105 East Anapamu Street
Santa Barbara, California 93101
(with copies to County Treasurer and County Counsel)

12. GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California.

13. BINDING EFFECT

This Agreement shall inure to the benefit of and shall be binding upon the County, the Agency and their respective successors and assigns, subject, however, to the limitations contained herein.

14. SEVERABILITY OF INVALID PROVISIONS

If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The County and the Agency each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that anyone or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

15. ARTICLE AND SECTION HEADINGS AND REFERENCES

The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not

affect the meaning, construction or effect of this Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

16. REPAYMENT AGREEMENT REPRESENTS COMPLETE AGREEMENT; AMENDMENTS

This Agreement represents the entire contract between the parties. This Agreement may not be effectively amended, changed, modified, altered or terminated except by the written agreement of the Agency and the County.

17. EXECUTION OF COUNTERPARTS

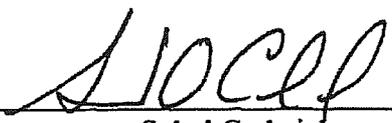
This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

18. TERM OF REPAYMENT AGREEMENT

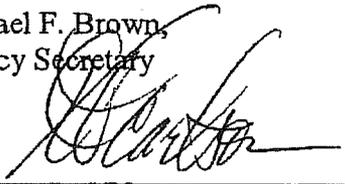
Except as otherwise provided herein, this Agreement shall remain in full force and effect from the date of execution hereof until no amounts remain due and owing hereunder.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Agreement by their officers thereunto duly authorized on June 1, 2008.

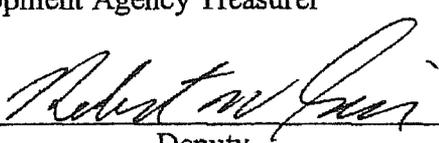
REDEVELOPMENT AGENCY OF THE COUNTY OF SANTA BARBARA

By 
Salud Carbajal
Chair, Redevelopment Agency of the County of Santa Barbara

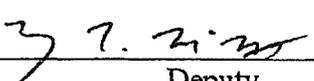
ATTEST:

Michael F. Brown,
Agency Secretary
By 

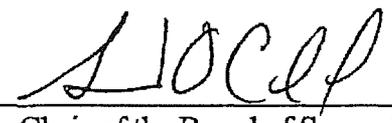
APPROVED AS TO FORM:

Robert W. Geis, C.P.A.,
Redevelopment Agency Treasurer
By 
Deputy

APPROVED AS TO FORM:

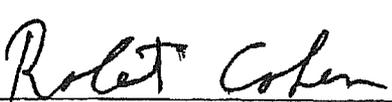
Daniel J. Wallace,
Redevelopment Agency Counsel
By 
Deputy

COUNTY OF SANTA BARBARA

By 
Chair of the Board of Supervisors
SALUD CARBAJAL

[SEAL]

ATTEST:

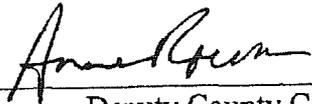
Michael F. Brown,
Clerk of the Board of Supervisors


APPROVED AS TO ACCOUNTING FORM:

Robert W. Geis, C.P.A.,
Auditor-Controller


APPROVED AS TO FORM:

Daniel J. Wallace,
County Counsel



Deputy County Counsel

APPROVED AS TO FORM:

Ray Aromatorio,
Risk Manager

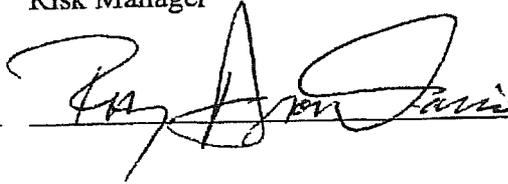


EXHIBIT A

REPAYMENT SCHEDULE*

<u>Repayment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 1, 2008		\$318,043.85	\$ 318,043.85
Jun 1, 2009		369,341.25	369,341.25
December 1, 2009		369,341.25	369,341.25
June 1, 2010		369,341.25	369,341.25
December 1, 2010		369,341.25	369,341.25
June 1, 2011		369,341.25	369,341.25
December 1, 2011	\$ 655,000	369,341.25	1,024,341.25
June 1, 2012		356,241.25	356,241.25
December 1, 2012	680,000	356,241.25	1,036,241.25
June 1, 2013		342,641.25	342,641.25
December 1, 2013	710,000	342,641.25	1,052,641.25
June 1, 2014		328,441.25	328,441.25
December 1, 2014	735,000	328,441.25	1,063,441.25
June 1, 2015		313,741.25	313,741.25
December 1, 2015	765,000	313,741.25	1,078,741.25
June 1, 2016		298,441.25	298,441.25
December 1, 2016	800,000	298,441.25	1,098,441.25
June 1, 2017		282,441.25	282,441.25
December 1, 2017	830,000	282,441.25	1,112,441.25
June 1, 2018		265,841.25	265,841.25
December 1, 2018	865,000	265,841.25	1,130,841.25
June 1, 2019		248,541.25	248,541.25
December 1, 2019	895,000	248,541.25	1,143,541.25
June 1, 2020		230,641.25	230,641.25
December 1, 2020	935,000	230,641.25	1,165,641.25
June 1, 2021		211,006.25	211,006.25
December 1, 2021	970,000	211,006.25	1,181,006.25
June 1, 2022		189,787.50	189,787.50
December 1, 2022	1,015,000	189,787.50	1,204,787.50
June 1, 2023		166,950.00	166,950.00
December 1, 2023	1,060,000	166,950.00	1,226,950.00
June 1, 2024		143,100.00	143,100.00
December 1, 2024	1,110,000	143,100.00	1,253,100.00
June 1, 2025		117,431.25	117,431.25
December 1, 2025	1,160,000	117,431.25	1,277,431.25
June 1, 2026		90,606.25	90,606.25
December 1, 2026	1,215,000	90,606.25	1,305,606.25
June 1, 2027		61,750.00	61,750.00
December 1, 2027	1,270,000	61,750.00	1,331,750.00
June 1, 2028		31,587.50	31,587.50
December 1, 2028	1,330,000	31,587.50	1,361,587.50

* Certain amounts will be credited to the repayments pursuant to Section 3 of the Agreement.