



MONROVIA REDEVELOPMENT AGENCY AGENDA REPORT



DEPARTMENT: Administrative Services

MEETING DATE: May 8, 2001

PREPARED BY: Mark D. Alvarado
Administrative Services Director

AGENDA LOCATION: MRA - 1

TITLE: REFINANCING OF THE MONROVIA REDEVELOPMENT AGENCY'S \$8,500,000 LOAN OBLIGATION.

OBJECTIVE: To refinance the Monrovia Redevelopment Agency's \$8,500,000 Sumitomo Trust and Banking Company loan obligation. This obligation will be paid off and a new loan obligation and promissory note will be entered into with Zions Bank.

BACKGROUND: As part of the Monrovia Redevelopment Agency debt refinancing in the Spring of 1998, a three year note was signed with Sumitomo Trust and Banking Company for \$8,500,000. The interest rate on the note is 6.67%, with interest only payments due semi-annually. The note is due and payable in full on June 1, 2001. All interest payments have been made, and the Agency is in good standing with the bank.

During the refinancing in 1998, the Agency refinanced the 1992A bonds, a portion (half) of the 1992B bonds, and the 1994 Notes Payable. Because of the Agency's limited amount of revenue (only tax increment can be used) available to do the 1998 refinancing, an interest only loan, the Sumitomo Trust and Banking Company, was created as part as of the total refinancing package.

ANALYSIS: The goal of the Redevelopment Agency is to always be in the best financing position as possible. This means always getting the lowest possible interest rates on bonds, notes and loans, as well as extending the annual debt service payments out through the life of the Redevelopment Agency. The Agency, whenever possible, tries to obtain financing that calls for interest and principal payments. This allows for reduction of principal over time. It is not always possible to do obtain this type of financing because this calls for higher annual debt service payments. With the Agency's limited revenue stream, interest only loan obligations, like the Sumitomo Trust and Banking Company loan, is necessary.

The three year loan with Sumitomo Trust and Banking Company was obtained at a 6.67% annual interest rate. At the time of the 1998 refinancing, a three year period was the longest the Agency could go out. With a June 1, 2001 loan due date, staff has reviewed all of the Agency's options. By entering into a loan obligation and promissory note agreement with Zions Bank, the Agency puts itself in a sound financial position.

MRA-1

The loan agreement with Zions Bank calls for a two year loan, for an amount not to exceed \$8,600,000, at an annual interest rate of 6.90%. This is an excellent rate in today's market, based on the flexibility of the loan agreement. A key component of the loan is the Agency's ability to repay it at anytime before the two year period is up with no prepayment penalty. This is important because staff is looking to refinance the 1992B Tax Allocation Bonds sometime after February, 2002.

The 1992B Tax Allocation Bonds, a \$17,615,000 issue, was partially defeased (paid off) during the 1998 refinancing. Currently, there is \$8,395,000 outstanding of the 1992B Tax Allocation Bonds. The debt service schedule calls for interest only payments through the year 2009. Language in the instructions for these bonds says they can be paid off anytime after February, 2002.

Staff is planning to do a more structured refinancing sometime after February, 2002, the time when the 1992B Bonds can be paid off. The two year loan obligation with Zions Bank, with no prepayment penalty, gives the Agency the flexibility to put together two loan obligations, both with interest only payment schedules, and to refinance them with new tax allocation bonds, with an interest and principal debt service schedule.

The loan obligation and promissory note with Zions Bank is the first part of a two part refinancing plan. The loan with Zions Bank is not to exceed \$8,600,000. The payoff to Sumitomo Trust and Banking Company will be for the principal balance of \$8,500,000. The additional amount of the loan is to pay for all underwriter costs, bond council legal fees, etc. These costs of issuance fees are rolled into the new loan amount; therefore, no out of pocket costs are incurred by the Agency. Staff is looking to enter into an agreement with Zions Bank during the last 10 to 15 days of this month. After an agreement is entered into, the Sumitomo Trust and Banking loan can be paid off, but no later than June 1, 2001.

Staff has reviewed other refinancing options. Issuing bonds at this time is not prudent because the 1992B Bonds cannot be defeased right now. Issuing bonds now and next year would result in higher costs of issuance. The loan agreement and promissory note with Zions Bank is the most cost efficient strategy at this time.

OPTIONS: The Board has two options. First, the Board can approve staff's recommendation to refinance the existing loan with Sumitomo Trust and Banking Company to a new loan with Zions Bank. This transaction is the first part of a bigger, more structured refinancing with the 1992B Tax Allocation Bonds during the 2001-02 fiscal year.

The second option the Board has is to direct staff to review other refinancing alternatives. Staff has until June 1, 2001, to secure refinancing since the Sumitomo Trust and Banking Company loan is due and payable on that day.

FISCAL IMPACT: There is no fiscal impact to the General Fund. The additional costs of issuance that the Redevelopment Agency will occur are absorbed in the new loan amount. The \$8,500,000 due Sumitomo Trust and Banking Company will be paid directly by Zions Bank.


RECOMMENDATION: Staff recommends the Agency Board approve the loan agreement and promissory note with Zions Bank.

COUNCIL ACTION REQUIRED: Should the Agency board agree with staff's recommendation, the appropriate actions would be:

"A motion to adopt Resolution 2001-20, allowing the City of Monrovia to approve the execution by the Monrovia Redevelopment Agency of its Central Redevelopment Project, Project Area No. 1 loan agreement and promissory note with Zions Bank, and making certain determinations relating thereto."

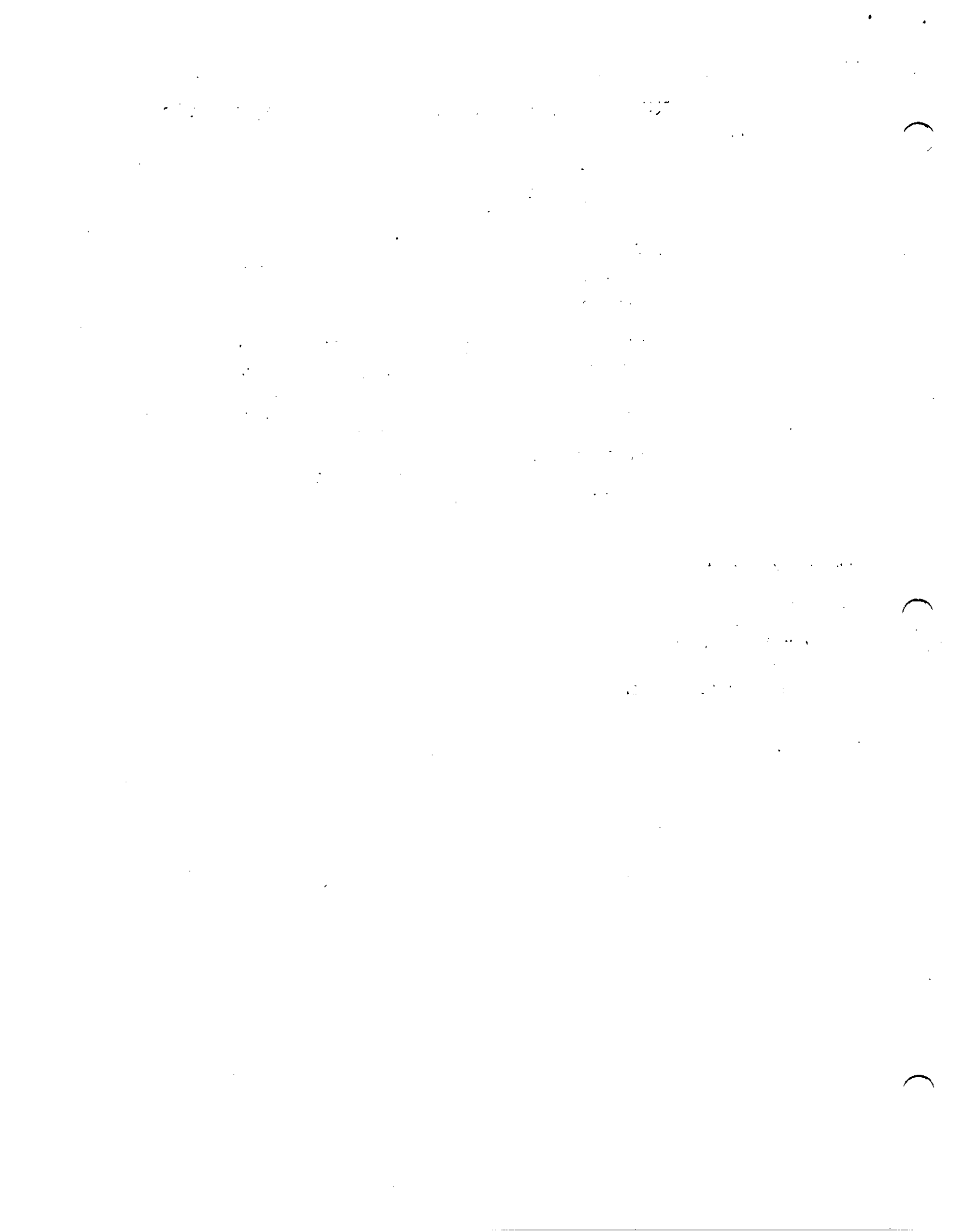
"A motion to adopt Resolution 4-2001, authorizing the Monrovia Redevelopment Agency to execute a loan agreement and promissory note with Zions Bank, in an aggregate principal amount not to exceed \$8,600,000, to refinance the 1998 Sumitomo Trust and Banking Company loan obligation, and approving certain actions in connection therewith."

Respectfully Submitted,



Mark D. Alvarado
Administrative Services Director

attachments



RESOLUTION NO. 2001-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONROVIA, CALIFORNIA, APPROVING THE EXECUTION BY THE MONROVIA REDEVELOPMENT AGENCY OF ITS CENTRAL REDEVELOPMENT PROJECT, PROJECT AREA NO. 1 LOAN AGREEMENT AND PROMISSORY NOTE WITH ZIONS BANK, AND MAKING CERTAIN DETERMINATIONS RELATING THERETO

THE CITY COUNCIL OF THE CITY OF MONROVIA DOES hereby resolve as follows:

WHEREAS, the Monrovia Redevelopment Agency (the "Agency") is a redevelopment agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) and the powers of the Agency include the power to borrow money and issue notes for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a Redevelopment Project known as the "Central Redevelopment Project, Project Area No. 1" has been adopted and approved by Ordinance No. 73-29, of the City of Monrovia (the "City"), on December 18, 1973, and which has been subsequently amended, and all requirements of law for and precedent to the adoption and approval of said Redevelopment Plan have been duly complied with; and

WHEREAS, the Agency has adopted its resolution entitled:

A RESOLUTION OF THE MONROVIA REDEVELOPMENT AGENCY AUTHORIZING THE EXECUTION OF THE LOAN AGREEMENT AND PROMISSORY NOTE WITH ZIONS BANK IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,600,000 TO REFINANCE THE 1998 SUMITOMO TRUST AND BANKING COMPANY LOAN OBLIGATION, AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, under and pursuant to the above Resolution, the Agency has authorized the entering into of a Loan Agreement (the "2001 Loan Agreement") between the Agency, as borrower, and Zions Bank, as lender, and the making by the Agency of a promissory note (the "2001 Note") for the purpose of borrowing sufficient moneys to refinance and pay the Agency's 1998 borrowing from The Sumitomo Trust & Banking Company, Limited (the "1998 Loan").

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONROVIA, CALIFORNIA DOES RESOLVE AS FOLLOWS:

Section 1. The entering into of the 2001 Loan Agreement and the delivery of the 2001 Note by the Agency to Zions Bank, in order to refinance and pay the 1998 Loan and to pay costs in connection with the issuance of the 2001 Note, all of which constitute a "redevelopment activity," as such term is defined in health and Safety code Section 33678, is hereby authorized and approved pursuant to Health and Safety code Section 33640.

Section 2. Other Acts. The Mayor, City Manager of the City and any other appropriate official of the City are hereby authorized and directed to take any and all necessary and desirable steps to accomplish the execution and delivery of the Loan Agreement and Promissory Note referenced above, including execution of any and all other documents or agreements necessary to deliver the Loan Agreement and Promissory Note in a timely and expeditious manner, including without limitation, the negotiation, execution and delivery of instruments or agreements confirming understandings or making any further assurances relative to existing arrangements among the parties or otherwise in furtherance of the delivery of the Loan Agreement and Promissory Note and including any needed escrow documentation.

Section 3. Effective Date. This Resolution shall take effect upon adoption.

PASSED, APPROVED AND ADOPTED this 8th day of May, 2001 by the following vote:

AYES:
NOES:
ABSTAIN:
EXCUSED:

BY:

Lara Larramendi Blakely, Mayor
City of Monrovia, California

ATTEST:

APPROVED AS TO FORM:

Linda B. Proctor, CMC, City Clerk
City of Monrovia, California
STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) §
CITY OF MONROVIA)

Stradling, Yocca, Carlson & Rauth

I, LINDA B. PROCTOR, CMC/AEE, City Clerk of the City of Monrovia, California, do hereby certify that the foregoing Resolution No. 2001-20 relating to a Loan Agreement with Zions Bank was duly adopted and passed at a regular meeting of the City Council on the 8th of May, 2001 by the following vote:

AYES:
NOES:
ABSTAIN:
EXCUSED:

ATTEST:

Linda B. Proctor, City Clerk, CMC
City of Monrovia, California

RESOLUTION NO. 4-2001

A RESOLUTION OF THE MONROVIA REDEVELOPMENT AGENCY AUTHORIZING THE EXECUTION OF THE LOAN AGREEMENT AND PROMISSORY NOTE WITH ZIONS BANK, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,600,000 TO REFINANCE THE 1998 SUMITOMO TRUST AND BANKING COMPANY LOAN OBLIGATION, AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

THE MONROVIA REDEVELOPMENT AGENCY does hereby resolve as follows:

WHEREAS, the Monrovia Redevelopment Agency (herein referred to as the "Agency") is a redevelopment agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California), and the powers of the Agency include the power to issue bonds for any of its corporate purposes and to issue and sell its bonds to a joint powers authority; and

WHEREAS, the Agency has previously entered into a borrowing in the aggregate principal amount of \$8,500,000 from the Sumitomo Trust & Banking Company, Limited (the "1998 Loan") for the purpose of refinancing a portion of the Agency's previously issued Central Redevelopment Project, Project Area No. 1, Subordinated Taxable Tax Allocation Notes, Issue of 1994; and

WHEREAS, the Agency hereby determines that it is in the best interests of the Agency to refinance the 1998 Loan by borrowing sufficient moneys for such purpose, in a principal amount not to exceed \$8,600,000, from Zions Bank (the "Bank") pursuant to a Loan Agreement (the "2001 Loan Agreement") to be entered into between the Bank and the Agency and the delivery of a promissory note (the "2001 Note") from the Agency to the Bank evidencing the Agency's obligations under the 2001 Loan Agreement;

NOW, THEREFORE, THE MONROVIA REDEVELOPMENT AGENCY HEREBY RESOLVES:

Section 1. Approval of 2001 Loan Agreement and 2001 Note. The 2001 Loan Agreement, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. Either the Chairman or Executive Director, acting solely, and the Secretary of the Agency are hereby authorized and directed to execute and deliver the 2001 Loan Agreement in the form presented at this meeting with such changes, insertions and omissions as may be requested by Bond Counsel and approved by the Chairman, said execution being conclusive evidence of such approval. Subject to the provisions of the 2001 Loan Agreement, the issuance of the 2001 Note on the terms and conditions set forth in, and subject to the limitations specified in, the Loan Agreement, is hereby authorized and approved. The 2001 Note will be dated, will bear interest at the rate, will mature on the date, will be issued in the form, will be subject to payment, and will be as otherwise provided in the 2001 Loan Agreement. The proceeds of the borrowing from the Bank under the 2001 Loan Agreement and the delivery of the 2001 Note to the Bank shall be applied as provided in the 2001 Loan Agreement to pay the 1998 Loan in full. The Chairman or Executive Director are authorized to establish the final terms for the 2001 Loan Agreement and the 2001 Note (collectively, the "2001 Loan") provided that the maximum amount of the 2001 Loan shall not exceed \$8,600,000, the interest rate on the 2001 Loan shall not exceed 6.90% and the maturity of the 2001 Loan shall be not later than 2003.

Section 2. Other Acts. The Chairman, Executive Director of the Agency and any other appropriate official of the Agency, and the designees of any of them, are hereby authorized and directed to take any and all necessary and desirable steps to accomplish the delivery of the 2001 Loan referenced above, including the engagement of agents for the 2001 Loan and execution of any and all other documents or agreements necessary to deliver the 2001 Loan in a timely and expeditious manner.

Section 3. Effective Date. This Resolution shall take effect upon adoption.

PASSED, APPROVED AND ADOPTED this 8th day of May, 2001 by the following vote:

AYES:
NOES:
ABSTAIN:
EXCUSED:

BY:

Lara Larramendi Blakely, Chairman
Monrovia Redevelopment Agency

ATTEST:

APPROVED AS TO FORM:

Linda B. Proctor, Agency Secretary

Stradling, Yocca, Carlson & Rauth

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) §
CITY OF MONROVIA)

I, LINDA B. PROCTOR, CMC/AAE, City Clerk of the City of Monrovia, California, do hereby certify that the foregoing Resolution No. 4-2001 relating the refinancing of the 1998 Sumitomo Loan obligation was duly adopted and passed at a regular meeting of the Agency Board on the 8th of May, 2001 by the following vote:

AYES:
NOES:
ABSTAIN:
EXCUSED:

ATTEST:

Linda B. Proctor, City Clerk, CMC
City of Monrovia, California

LOAN AGREEMENT

dated as of May __, 2001

between

MONROVIA REDEVELOPMENT AGENCY

and

ZIONS BANK

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LOAN AGREEMENT

This LOAN AGREEMENT, dated as of May __, 2001, is made by and between the MONROVIA REDEVELOPMENT AGENCY, a public body, corporate, and politic duly organized and existing under the laws of the State of California (the "Borrower"), and ZIONS BANK (the "Bank").

RECITALS

A. The Borrower is a redevelopment agency (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California) (the "Redevelopment Law"), and the powers of the Borrower include the power to issue Redevelopment notes for any of its corporate purposes; and

B. The Redevelopment Plan (the "Redevelopment Plan") for a redevelopment project known and designated as the "Central Redevelopment Project, Project Area No. 1 in the City of Monrovia" has been adopted and approved by Ordinance No. 73-29 of the City on December 18, 1973, and amended by Ordinance No. 77-2 adopted by the City Council on January 8, 1977, Ordinance No. 79-17 adopted by the City Council on October 16, 1979, Ordinance No. 84-5 adopted by the City Council on March 20, 1984, Ordinance No. 90-28 adopted by the City Council on September 4, 1990, and Ordinance No. 94-73 adopted by the City Council on December 6, 1994 and all requirements of the law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with.

C. The Borrower has heretofore issued on a prior lien basis its \$17,615,000 Monrovia Redevelopment Agency, Central Redevelopment Project, Project Area No. 1, Tax Allocation Refunding Bonds, Issue of 1992B of which \$8,395,000 is currently outstanding, its \$20,585,000 Central Redevelopment Project, Project Area No. 1, Subordinate Taxable Tax Allocation Refunding Bonds Issue of 1998A of which \$19,645,000 is currently outstanding and its \$15,160,000 Central Refunding Bonds, Issue of 1998B of which \$13,595,000 is currently outstanding (the 1992B Bonds together with 1998A Bonds and 1998B Bonds, the "Senior Lien Bonds").

D. The Borrower has also heretofore entered into a \$8,500,000 loan with The Sumitomo Trust and Banking Company, Limited due June 1, 2001 (the "1998 Loan"), subordinated in right of payment from certain Pledged Revenues (as hereinafter defined) to the Senior Lien Bonds.

E. The Borrower has determined that it is in the best interests of the Borrower to refinance the 1998 Loan by borrowing sufficient moneys for such purpose from the Bank and the Bank is willing, subject to the terms and provisions of this Agreement, to make a loan to the Borrower payable from the Pledged Revenues.

F. The Bank and the Borrower wish to set forth the terms and conditions of such loan pursuant to the terms and provisions hereof.

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Capitalized words and terms used herein and not otherwise defined shall have the following meanings:

“Act of Bankruptcy” shall mean the Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment of its debts or for any other relief under the federal bankruptcy laws, including the Federal Bankruptcy Code, as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, or shall take any other action indicating its consent to, approval of, or acquiescence in, any such petition or proceedings; the Borrower shall apply for, or consent to or acquiesce in, the appointment of a receiver, liquidator, custodian, sequestrator, or a trustee for all or a substantial part of its property; the Borrower shall make an assignment for the benefit of its creditors; the Borrower shall be unable, or shall admit in writing its inability, to pay its debts when due; or a petition in bankruptcy shall be filed against the Borrower, as a debtor, under any applicable bankruptcy, insolvency or similar law as now or hereafter in effect which shall not be discharged by a court of competent jurisdiction within sixty (60) days of the date of such filing.

“Agreement” shall mean this Loan Agreement, dated as of May __, 2001, by and between the Borrower and the Bank, together with all duly authorized and executed amendments.

“Bank” shall mean Zions Bank, or any surviving, resulting or transferee entity.

“Borrower” shall mean the Monrovia Redevelopment Agency.

“Borrower Documents” shall mean this Agreement and the Note.

“Business Day” shall mean any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions located in the State of New York or the State of California are authorized or required by law or executive order not to be open for the conduct of their business, or (iii) a day on which the New York Stock Exchange is closed.

“City” shall mean the City of Monrovia, California.

“Closing Date” shall have the meaning provided in Section 2.02.

“Default Rate” shall mean a rate per annum equal to the sum of (i) 3.00% plus (ii) the Prime Rate, as from time to time in effect.

“Discounted Value” shall have the meaning ascribed to such term in Section 2.04 hereof.

“Environmental Laws” shall mean all Federal, State and local laws, regulations and ordinances relating to (i) the release or other discharge, generation, storage, handling, disposition or treatment of any Hazardous Materials, the protection of the environment and/or environmental conditions on, under or about the Project Area, or (ii) employee health and safety or industrial hygiene, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 7401 et seq.), the Clean Air Act (42 U.S.C. Section 401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.) and the Emergency Planning and Community Right-To-Know Act (42 U.S.C. Section 11001 et seq.), each as the same may be amended and supplemented and interpreted through regulations.

“Environmental Liabilities and Costs” shall mean, as to any Person, all liabilities, obligations, responsibilities, remedial actions, losses, damages, punitive damages, consequential damages, treble damages, contribution, cost recovery, costs and expenses (including all fees, disbursements and expenses of counsel, expert and consulting fees, and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand, by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, permit, order or agreement with any Federal, state or local governmental authority or other Person, arising from environmental, health or safety conditions, or the release or threatened release of a contaminant, pollutant or Hazardous Material into the environment, resulting from the operations of such Person or its subsidiaries, or breach of any Environmental Law or for which such Person or its subsidiaries is otherwise liable or responsible.

“Event of Default” shall have the meaning set forth in Section 7.01 hereof.

“Fiscal Year” shall mean, with respect to the Borrower, each year ending June 30.

“Funding Requirement” shall mean an amount equal to the amount of accrued and unpaid interest due on each Interest Payment Date.

“Hazardous Materials” shall mean any flammable explosive, corrosive, radioactive or toxic materials, wastes or substances regulated under Environmental Laws, including, without limitation, any substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” hazardous materials,” or “toxic substances” under any applicable Environmental Laws.

“Increased Cost Certificate” shall have the meaning ascribed to such term in Section 2.05(b) hereof.

“Interest Payment Date” shall mean each June 1st and December 1, commencing December 1, 2001 and ending June 1, 2003.

“Loan” shall have the meaning ascribed to such term in Section 2.01 hereof.

"1992B Bonds" shall mean the Borrower's \$17,615,000 Central Redevelopment Project, Project Area No. 1, Tax Allocation Refunding Bonds, Issue of 1992B of which \$8,395,000 is currently outstanding authorized to be issued pursuant to the 1992B Indenture.

"1992B Indenture" shall mean the Indenture of Trust dated as of March 1, 1992 between the Borrower and Security Pacific National Bank, as trustee and any similar indenture relating to any tax allocation bonds of the Borrower issued to refund the 1992 Senior Lien Bonds.

"Senior Lien Bonds" shall mean the 1992B Bonds, the 1998A Bonds and 1998B Bonds and any tax allocation bonds of the Borrower issued for the purpose of refunding such bonds.

"Trustee" shall mean the Trustee under the 1992B Indenture and the 1998A Indenture, including all successors, assigns and transferees and any trustee appointed under any indenture relating to any tax allocation bonds of the Borrower issued to refund the Senior Lien Bonds.

"1998 Indenture" shall mean the Indenture of Trust dated as of May 1, 1998 between the Borrower and U.S. Bank Trust National Association ("U.S. Bank"), as trustee relating to \$20,585,000 Central Redevelopment Project, Project Area No. 1 Subordinate Tax Allocation Refunding Bonds, Issue of 1998A and the \$15,160,000 Central Redevelopment Project, Project Area No. 1 Subordinate Tax Allocation Refunding Bonds, Issue of 1998B.

"1998 Bonds" shall mean the Borrower's \$20,585,000 Central Redevelopment Project, Project Area No. 1 Subordinate Taxable Tax Allocation Refunding Bonds, Issue of 1998A authorized to be issued pursuant to the 1998 Indenture of which \$19,645,000 is currently outstanding and the \$15,160,000 Central Redevelopment Project, Project Area No. 1 Subordinate Tax Allocation Refunding Bonds, Issue of 1998B authorized to be issued pursuant to the 1998 Indenture of which \$13,595,000 is currently outstanding.

"Note" shall have the meaning ascribed to such term in Section 2.01 hereof.

"Pass-Through Agreements" shall mean those certain agreements entitled, respectively, The Monrovia Redevelopment Agency Pass-Through Agreement with the Flood Control District of Los Angeles County, County of Los Angeles, dated July 24, 1990, The Monrovia Redevelopment Agency Pass-Through Agreement with the Monrovia Unified School District, dated March 15, 1990, and The Monrovia Redevelopment Agency Pass-Through Agreement with the Citrus Community College District, dated May 1, 1990 (copies of which are on file in the office of the Secretary of the Borrower).

"Paying Agent" shall mean _____.

"Pledged Revenues" shall mean that portion of Tax Revenues available as surplus under the 1998 Indenture.

"Prime Rate" shall mean the rate designated by the Bank from time to time as its prime rate. The Prime Rate is determined as a means of pricing for United States based customers and is not directly fixed to any external rate of interest or index nor is it

necessarily the lowest rate of interest charged by the Bank at any given time for any particular class of customers or credit extensions. Each change in the Prime Rate shall be effective as of the opening of business on the effective date of each change in the Prime Rate.

"Principal Payment Date" shall mean June 1, 2003.

"Project Area" shall mean the area designated for a redevelopment project as described in the Redevelopment Plan.

"Redeployment Cost" shall have the meaning ascribed to such term in Section 2.04 hereof.

"Redevelopment Law" shall have the meaning ascribed to such term in Recital A.

"Redevelopment Plan" shall have the meaning ascribed to such term in Recital B.

"Reinvestment Rate" shall have the meaning ascribed to such term in Section 2.04 hereof.

"Senior Obligations" shall mean the Senior Lien Bonds and any tax allocation bonds of the Borrower issued for the purpose of refunding the Senior Lien Bonds.

"State" shall mean the State of California.

"Tax Revenues" shall have the meaning provided in Section 1.2 of the 1998 Indenture.

"Transaction Documents" shall mean, collectively, this Agreement, the Note, 1992B Indenture and 1998 Indenture, all agreements, instruments or certificates of the Borrower in connection with the foregoing, and all other agreements, instruments or certificates of the Borrower contemplated thereby or related thereto.

"Zions Bank Fund" shall mean the fund established for the Bank within the Borrower and into which the Borrower agrees to deposit the Pledged Revenues.

SECTION 1.02. Construction. In this Agreement, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Agreement.

(b) The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Agreement refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before the date of execution of this Agreement.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

(d) References herein to particular sections of the Constitution and laws of the State of California or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignations for codification purposes.

ARTICLE II

THE LOAN

SECTION 2.01. The Loan. A loan in the original principal amount of up to EIGHT MILLION SIX HUNDRED THOUSAND DOLLARS (\$8,600,000) (the "Loan"), the proceeds of which shall be used to pay the outstanding principal balance of, the 1998 Loan, together with any and all other amounts due in connection therewith. The Loan shall be evidenced by the promissory note (the "Note") and shall be fully repaid in accordance with the terms thereof by the Principal Payment Date, unless extended or sooner terminated as provided for herein.

SECTION 2.02. Making the Loan. The Loan shall be made on or before June 1, 2001, in one (1) disbursement upon at least three (3) Business Days' written notice from the Borrower to the Bank specifying the date on which the transactions contemplated by this Agreement shall close (the "Closing Date"). Upon fulfillment of the applicable conditions set forth herein, the Bank will make the Loan available to the Borrower; provided, however, that the proceeds of the Loan shall be used solely towards the payment of the 1998 Loan. The obligation of the Bank to make the Loan to the Borrower shall be subject to all applicable laws and regulations, and the policy of the Board of Governors of the Federal Reserve System on Reduction of Payments System Risk in effect from time to time ("Applicable Law and Policy"). The Borrower acknowledges that, as a result of Applicable Law and Policy, the transmission of the proceeds of the Loan which the Borrower has requested to be wire-transferred may be significantly delayed.

SECTION 2.03. Interest on the Loan.

(a) The Borrower shall pay interest on the unpaid principal amount of the Loan from the date the proceeds thereof are made available to the Borrower until the same is paid in full at a rate per annum equal to 6.90 percent (6.90%). Overdue principal and, to the extent permitted by law, overdue interest in respect of the Loan shall bear interest at a rate per annum equal to the Default Rate.

(b) Interest on the Loan shall be payable in arrears semiannually on each Interest Payment Date, upon any prepayment, at maturity (whether by acceleration or otherwise) and, after such maturity, on demand; provided, however, interest calculated at the Default Rate shall be payable on demand. Interest on the Loan shall be calculated on the basis of a 360 day year and twelve (12) months, each comprised of thirty (30) days; provided, however, that interest calculated at the Default Rate shall be calculated on the basis of a 360 day year and actual number of days elapsed.

SECTION 2.04. Prepayment. At any time prior to the date the Loan is due in full, the Borrower shall have the right to prepay the Note in whole or in part, provided that: (i) the Borrower shall give the Bank not less than thirty (30) days, prior written notice of the Borrower's intent to prepay, which notice shall specify the date (which shall be a Business Day) of the proposed prepayment; and (ii) the Borrower shall pay the Bank all accrued and unpaid interest on the outstanding principal amount of the Note and all other sums then due and payable under this Agreement without penalty.

SECTION 2.05. Fees and Other Payments.

(a) The Borrower hereby agrees to pay to the Bank:

(i) On or before the Closing Date, a loan origination fee in an amount equal to \$43,000.00.

(ii) On demand from time to time by the Bank, an amount equal to all reasonable costs and expenses (including attorneys' fees and expenses) incurred by the Bank in connection with the exercise or waiver of any of the Bank's discretionary rights under this Agreement or the Note;

(iii) On demand from time to time by the Bank, an amount equal to all reasonable third-party out-of-pocket costs and expenses (including attorneys' fees and expenses) incurred by the Bank relative to the Loan or the enforcement or preservation of any rights of the Bank under the Loan or the Transaction Documents; and

(iv) On demand from time to time by the Bank, interest, at the Default Rate on any and all amounts unpaid by the Borrower when due under this Agreement or the Note, but in no event shall such rates exceed the maximum rate of nonusurious interest allowed from time to time by law, as is now or, to the extent allowable by law, as hereinafter may be in effect, to be paid by the Borrower.

(b) If the requirements of any United States, Utah or New York law or regulation which applies to the Bank or the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof or the enactment of any law or regulation which applies to the Bank shall:

(i) subject the Bank to any tax with respect to loan agreements or commitments or participations therein (other than any tax on the overall net income of the Bank no matter in what jurisdiction); or

(ii) change the basis of taxation of payments to the Bank hereunder or under the Note (other than any tax on the overall net income of the Bank no matter in what jurisdiction); or

(iii) impose, modify or deem applicable any reserve, special deposit or similar requirement against loan agreements or commitments entered into by the Bank; or

(iv) impose on the Bank any other condition regarding loan agreements or commitments (including this Agreement or participations therein);

and the result of any such case set forth in paragraphs (i) through (iv) above shall be to increase the cost to the Bank of making or continuing the Loan or commitment hereunder or participating therein (which increase in cost shall be the result of the Bank's reasonable allocation of the aggregate of such cost increases resulting from such events) or to reduce the amount of any payment received or receivable by the Bank or to require the Bank to make any payment; or

(v) if the Bank shall determine that any applicable law, rule or regulation regarding capital maintenance, capital ratios or other similar requirements against loan

agreements or commitments entered into by the Bank (including, without limitation, the issuance of any final rule or regulation), or any change therein, or any change in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by the Bank with any request or directive or guideline regarding capital maintenance, capital ratios or other similar requirements against loan agreements or commitments entered into by the Bank (whether or not having the force of law) of any such governmental authority, has or would have the effect of reducing the rate of return on the Bank's capital (after giving effect to all applicable taxes on net income no matter what the jurisdiction and taking into consideration the Bank's policies with respect to capital adequacy);

then and in every such case set forth in paragraphs (i) through (v) above:

(1) the Bank shall promptly notify the Borrower in writing of the happening of such event;

(2) the Bank shall promptly deliver to the Borrower a certificate of the Bank (an "Increased Cost Certificate") stating the event which has occurred or the reserve or requirements or other conditions which have been imposed on the Bank or the request, directive, guideline or requirement with which it has complied, together with the date thereof and the amount (based upon the Bank's reasonable policies as to the allocation of capital and costs, as applicable) of such increased cost, reduction or payment for one or more periods ending not later than the date of such Increased Cost Certificate; and

(3) the Borrower shall pay within 10 days after demand therefor or such amount or amounts as will compensate the Bank or for such additional cost, reduction or payment.

The Increased Cost Certificate of the Bank as to the additional amounts payable pursuant to this Section 2.05(b) delivered to the Borrower shall, in the absence of manifest error, be conclusive of the amount thereof. The protection of this Section 2.05(b) shall be available to the Bank regardless of any possible contention of invalidity or inapplicability of the law, regulation or condition which has been imposed. In the event that any such law, regulation or condition is subsequently held to be invalid or inapplicable and the result thereof is to eradicate any such additional cost, reduction or payment, the Bank shall promptly pay to the Borrower an amount equal to the amount of compensation paid by the Borrower to the Bank for its account as a result of such invalid or inapplicable law, regulation or condition.

(c) The Borrower agrees to pay, on demand from time to time by the Bank, all reasonable costs and expenses incurred by the Bank in connection with the preparation, issuance, delivery, filing and recording, as the case may be, of any of the Transaction Documents and any other documents which may be delivered in connection with any of the foregoing, including, without limitation, the reasonable fees and expenses of counsel for the Bank, in connection with (i) any amendment of this Agreement or the Note, (ii) any review by the Bank of the documents or relative to the Bank's curing of any event of default under any of the Transaction Documents, (iii) the exercise, enforcement or preservation of any rights of the Bank under this Agreement or any of the Transaction Documents, (iv) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from performing any of its obligations hereunder, and (vi) the waiver or amendment of any of the Bank's rights under any of the

Transaction Documents. In addition, the Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of the Transaction Documents, and any other documents which may be delivered in connection with this Agreement, and agree to pay or reimburse the Bank for any and all liabilities incurred by the Bank with respect to or resulting from any delay in paying or omission by the Borrower to pay such taxes and fees; provided, however, that no payment shall be required under this Section 2.05(c) in respect of any cost or expense the Bank has incurred because of its gross negligence or willful misconduct if so determined in a final nonappealable decision by a court of competent jurisdiction.

SECTION 2.06. Security. The obligations of the Borrower under this Agreement, including, without limitation, the Borrower's obligations to make payments hereunder and under the Note, shall be limited obligations of the Borrower and shall be payable solely from the revenues and funds pledged pursuant to this Section 2.06. The Borrower, as security for the payment and performance of all of the obligations of the Borrower under this Agreement and the Note, hereby irrevocably pledges to the Bank, and grants to the Bank an express lien on and security interest in, all right, title and interest of the Borrower in and to the (i) Pledged Revenues (ii) the moneys and securities held in, and all moneys to be deposited in, the Zions Bank Fund segregated and maintained by the Borrower, and (iii) all proceeds of any of the foregoing. The Borrower declares, and the Bank acknowledges and agrees with the Borrower, that the foregoing pledge is and shall be subject and subordinate to the pledges of the Borrower made to secure the payment of the Senior Obligations. This Agreement and the Note are special obligations of the Borrower and are not a debt of the City, the State or any of its political subdivisions and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Borrower nor any persons executing the Note have any personal liability on the Note.

SECTION 2.07. Place of Payment. All payments to be made by the Borrower to the Bank hereunder shall be made in lawful currency of the United States of America and in immediately available funds by wire to the account of: (i) _____ re Monrovia Redevelopment Agency, or (ii) such other address as the Bank may specify from time to time by notice to the Borrower.

SECTION 2.08. Business Days. If the date of any payment or other action required hereunder falls on a day that is not a Business Day, then for all purposes hereunder the same shall be deemed to have fallen on the next following Business Day. The foregoing notwithstanding, at any time when interest is calculated at the Default Rate, if the date of any payment falls on a day that is not a Business Day, then such payment shall become due on the first succeeding day that is a Business Day and interest at the Default Rate shall continue to accrue until the date that such payment is actually made.

SECTION 2.09. Zions Bank Fund. The Borrower shall place the Pledged Revenues pledged to the Bank, limited to the amounts required by the following sentence in a segregated fund maintained by the Borrower. The Borrower shall ensure that Pledged Revenues, in an amount not less than the Funding Requirement for the two next succeeding Interest Payment Dates and, if applicable, the Principal Payment Date occurring in such year, will be deposited in the Zions Bank Fund each year immediately after it honors its obligations to the Senior Obligations and prior to its own use of any Pledged Revenues it receives. The Borrower shall make payments to the Paying Agent five (5) Business Days prior to each Interest Payment Date from the Zions Bank Fund. The Paying Agent will pay the Bank the amount which is required on each Interest Payment Date and the

Principal Payment Date. In the event that less than the Funding Requirement is deposited in the Zions Bank Fund at any time, the Borrower shall place such additional Pledged Revenues, if available, into the Zions Bank Fund as necessary to ensure that the amount is increased to the Funding Requirement. Unless the Bank directs otherwise, the Borrower shall be entitled to invest the monies in the Zions Bank Fund in accordance with the Borrower's investment policies. The Borrower hereby grants the Bank a security interest in and lien upon the bank account constituting the Zions Bank Fund. The Bank hereby acknowledges that any and all surplus Pledged Revenues, being all Pledged Revenues in excess of the annual Funding Requirement in each year are not pledged to the repayment of the Loan and may be used by the Borrower for any lawful purpose.

ARTICLE III

CONDITIONS PRECEDENT

SECTION 3.01. Conditions Precedent to the Loan. The Bank's obligation to make the Loan shall be subject to the conditions precedent that, on or prior to the Closing Date, the Bank shall have received all fees and other amounts that are due and payable to the Bank on or before the Closing Date and the following documents, all in form and substance satisfactory to the Bank:

- (i) executed counterparts of this Agreement and the Note;
- (ii) certified copies of resolutions of the Borrower authorizing the execution and delivery of the Borrower Documents and approving the transactions contemplated thereby;
- (iii) a certificate of an authorized officer of the Borrower, dated the Closing Date, certifying as to such matters as the Bank shall determine, in substantially the form attached hereto as Exhibit B;
- (iv) the opinion of counsel to the Borrower, dated the Closing Date and addressed to the Bank, as to such matters as the Bank reasonably may request, in substantially the form attached hereto as Exhibit C;
- (v) evidence of all filings, notices and recordings, if any, necessary to perfect the liens and security interests created under Section 2.06 of this Agreement; and
- (vi) such other documents, certificates, instruments, opinions, approvals or filings with respect to this Agreement and the other Transaction Documents as the Bank reasonably may request (and, if requested by the Bank, certified duplicates or executed copies thereof).

ARTICLE IV

OBLIGATIONS OF THE BORROWER

SECTION 4.01. Obligations of the Borrower. The obligations of the Borrower under this Agreement shall, subject to the provisions of Section 2.06 hereof, be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including without limitation the following circumstances:

(i) any lack of validity or enforceability of any of the Transaction Documents (other than this Agreement or the Note) or any other agreement or instrument contemplated thereby or related thereto;

(ii) any amendment (which is consented to by the Borrower) or waiver of or any consent to departure from all or any of the documents contemplated hereby;

(iii) the existence of any claim, setoff, defense or other rights which the Borrower may have at any time against the Bank or any other person or entity, whether in connection with the Transaction Documents or any unrelated transaction;

(iv) any breach of contract or other dispute between the Borrower and the Bank or any other person or entity;

(v) any statement or any other document presented under this Agreement proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or

(vi) any delay, extension of time, renewal, compromise or other indulgence or modification granted or agreed to by the Bank, with or without notice to or approval by the Borrower, in respect of any of the Borrower's indebtedness to the Bank under this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE BORROWER

SECTION 5.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) Organization and Powers. The Borrower is a public body corporate and politic duly organized and existing under the laws of the State of California, is authorized to transact business and exercise its power under the constitution and the applicable laws of the State of California, and has full power and authority (i) to issue the Note, (ii) to own or lease its properties, and to carry on its business as now conducted and as contemplated to be conducted in connection with the execution, delivery and performance of its obligations under the Borrower Documents, (iii) to execute, deliver and perform its obligations under the Borrower Documents, and (iv) to make the pledge set forth in Section 2.06 hereof.

(b) Authorization and Absence of Conflicts. The execution, delivery and performance of the Borrower Documents (i) have been duly authorized by all necessary action on the

part of the Borrower, (ii) do not and will not conflict with, or result in a violation of, any provision of law, or any order, writ, rule or regulation of any court or governmental agency or instrumentality binding upon or applicable to the Borrower and (iii) do not and will not conflict with, result in a violation of, or constitute a default under, any resolution, charter, agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property is bound.

(c) Binding Obligation. Each of the Borrower Documents, when executed by the other parties thereto on or before the Closing Date, will be a valid and binding obligation of the Borrower enforceable in accordance with its terms, except to the extent that the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and by equity principles (regardless of whether enforcement is sought at law or in equity).

(d) Governmental Consent or Approval. No consent, approval, permit, authorization or order of, or registration or filing with, any court or governmental agency, authority or other instrumentality not already obtained, given or made is required on the part of the Borrower for the execution, delivery and performance by the Borrower of any of the Borrower Documents.

(e) Absence of Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or the City, questioning the validity of any proceeding taken by the Borrower or the City in connection with the Project Area, the Pledged Revenues or the execution, delivery and performance by the Borrower of the Borrower Documents or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Borrower of any of the foregoing documents or the timely payment to the Borrower of the Pledged Revenues, nor, to the best knowledge of the Borrower, is there any basis therefor, wherein an unfavorable decision, ruling or finding would (i) adversely affect the validity or enforceability of, or the authority or ability of the Borrower to perform its obligations under, the Borrower Documents, (ii) have a material adverse effect on the ability of the Borrower to conduct its business as currently conducted or as proposed or contemplated to be conducted, or (iii) adversely affect the ability of the Borrower to timely receive and apply the Pledged Revenues as contemplated hereby.

(f) No Defaults by the Borrower. The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property is bound, including without limitation the Senior Lien Bonds Indenture, wherein such a default would (i) adversely affect the validity or enforceability of, or the authority or ability of the Borrower to perform its obligations under the Borrower Documents, (ii) have a material adverse effect on the ability of the Borrower to conduct its business as currently conducted or as proposed or contemplated to be conducted, or (iii) adversely affect the ability of the Borrower to timely receive and apply the Pledged Revenues as contemplated hereby.

(g) Other Indebtedness; Contractual Payments. Except for this Agreement, the Note, the Pass-Through Agreements and the Senior Obligations, there are no bonds, notes, evidences of indebtedness or other obligations of the Borrower secured by a pledge of or lien on or security interest in, or payable from, the revenues and other funds pledged to the Bank pursuant to Section 2.06 of this Agreement.

(h) Financial Condition. The annual financial statements of the City and the Borrower for the fiscal years of the City ended June 30, 1998, 1999, and 2000 fairly present the financial condition of the City and the Borrower as of their respective dates and the results of operations of the City and the Borrower for the years then ended, and since June 30, 2000 there has been no material adverse change in the financial condition or results of operations of the City or the Borrower.

(i) Tax Revenues. The reports, projections and other information relating to the Tax Revenues provided or caused to be provided to the Bank by the Borrower are, to the extent such information relates to Tax Revenues previously received, true, accurate and complete, and, to the extent such information relates to Tax Revenues to be received, fair and reasonable projections or estimates of the same based upon the assumptions set forth therein. The Borrower has good and valid title to the Tax Revenues free from any prior lien, charge, claim or security interest other than the liens and security interests of the Bank hereunder and the liens or claims of the holders of the Senior Obligations.

(j) Compliance with Laws. The Borrower has complied with all provisions of applicable law in all matters related to such actions of the Borrower as are contemplated by the Borrower Documents. The Borrower: (i) has complied or will comply in all material respects with all applicable Environmental Laws and all laws regulating or relating to the Borrower's operations and business, and the Borrower has not received (A) notice of any material failure to so comply, (B) any letter or request for information under Section 104 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") or comparable state laws or (C) any information that would lead it to believe that it is the subject of any Federal or state investigation concerning Environmental Laws; (ii) does not manage, generate, transport, discharge or store any Hazardous Materials in material violation of any Environmental Laws; (iii) does not own, operate or maintain any underground storage tanks or surface impoundments; and (iv) is not aware of any conditions or circumstances associated with the Project Area, in each case which may give rise to any Environmental Liabilities and Costs or other legal or statutory liabilities, fines or expenses.

ARTICLE VI

COVENANTS OF THE BORROWER

SECTION 6.01. Affirmative Covenants. So long as any amount is due and owing to the Bank hereunder, the Borrower will, unless the Bank shall otherwise consent in writing:

(a) Delivery of Information, Reports and Opinions. Furnish to the Bank the following: (i) as soon as possible and in any event within two (2) Business Days after the occurrence of each Event of Default or any event or condition that, with the passage of time or the giving of notice or both, would constitute an Event of Default, under this Agreement, a statement of an officer of the Borrower setting forth details thereof and the action which the Borrower proposes to take with respect thereto; (ii) audited financial statements, if any, of the City and Borrower within ten (10) days after the receipt and approval of the same by the City or the Borrower, as the case may be; (iii) a copy of an annual report or statement showing in reasonable detail the Tax Revenues received and applied during such annual period, in a form reasonably satisfactory to the Bank, within ten (10) days after the Borrower's completion or receipt of the same; (iv) as promptly as practicable, written notice to the Bank of all proceedings before any court or governmental authority which, if adversely determined, would materially and adversely affect the ability of the Borrower to pay when due the

principal of or any interest or premium on all bonds, notes or other evidences of indebtedness of the Borrower; (v) as promptly as practicable, written notice to the Bank of all proceedings before any court or governmental authority which, if adversely determined, would adversely affect the ability of the Borrower to pay when due the obligations of the Borrower under this Agreement or the Note; (vi) as promptly as practicable, written notice of any actual modification, extension, amendment, replacement or termination of any law, regulation or ordinance materially affecting Borrower's operation as a Redevelopment Agency or its ability to grant and maintain the Bank's liens as provided in Section 2.06 hereof or, if and to the extent the Borrower has actual knowledge thereof, any proposed such modification, extension, amendment, replacement or termination that has been introduced for consideration in the State legislature; (vi) as promptly as practicable, written notice of the incurring of any indebtedness payable out of the Tax Revenues or which results in a lien against Tax Revenues; and (vii) as promptly as practicable but in no event later than October 31 of any year, a projection of the amount of the Tax Revenues to be received by the Borrower during its current fiscal year.

(b) Payment of Indebtedness. Duly and punctually pay or cause to be paid all principal and interest on the indebtedness of the Borrower payable out of Pledged Revenues legally due and owing to third parties according to the terms thereof, comply with and perform all conditions, terms and obligations of the notes or bonds evidencing such indebtedness and the security agreements, deeds of trust and mortgages securing such indebtedness, and upon being notified of a default or having made a determination not to pay any such indebtedness when due, promptly inform the Bank of any such default, or anticipated default, under any such note, bond, security agreement, deed of trust or mortgage, and forward to the Bank a copy of any notice of default or notice of an event that might result in default under any such note, bond, security agreement, deed of trust or mortgage;

(c) Application of Revenues. So long as any amounts shall be due hereunder, apply all amounts pledged to the Bank and all other amounts from which obligations to the Bank are payable to the payments due to the Bank under this Agreement and the Note, subject to the provisions of the 1992B Indenture and 1998 Indenture, and the rights of the owners of the Senior Obligations.

(d) Inspection of Project Area; Access to Records. At any reasonable time and from time to time, permit the Bank or any of its agents or representatives to examine the books or accounts of the Borrower (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of the Borrower with, and to be advised as to the same by its officers and employees, all at such reasonable times and intervals as the Bank may reasonably request;

(e) Related Covenants. Fully and faithfully perform each of the covenants and agreements required of it pursuant to the provisions of the Borrower Documents;

(f) Recordation of Interest. Forthwith after the execution and delivery of this Agreement and thereafter from time to time execute such financing and continuation statements as may be required by law in order to fully perfect and protect any lien and security interest created hereby and from time to time perform or cause to be performed any other act as provided by law and execute any and all continuation statements and further instruments that may be requested or required by the Bank for such perfection and protection. The Borrower will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution, and acknowledgment of such instruments of further assurance,

and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Agreement and such instruments of further assurance;

(g) Further Action. At any and all times, insofar as it may be authorized to do so by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, recordings, filings, transfers and assurances as may be necessary or reasonably desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, revenues and other funds pledged or assigned to the payment of the amounts due hereunder and under the Note, or intended so to be;

(h) Compliance with Laws. Comply in all material respects with all applicable (A) laws (including, without limitation, Environmental Laws), rules, regulations, writs, decrees and orders of all Federal, state, local or foreign courts or governmental agencies, authorities, instrumentalities or regulatory bodies and (B) rules, regulations and requirements necessary to conduct its operations;

(i) Environmental Laws. Deliver promptly to the Bank any notice of: (i) any material enforcement, clean-up, removal or other material governmental or regulatory actions instituted, completed or, to the Borrower's best knowledge, threatened with respect to any of the Borrower's properties or, if and to the extent the Borrower has actual knowledge thereof the Project Area or any portion thereof pursuant to any Environmental Laws; (ii) all material Environmental Liabilities and Costs against or in respect of any of the Borrower's properties or, if and to the extent the Borrower has actual knowledge thereof the Project Area or any portion thereof; and (iii) the Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of any of the Borrower's properties or, if and to the extent the Borrower has actual knowledge thereof the Project Area that the Borrower has reason to believe could cause such properties or the Project Area, or any material part thereof, to be subject to any material restrictions on its ownership, occupancy, transferability or use under any Environmental Laws.

(j) Use of Proceeds. Use the proceeds of the Loan only as set forth in Section 2.01 hereof; and not directly or indirectly to purchase or carry any margin stock, as defined from time to time by the Board of Governors of the Federal Reserve System in Federal Regulation U.

(k) Maintenance of Pledged Revenues. Comply with all requirements of law to facilitate receipt by the Bank of Pledged Revenues pledged by the Borrower pursuant to, and in the amounts contemplated by, this Agreement. The Borrower will not enter into any agreement with any Person which would have the effect of reducing the amount of such Pledged Revenues available for payment of the Loan.

SECTION 6.02. Negative Covenants. So long as any amount is due and owing to the Bank hereunder or under the Note, unless the Bank otherwise shall consent in writing, the Borrower agrees not to:

- (a) Amend, supplement or terminate any of the Borrower Documents;
- (b) Other than Senior Obligations, issue any indebtedness which would be secured on a senior or parity lien basis by any pledge of or security interest in the security pledged with respect to this Agreement and the Note (or any refinancing thereof);

(c) Excepting only subordinate (to the Loan) or unsecured pass-through agreements, enter into any new Pass-Through Agreement;

(d) Do anything that would impair the availability of Pledged Revenues in an amount sufficient to pay Note when due and payable;

(e) Except as permitted pursuant to Section 2.09, deduct any amount from the Pledged Revenues for the payment of the Borrower's fees, costs and expenses or for any other purpose.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01. Events of Default. The occurrence of any of the following events shall be an "Event of Default" hereunder unless waived by the Bank pursuant to Section 10.02 hereof:

(a) the Borrower shall fail to pay when due any amount specified under the terms of this Agreement, including, without limitation, amounts due under the Note;

(b) any representation or warranty made by the Borrower pursuant to Section 5.01 hereof, or any certification made by the Borrower hereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(c) the Borrower shall fail to perform or observe any term, covenant or agreement contained in Sections 6.01(a)(i) or 6.02 hereof;

~~(d) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement (other than those specifically referenced in Section 7.01(a), (b) and (c) above) and such failure shall remain unremedied for thirty (30) days after written notice thereof shall have been given to the Borrower by the Bank;~~

(e) An "Event of Default" under the 1992B Indenture and the 1998 Indenture, shall have occurred and be continuing;

(f) an event of default under any indebtedness of the Borrower payable out of the Pledged Revenues from time to time outstanding, including, without limitation, the Senior Obligations, shall have occurred and be continuing;

(g) any material provision of this Agreement shall at any time for any reason cease to be valid and binding on the Borrower, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Borrower or any governmental agency or authority, and the happening of the events heretofore set forth in this subsection (h) shall materially and adversely affect the Bank's rights under this Agreement, or the Borrower shall deny that it has any or further liability or obligation under this Agreement;

(h) the Bank shall fail to have a valid and enforceable first priority perfected security interest pursuant to Section 2.06 hereof, subject only to the security interests created under the 1992B Indenture and the 1998 Indenture; or

- (i) an Act of Bankruptcy.

ARTICLE VIII

RIGHTS AND REMEDIES

SECTION 8.01. Rights and Remedies.

(a) Defaults Under This Agreement. Upon the occurrence of an Event of Default hereunder, or at any time thereafter while such default continues, the Bank, in its sole discretion, may do any one or more of the following:

- (i) send notice of such Event of Default to the Borrower;
- (ii) declare the Note and all other amounts due hereunder to be immediately due and payable;
- (iii) exercise any rights and remedies available to it by law under this Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Modification of Agreement. No modification or waiver of any provision of this Agreement, and no consent to any departure by the Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Bank and, in the case of any such modification, the Borrower. Any such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to or any other or further notice or demand in the same, similar or other circumstances.

SECTION 9.02. Waiver of Rights by the Bank; Remedies. No course of dealing or failure or delay on the part of the Bank in exercising any right, power or privilege hereunder or under the Note shall operate as a waiver hereof or thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. The rights of the Bank under the Note and the rights of the Bank under this Agreement are cumulative and not exclusive of any rights or remedies which the Bank would otherwise have.

SECTION 9.03. Notices. All notices, requests and other communications hereunder shall be in electronic, telephonic or written (including bank wire, telegram, telecopier, telex or similar writing) form and shall be given to the party to whom addressed, at its address or telephone, telecopier or telex number set forth below, or such other address or telephone, telecopier or telex number as such party may hereafter specify for the purpose by notice to the other parties listed below. Each such notice, request or communication shall be effective (i) if given by telephone, telex, telecopy or electronic means, when such communication is transmitted to the address specified below and the appropriate answer is received, (ii) if given by mail, three (3) days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified below.

If to the Borrower:

Monrovia Redevelopment Agency
415 South Ivy Avenue
Monrovia, California 91016
Attention: Executive Director
Telephone: (626) 359-8707
Facsimile No.: (626) 359-8507

If to the Bank:

Zions Bank
One South Main, Suite 1390
Salt Lake City, Utah 84111
Attention: Public Financial Services
Telephone: () _____
Facsimile No.: () _____

SECTION 9.04. Indemnification. In addition to other amounts payable by the Borrower under this Agreement, the Borrower hereby agrees, to the fullest extent permitted by applicable law, to protect, defend, indemnify and hold harmless the Bank, each Bank Participant and their respective directors, officers, employees, agents, counsel, successors and assigns (each, an "Indemnitee") from and against any and all claims, demands, judgments, damages, actions, injuries, losses, liabilities, penalties, costs, charges and expenses whatsoever which any indemnitee may incur (or which may be claimed against any indemnitee by any person or entity whatsoever), including, without limitation, the fees and expenses of counsel for any Indemnitee, by reason of or in connection with any breach by the Borrower of any representation, warranty, covenant, term or condition in, or the occurrence of any default under, this Agreement, the Note or any other Transaction Document (other than a breach or default with respect to any payment obligation of the Borrower under Article II hereof that results from any action, inaction, condition or circumstance reasonably beyond the control of the Borrower), including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default; provided that the Borrower is not obligated to indemnify any Indemnitee against any of the foregoing caused by the negligence or willful misconduct of any Indemnitee, provided, however, that any such breach or default shall be deemed to have occurred only after the giving of notice thereof to the Borrower and the failure of the Borrower to cure such breach or default within thirty (30) days after such notice. The indemnification in this Section 9.04 is in addition to the Borrower's limited obligations contained in Article 11 hereof. The indemnification obligations in this Section 9.04 shall survive the termination of this Agreement.

SECTION 9.05. Satisfaction Requirement. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to the Bank, the determination of such satisfaction shall be made by the Bank in its sole and exclusive judgment exercised in good faith.

SECTION 9.06. Governing Law. THIS AGREEMENT AND THE NOTE SHALL BE CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHT OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

SECTION 9.07. Waiver of Jury Trial. The Borrower hereby waives trial by jury in any litigation in any court with respect to, in connection with, or arising out of this Agreement or the Note or any instrument or document delivered pursuant to this Agreement or the Note, or the validity, protection, interpretation, collection or enforcement thereof, or any other claim or dispute howsoever arising, between the Borrower and the Bank.

SECTION 9.08. Jurisdiction. The parties hereto hereby irrevocably consent to the jurisdiction of the Courts of the State of California and of any Federal Court located in the Central District of California and agree that venue in each of such Courts is proper in connection with any action or proceeding arising out of or relating to this Agreement, the other Transaction Documents, or any document or instrument delivered pursuant to this Agreement or the other Transaction Documents. The Bank may serve process in the manner provided for giving notices in Section 9.03 hereof.

SECTION 9.09. Survival of Agreement. All covenants, agreements, representations and warranties made in this Agreement shall continue in full force and effect so long as any sums due hereunder or under the Note shall be outstanding and unpaid, regardless of any investigation made by any person and so long as any amount payable hereunder or under the Note remains unpaid. Whenever in this Agreement the Bank is referred to, such reference shall be deemed to include the successors and assigns of the Bank, and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank and each Bank Participant. The rights and duties of the Borrower, however, may not be assigned or transferred, except as specifically provided in this Agreement or with the prior written consent of the Bank, and all obligations of the Borrower hereunder shall continue in full force and effect notwithstanding any assignment by the Borrower of any of its rights or obligations under any of the Transaction Documents or any entering into or consent by the Borrower to any supplement or amendment to any of the Transaction Documents. The rights and duties of the Bank hereunder may not be assigned or transferred, except as specifically provided in this Agreement or with the prior written consent of the Borrower.

SECTION 9.10. Severability. The provisions of this Agreement shall be deemed severable. If any part of this Agreement shall be held unenforceable, by any court of competent jurisdiction, the remainder shall remain in full force and effect, and such unenforceable provision shall be reformed by such court so as to give maximum legal effect to the intention of the parties as expressed therein.

SECTION 9.11. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 9.12. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

THIS AGREEMENT CONTAINS A WAIVER OF TRIAL BY JURY. SEE SECTION 9.07 HEREOF.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in counterparts by their respective officers thereunto duly authorized as of the date first above written.

MONROVIA REDEVELOPMENT AGENCY

Borrower

By: _____
Name: Donald R. Hopper
Title: Executive Director

ATTEST:

Name: Linda B. Proctor
Title: Secretary

ZIONS BANK

Bank

By: _____
Name:
Title:

EXHIBIT A
FORM OF
PROMISSORY NOTE

\$8,600,000.00

May __, 2001

FOR VALUE RECEIVED, the undersigned (the "Borrower") hereby promises to pay to the order of ZIONS BANK (the "Bank"), or assigns, the sum of Eight Million Six Hundred Thousand Dollars (\$8,600,000) or so much thereof as from time to time may be loaned to the Borrower pursuant to the Loan Agreement, dated as of May __, 2001 (the "Agreement") , between the Borrower and the Bank, and to pay interest (calculated as provided in the Agreement) on such sum or the portion thereof from time to time outstanding hereunder at the rate described below.

The outstanding principal amount of the Loan shall be payable on June 1, 2003. Subject to the terms hereof, Borrower will pay interest on the principal amount of the Loan at the per annum rate of 6.90%, calculated as set forth in the Agreement. Interest on each Loan shall be payable in arrears semiannually on each Interest Payment Date (as defined in the Agreement), upon any prepayment, at maturity (whether by acceleration or otherwise) and, after such maturity, on demand. This Promissory Note is subject to acceleration upon the occurrence of certain events as provided in the Agreement.

The Borrower shall have the right to prepay this Promissory Note in accordance with the Agreement.

All payments of principal of, and interest on, this Promissory Note shall be payable in immediately available funds at the address of the Bank specified in the Agreement, or at such other place as the Bank, from time to time, in writing may require, and shall be made in any coin or currency of the United States of America as, at the respective times of such payments, shall be legal tender for the payment of public and private debts.

This Promissory Note is not negotiable and may not be assigned without the prior written consent of the Borrower.

All payments hereon shall be applied first, to accrued interest then payable; and second, to the principal amount of the Loan in chronological order of principal amortization.

Any unpaid payments of principal or interest on this Promissory Note shall bear interest from their respective maturities, whether scheduled or accelerated, at a fluctuating rate per annum at all times equal to the Prime Rate, as defined in the Agreement, plus 3%, until paid in full, whether before or after judgment (the "Default Rate"). The Default Rate shall be calculated as set forth in the Agreement. Borrower will pay such interest on demand.

This Promissory Note is issued under, is subject to the terms and conditions of and is secured by the Agreement. All definitions, terms, conditions, rights and provisions set forth in the Agreement are hereby incorporated herein in their entirety. The holder hereof is entitled to the benefits of the Agreement. The obligations of the Borrower under this Promissory Note are limited

obligations of the Borrower and are payable solely from the revenues and other funds referred to and provided for in the Agreement.

The Borrower hereby waives presentment, demand, protest, notice of protest or other notice of dishonor of any kind or of non-payment of this Promissory Note, and promises to pay all reasonable costs of collection when incurred, including reasonable attorneys' fees. No extension of the time for the payment of this Promissory Note or any installment hereof made by agreement with any person now or hereafter liable for the payment of this Promissory Note shall operate to release or discharge the original liability under this Promissory Note, either in whole or in part, of the Borrower.

Borrower shall reimburse the Bank for all costs and expenses, including without limitation reasonable attorneys' fees, expended or incurred by the Bank in any arbitration, judicial reference, legal action or otherwise in connection with (a) the negotiation, preparation, amendment and enforcement of the Transaction Documents, including without limitation during any workout, attempted workout, and/or in connection with the rendering of legal advice as to the Bank's rights, remedies and obligations under the Transaction Documents, (b) collecting any sum which becomes due the Bank under any Transaction Document, (c) any proceeding for declaratory relief, any counterclaim to any proceeding, or any appeal, or (d) the protection, preservation or enforcement of any rights or remedies of the Bank.

THIS PROMISSORY NOTE IS TO BE CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. THIS PROMISSORY NOTE IS NEGOTIABLE EXCEPT THAT PRIOR TO ANY TRANSFER THEREOF, THIS NOTE REQUIRES THE CONSENT OF THE AGENCY (AS DEFINED IN THE AGREEMENT).

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Promissory Note exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California.

IN WITNESS WHEREOF, the Borrower has caused this Promissory Note to be duly executed and delivered by its officers thereunto duly authorized as of the date set forth below.

Dated: May 2, 2001

MONROVIA REDEVELOPMENT AGENCY

By: _____
Name:
Title:

ATTEST:

Name:
Title:

EXHIBIT B

**FORM OF
CLOSING CERTIFICATE OF BORROWER**

I, the undersigned, _____, DO HEREBY CERTIFY to Zions Bank (the "Bank") that:

1. I am the duly qualified and the acting Executive Director of the Monrovia Redevelopment Agency (the "Borrower")

2. The name and true signature of the officers of the Borrower authorized to sign the Loan Agreement, dated as of May __, 2001 (the "Agreement"), between the Borrower and the Bank and the other documents to be delivered by the Borrower under the Agreement, are as follows:

Name	Signature	Title
_____	_____	_____
_____	_____	_____

3. The representations and warranties of the Borrower set forth in Section 5.01 of the Agreement and in the other Transaction Documents are true and correct as of the date hereof as though made on and as of the date hereof.

4. No event has occurred and is continuing, or would result directly or indirectly from the execution and delivery of the Agreement, which constitutes an Event of Default under the Agreement or which would constitute such an Event of Default, but for the requirement that notice be given or time elapse, or both.

5. No "event of default" (however defined or designated) has occurred under any of the Transaction Documents, and no event has occurred and is continuing which would constitute such an event of default, but for the requirement that notice be given or time elapse, or both.

6. All conditions precedent to making the Loan set forth in Section 3.01 of the Agreement have been satisfied by the Borrower.

7. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Borrower on
May __, 2001.

MONROVIA REDEVELOPMENT AGENCY

By: _____
Name:
Title:

I, the undersigned, _____, DO HEREBY CERTIFY to Zions Bank that
_____ is the Executive Director of Monrovia Redevelopment Agency and that his/her true
signature is as follows:

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Borrower on
May __, 2001.

MONROVIA REDEVELOPMENT AGENCY

By: _____
Name:
Title:

EXHIBIT C

**FORM OF OPINION OF
COUNSEL TO BORROWER**

May __, 2001

Zions Bank
One South Main, Suite 1390
Salt Lake City, Utah 84111

Ladies and Gentlemen:

We have acted as counsel to the Monrovia Redevelopment Agency (the "Borrower") in connection with the execution and delivery of the Loan Agreement, dated as of May __, 2001 (the "Loan Agreement"), by and between the Borrower and Zions Bank (the "Bank"). Capitalized terms not otherwise defined shall have the meaning given thereto in the Loan Agreement.

In the preparation of this opinion, we have examined originals or photostatic or certified copies of such certificates, agreements, documents and other papers, and have made such inquiries and investigations of law, as we have deemed appropriate and necessary for the opinion hereinafter set forth. As to certain matters of fact material to the opinions expressed herein, we have relied upon certificates of various corporate officers of the Borrower and other public officials, which are attached hereto as Exhibit A. We have assumed the accuracy of the factual matters contained therein.

Based upon the foregoing, we are of the opinion that:

1. The Borrower is a political subdivision duly organized and existing under the laws of the State of California and is authorized to transact business and exercise its power under the applicable laws of the State of California and has full power and authority (i) to own or lease its properties and to carry on its business as now conducted and in connection with the execution, delivery and performance of its obligations under the Borrower Documents, (ii) to execute, deliver and perform its obligations under the Borrower Documents, and (iii) to provide for the security of the Loan Agreement and the Note.

2. The Borrower Documents have been duly authorized, executed and delivered and each constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, preference, equitable subordination, moratorium, bulk sales, marshaling statutes or laws or similar laws affecting the enforcement of creditors rights generally.

3. The execution and delivery of the Borrower Documents and the performance by the Borrower of its obligations thereunder (i) do not and will not conflict with, or result in a violation of, any provision of law binding upon or applicable to the Borrower, or any order, writ, rule or regulation of any court or governmental authority or instrumentality binding upon or applicable to

the Borrower, and (ii) do not and will not conflict with, result in a violation of, or constitute a default under, any resolution, indenture, agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property is bound.

4. No consent, approval, permit, authorization or order of, or registration or filing with, any court or governmental agency, authority or other instrumentality not already obtained, given or made is required on the part of the Borrower for the execution, delivery and performance by the Borrower of any of the Borrower Documents.

5. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or threatened against or affecting the Borrower, questioning the validity of any proceeding taken or to be taken by the Borrower in connection with the Project Area, the Tax Revenues or the execution, delivery and performance by the Borrower of the Borrower Documents or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Borrower of any of the foregoing, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would (i) adversely affect the validity or enforceability of, or the authority or ability of the Borrower to perform its obligations under, the Borrower Documents or (ii) have a material adverse affect on the ability of the Borrower to conduct its business as currently conducted or as proposed or contemplated to be conducted.

6. The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property is bound, wherein such a default would (i) materially adversely affect the validity or enforceability of, or the authority or ability of the Borrower to perform its obligations under, the Borrower Documents or (ii) would have a material adverse affect on the ability of the Borrower to conduct its business as currently conducted or as proposed or contemplated to be conducted.

7. The Borrower has complied in all material respects with all provisions of applicable laws in all matters related to such actions of the Borrower as are contemplated by the Borrower Documents.

8. Except for the Loan Agreement, the Note, the 1992 Senior Lien Bonds and the 1998 Senior Lien Bonds, there are no bonds, notes, evidences of indebtedness or other obligations of the Borrower secured by a pledge of or lien on or security interest in, or payable from, the revenues and other funds pledged to the Bank pursuant to the Loan Agreement.

Very truly yours,

PROMISSORY NOTE

\$8,600,000.00

May __, 2001

FOR VALUE RECEIVED, the undersigned (the "Borrower") hereby promises to pay to the order of ZIONS BANK (the "Bank"), or assigns, the sum of Eight Million Six Hundred Thousand Dollars (\$8,600,000) or so much thereof as from time to time may be loaned to the Borrower pursuant to the Loan Agreement, dated as of May __, 2001 (the "Agreement"), between the Borrower and the Bank, and to pay interest (calculated as provided in the Agreement) on such sum or the portion thereof from time to time outstanding hereunder at the rate described below.

The outstanding principal amount of the Loan shall be payable on June 1, 2003. Subject to the terms hereof, Borrower will pay interest on the principal amount of the Loan at the per annum rate of 6.90%, calculated as set forth in the Agreement. Interest on each Loan shall be payable in arrears semiannually on each Interest Payment Date (as defined in the Agreement), upon any prepayment, at maturity (whether by acceleration or otherwise) and, after such maturity, on demand. This Promissory Note is subject to acceleration upon the occurrence of certain events as provided in the Agreement.

The Borrower shall have the right to prepay this Promissory Note in accordance with the Agreement.

All payments of principal of, and interest on, this Promissory Note shall be payable in immediately available funds at the address of the Bank specified in the Agreement, or at such other place as the Bank, from time to time, in writing may require, and shall be made in any coin or currency of the United States of America as, at the respective times of such payments, shall be legal tender for the payment of public and private debts.

This Promissory Note is not negotiable and may not be assigned without the prior written consent of the Borrower.

All payments hereon shall be applied first, to accrued interest then payable; and second, to the principal amount of the Loan in chronological order of principal amortization.

Any unpaid payments of principal or interest on this Promissory Note shall bear interest from their respective maturities, whether scheduled or accelerated, at a fluctuating rate per annum at all times equal to the Prime Rate, as defined in the Agreement, plus 3%, until paid in full, whether before or after judgment (the "Default Rate"). The Default Rate shall be calculated as set forth in the Agreement. Borrower will pay such interest on demand.

This Promissory Note is issued under, is subject to the terms and conditions of and is secured by the Agreement. All definitions, terms, conditions, rights and provisions set forth in the Agreement are hereby incorporated herein in their entirety. The holder hereof is entitled to the benefits of the Agreement. The obligations of the Borrower under this Promissory Note are limited obligations of the Borrower and are payable solely from the revenues and other funds referred to and provided for in the Agreement.

The Borrower hereby waives presentment, demand, protest, notice of protest or other notice of dishonor of any kind or of non-payment of this Promissory Note, and promises to pay all reasonable costs of collection when incurred, including reasonable attorneys' fees. No extension of the time for the payment of this Promissory Note or any installment hereof made by agreement with any person now or hereafter liable for the payment of this Promissory Note shall operate to release or discharge the original liability under this Promissory Note, either in whole or in part, of the Borrower.

Borrower shall reimburse the Bank for all costs and expenses, including without limitation reasonable attorneys' fees, expended or incurred by the Bank in any arbitration, judicial reference, legal action or otherwise in connection with (a) the negotiation, preparation, amendment and enforcement of the Transaction Documents, including without limitation during any workout, attempted workout, and/or in connection with the rendering of legal advice as to the Bank's rights, remedies and obligations under the Transaction Documents, (b) collecting any sum which becomes due the Bank under any Transaction Document, (c) any proceeding for declaratory relief, any counterclaim to any proceeding, or any appeal, or (d) the protection, preservation or enforcement of any rights or remedies of the Bank.

THIS PROMISSORY NOTE IS TO BE CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. THIS PROMISSORY NOTE IS NEGOTIABLE EXCEPT THAT PRIOR TO ANY TRANSFER THEREOF, THIS NOTE REQUIRES THE CONSENT OF THE AGENCY (AS DEFINED IN THE AGREEMENT).

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Promissory Note exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California.

IN WITNESS WHEREOF, the Borrower has caused this Promissory Note to be duly executed and delivered by its officers thereunto duly authorized as of the date set forth below.

Dated: May __, 2001

MONROVIA REDEVELOPMENT AGENCY

By: _____
Name: Donald R. Hopper
Title: Executive Director

ATTEST:

Name: Linda B. Proctor
Title: Secretary