

AGREEMENT RE: DEBT SERVICE SAVINGS

AND

SALES TAX GUARANTEE

by and between

REDEVELOPMENT AGENCY FOR THE CITY OF WEST COVINA,

"AGENCY,"

and

CENTERMARK PROPERTIES OF WEST COVINA, INC.,

"DEVELOPER"

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**AGREEMENT RE DEBT SERVICE SAVINGS
AND
SALES TAX GUARANTEE**

THIS AGREEMENT RE: DEBT SERVICE SAVINGS AND SALES TAX GUARANTEE (this "Agreement") is entered into as of June 27, 1996, but effective as of the "Effective Date" (as hereinafter defined) by and between **CENTERMARK PROPERTIES OF WEST COVINA, INC.**, a Delaware corporation (the "Developer"), and the **REDEVELOPMENT AGENCY FOR THE CITY OF WEST COVINA**, a public body corporate and politic (the "Agency").

RECITALS

A. Developer and Agency are Parties to the Original OPA as amended by the First Amendment, the Second Amendment and the Third Amendment (as such agreements are hereinafter defined).

B. Pursuant to Article IV of the Existing OPA (as hereinafter defined), Agency issued the Bonds (as hereinafter defined).

C. Currently, the Agency is attempting to refund the Bonds (as hereinafter defined).

D. There is a dispute between the Parties regarding amounts payable to the Agency by the Developer with respect to the Eastland Center Sales Tax Generation Area (as hereinafter defined) pursuant to the existing agreement between the Parties.

E. The Parties now desire to (i) resolve the dispute and provide for the Sales Tax Guarantee (as hereinafter defined) and (ii) provide for the allocation of any Net Debt Service Savings (as hereinafter defined) realized upon the refunding of the Bonds.

NOW, THEREFORE, in consideration of the mutual undertakings herein, the Parties agree that the Existing OPA (as hereinafter defined) be hereby amended further as follows:

1.0 DEFINITIONS

For purposes of this Agreement only, the following terms shall have the following capitalized meanings:

"Advancing Facility Agreement" means that certain Advancing Facility Agreement, dated as of the Effective Date, by and among the Agency, the Fiscal Agent, the Liquidity Provider and the District in the form of Exhibit "D" attached hereto and made a part hereof.

"Agency's Share of Savings" means one-half ($\frac{1}{2}$) of Net Debt Service Savings.

"Agency Withhold Amount Adjustment" means an amount equal to the lesser of (i) Agency's Share of Savings, or (ii) the Tax Incremental Revenues (as defined in the Fiscal Agent Agreement) not deposited into the Revenue Fund (as defined in the Fiscal Agent Agreement) by reason of the Agency's incurrence of obligations senior or equal in right of payment to the pledge of Tax Incremental Revenues pursuant to the Fiscal Agent Agreement, in no event to exceed the Agency's Share of Savings for such year.

"Agreement" means this Agreement Re: Debt Service Savings and Sales Tax Guarantee.

"Amended Agreement" means collectively the Existing OPA as amended by this Agreement.

"Bonds" means the \$45,000,000 Redevelopment Agency of the City of West Covina Community Facilities District No. 1989-1 (Fashion Plaza) 1989 Special Tax Bonds.

"Bond Multiplier" means, at the time of any unscheduled redemption of Refunding Bonds, the quotient obtained by dividing (A) the difference between (1) the principal amount of Bonds that would have been outstanding immediately prior to such unscheduled redemption (as set forth on the Net Debt Service Schedule for Bonds, as may be modified from time to time pursuant to Section 3.0(b)(ii) had the Bonds not been refunded, and (2) the amount of the unscheduled redemption by (B) the amount referenced in the preceding clause (A)(1).

"Bond Year" means, for purposes of determining the Agency Withhold Amount and Net Debt Service Savings, the period from and including March 1 of any year through the last day of February of the succeeding year.

"City" means the City of West Covina, California.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement, dated as of the Effective Date, by and among the Agency, the Fiscal Agent and the Dissemination Agent, in the form of Exhibit "C" attached hereto and made a part hereof.

"Date of Agreement" means the date on which the later of the Parties shall have executed this Agreement.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds or the Refunding Bonds, as applicable, during the period of computation as set forth in the Debt Service Schedule for Bonds and Debt Service Schedule for Refunding Bonds, respectively, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Dissemination Agent" shall have the meaning set forth in the Continuing Disclosure Agreement.

"District" means Community Facilities District No. 1989-1 (Fashion Plaza) established pursuant to the Resolution of Formation described in the Fiscal Agent Agreement.

"Eastland Center Sales Tax Generation Area" means the businesses located in the Eastland Center mall building, the former Eastland Center May Co. store building and any additional future development at Eastland Center, but excluding the Mervyn's Department Store, existing businesses (and any successors in occupancy thereto) located at Eastland Center but outside of the main mall building and any relocated businesses from Eastland Center to elsewhere within Eastland Center.

"Effective Date" means the date on which the conditions precedent to the effectiveness of this Agreement have been satisfied and is defined in Section 7.0 hereof.

"Existing OPA" means collectively the Original OPA, the First Amendment, the Second Amendment and the Third Amendment.

"First Amendment" means that certain First Amendment to Owner Participation Agreement dated April 9, 1990 by and between the Agency and Shulman.

"Fiscal Agent" means First Trust of California, National Association, with capacity of Fiscal Agent pursuant to the Fiscal Agent Agreement, its successors and assigns, and any other corporation or association which may be substituted in its place pursuant to the Fiscal Agent Agreement.

"Fiscal Agent Agreement" means that certain Fiscal Agent Agreement between the Agency acting for itself and the District, and the Fiscal Agent, dated as of May 1, 1996, in the form of Exhibit "E" attached hereto and made a part hereof.

"Guarantee Year" means that 365 day period or 366 day period, as applicable, commencing on July 1 and terminating on the next succeeding June 30. Guarantee Year One shall commence July 1, 1998.

"Liquidity Provider" shall have the meaning ascribed thereto in the Fiscal Agent Agreement.

"Net Debt Service for Bonds" means the difference between:

- (A) the sum of (i) the interest component on the Bonds as set forth on the Net Debt Service Schedule for Bonds; plus (ii) the scheduled amount of amortization of principal payable on the Bonds as set forth on the Net Debt Service Schedule for Bonds; and
- (b) the sum of (i) the amount by which (y) interest earned on the Reserve Fund relating to the Bonds as set forth on the Net Debt Service Schedule for Bonds, calculated with respect to the balance of the Reserve Fund (as defined in the Fiscal Agent Agreement) as of the date of calculation, exceeds (z) the rebate amount, if any, due to the United States during the period of computation as set forth on the Net Debt Service Schedule for the Bonds, plus (ii) as of the final maturity of the Refunding Bonds, the balance of the Reserve Fund.

"Net Debt Service for Refunding Bonds" means the difference between:

- (A) the sum of (i) the interest component on the Refunding Bonds as set forth on the Net Debt Service Schedule for Refunding Bonds, calculated with respect to the outstanding principal amount of the Refunding Bonds as of the date of calculation, plus (ii) the scheduled amount of amortization of principal payable on the Refunding Bonds as set forth on the Net Debt Service Schedule for Refunding Bonds, calculated with respect to the outstanding principal amount of the Refunding Bonds as of the date of calculation, plus (iii) the fees payable to the Liquidity Provider pursuant to the Advancing Facility Agreement, as set forth in the Net Debt Service Schedule for Refunding Bonds; and
- (B) the sum of (i) the amount by which (y) interest earned on the Reserve Fund (as defined in the Fiscal Agent Agreement), calculated with respect to the balance of the Reserve Fund as of the date of calculation, exceeds (z) the rebate amount due to the United States pursuant to Section 6.02 of the Fiscal

Agent Agreement as set forth on the Net Debt Service Schedule for the Refunding Bonds, plus (ii) as of the final maturity of the Refunding Bonds, the balance of the Reserve Fund;

provided, however, Net Debt Service for Refunding Bonds will be computed without regard to either reduction of amounts in the Reserve Fund occurring by reason of withdrawals therefrom attributable to Developer's nonpayment of Special Taxes as they become due, or adjustment to the principal or interest payable with respect to Refunding Bonds attributable to Developer's nonpayment of Special Taxes. In any case in which withdrawals from the Reserve Fund or adjustments to principal outstanding or interest payable on the Refunding Bonds have occurred as a result of Developer's nonpayment of Special Taxes, Net Debt Service for Refunding Bonds shall be computed as if, either no withdrawal for such purpose had been made and no reduction in earnings had occurred, or payment of Special Taxes had been made in full when due, as the case may be.

"Net Debt Service Savings" means, for each Bond Year or partial Bond Year of the Agency during and after the Bond Year in which the Effective Date occurs through the last Bond Year or partial Bond Year of the Agency in which any of the Refunding Bonds remain outstanding, the amount by which Net Debt Service for Bonds that would have accrued on the Bonds if they were outstanding exceeds Net Debt Service for Refunding Bonds actually accruing on the Refunding Bonds, in each case with respect to the principal amount of the Refunding Bonds outstanding as of the date of calculation.

"Net Debt Service Schedule for Bonds" means that schedule of Net Debt Service for Bonds which is attached hereto as Exhibit "A" and incorporated herein by this reference, as may be modified from time to time pursuant to Section 3.0(6)(ii) hereof.

"Net Debt Service Schedule for Refunding Bonds" means that schedule of Net Debt Service for Refunding Bonds which is attached hereto as Exhibit "B" and incorporated herein by this reference, as may be modified from time to time pursuant to Section 3.0(b)(ii).

"Original OPA" means that certain Owner Participation Agreement dated June 26, 1989 by and between Agency and Shulman.

"Parties" means the Agency and the Developer.

"Refunding Bonds" means those bonds which may be issued by the Agency to refund the Bonds.

"Refunding Bond Multiplier" means, at the time of any unscheduled redemption of Refunding Bonds, the quotient obtained by dividing (A) the difference between (1) the outstanding principal amount of Refunding Bonds immediately prior to such unscheduled redemption as set forth on the Net Debt Service schedule for Refunding Bonds, as may be modified from time to time pursuant to Section 3.0(b)(ii), and (2) the amount of the unscheduled redemption by (B) the amount referenced in the preceding clause (A)(1).

"Sales Tax Guarantee" means the Developer's guarantee that the City shall receive certain sales tax revenue as more fully set forth in Section 2.0 hereof.

"Sales Tax Revenues" means that portion of taxes derived and received by the City and/or the Agency from the imposition of the Bradley Burns Uniform Local Sales and Use Tax Law, commencing with Section 7200 of the Revenue and Taxation Code of the State of California, as amended, or its equivalent, arising from all businesses and activities conducted on the Eastland Center Sales Tax Generation Area from time to time which are subject to such sales and use tax law.

"Second Amendment" means that certain Second Amendment to Owner Participation Agreement dated May 27, 1992 by and between Agency, on the one hand, and Shulman and Developer, on the other hand.

"Shulman" means Sylvan S. Shulman Co./West Covina Associates, a Delaware limited partnership.

"Third Amendment" means that certain Third Amendment to Owner Participation Agreement and Consent to Assignment dated November 17, 1993 by and between Agency and Developer.

2.0 SALES TAX GUARANTEE

2.1 Sales Tax Guarantee. For a period of five (5) years commencing July 1, 1998, Developer guarantees to the Agency and the City (and the City shall be deemed to be an intended third party beneficiary of this guarantee) that the Eastland Center Sales Tax Generation Area shall generate the following minimum Sales Tax Revenues (the "Sales Tax Guarantee"):

2.1.1 Guarantee Year One. For Guarantee Year One, the City shall receive from the businesses located in the Eastland Center Sales Tax Generation Area Sales Tax Revenues equal to (i) those Sales Tax Revenues received by the City from such businesses located in the Eastland Center mall building for the calendar year 1988 plus (ii) the greater of the amount so received from May Co.

store at Eastland Center for (a) the calendar year preceding its move to West Covina Fashion Plaza or (b) the calendar year 1988.

2.1.2 Guarantee Years Two Through Five. For each of Guarantee Years Two through Five, inclusive, the City shall receive Sales Tax Revenues from the businesses located in the Eastland Center Sales Tax Generation Area in accordance with the following formula:

$$(105\% \pm \text{ the } \% \text{ change in GNP for current year}) \times \text{ Previous year's Sales Tax Guarantee} = \text{ Annual Amount of Sales Tax Guarantee}$$

In no event shall the application of this formula result in an annual Sales Tax Guarantee amount of less than the amount of the Sales Tax Guarantee for Guarantee Year One.

2.2 Modification of Guarantee. The provisions of Section 2.1, above, are subject to the following conditions and limitations:

2.2.1 If an act of God (including fire, earthquake, natural disaster, or general civic disturbance) should cause retail sales at Eastland Center to decline in any twelve month period by at least fifty percent (50%), then Developer may petition the Agency Board for modifications of this Sales Tax Guarantee; however, the decision as to whether to grant or deny such request is at the sole discretion of the Agency Board. Any decisions made by the Agency Board will be without prejudice to the rights of the Agency Board to enforce the Sales Tax Guarantee. In any event, whatever decision is made by the Agency Board shall be fully binding on Developer.

2.2.2 If there shall be any adjustment to the sales tax rates and/or the sales tax structure by legislative act or referendum relative to the Eastland Center Sales Tax Generation Area and/or the businesses located therein, Developer may petition the Agency Board to request a proportionate modification to Developer's obligation based on Developer's statement of facts; however, the decisions as to whether to grant or deny such request is at the sole discretion of the Agency Board. Any decision made by the Agency Board will be without prejudice to the rights of the Agency Board to enforce the Sales Tax Guarantee. In any event, whatever decision is made by the Agency Board shall be fully binding on Developer and the base Sales Tax Guarantee shall not be lower than the Sales Tax Revenue received by West Covina from the businesses located in the Eastland Center mall building and the Eastland May Co. store in 1988.

2.3 Time for Payment. Developer shall pay to the City annually any amounts due and owing under this Sales Tax Guarantee within thirty (30) days of receipt of any independent audit employing generally accepted accounting

principles of the City's annual Sales Tax Revenue attributable to the Eastland Center Sales Tax Generation Area. Such audit shall be performed by the firm performing the annual audit of the City, the firm advising the Agency regarding Sales Tax Revenues payable under the Fiscal Agent Agreement for the Refunding Bonds, any of the "big six" accounting firms, or any other auditor approved by the Developer in writing, such approval not to be unreasonably withheld or delayed.

2.4 Successors and Assigns. This Guarantee shall be binding on the successors and assigns of Developer. Developer agrees to notify the Agency in writing of the names and addresses of any successors and assigns of its obligations pursuant to this undertaking within ten (10) days of the effective date of any assignment or other conveyance and further agrees to notify said successors and assigns prior to the effective date of any assignment or other conveyance of its interest herein, of the terms of this undertaking and their obligations pursuant to it. Developer shall remain liable for its obligations pursuant to this Sales Tax Guarantee unless and until its successors and assigns are lawfully bound to the obligations of this Sales Tax Guarantee.

3.0 ALLOCATION OF DEBT SERVICE SAVINGS

(a) In the event that Refunding Bonds are issued, the Parties agree that (i) Agency Contributions (as defined in the Existing OPA) to debt service on the Refunding Bonds or the Repayment Fund described in the Existing OPA shall be calculated annually for the years 1996-2022, inclusive, in accordance with the Existing OPA, but shall be reduced for all purposes of the Existing OPA and the Fiscal Agent Agreement by the Agency Withhold Amount computed as set forth in paragraph (b) below, and (ii) with respect to the September 1, 1996 bond payment, in lieu of deducting the Agency Withhold Amount from Agency Contributions, Developer shall transfer \$945.62 to the Agency on the Effective Date (representing a portion of amounts released from the Revenue Fund for the Refunding Bonds attributable to certain savings accruing on September 1, 1996 (\$25,143.62), less an amount (\$24,198.00) equal to the discounted present value of the savings attributable to the Shulman parcel (using the bond yield as the discount rate) less 10%); provided that (i) the lien priority of Tax Incremental Revenues shall for all purposes hereof and the Existing OPA be as set forth in the Fiscal Agent Agreement, and (ii) in the event of conflict between the provisions hereof, the Existing OPA and the Fiscal Agent Agreement for the Refunding Bonds as to the manner and amount of and sources of payment of the Agency Contributions to the Refunding Bonds, the provisions of the Fiscal Agent Agreement shall control.

(b) (i) Notwithstanding anything to the contrary in the Existing OPA, from and after the Effective Date the Agency Withhold Amount for each year shall equal the amount determined in accordance with the following table, minus, in any

applicable year, the Agency Withhold Amount Adjustment. Except as otherwise provided in subparagraph (ii) below, the Net Debt Service Savings used in the computation of the Agency Withhold Amount shall be determined by reference to the Net Debt Service Schedule for the Bonds and the Net Debt Service Schedule for the Refunding Bonds, as such schedules may be revised from time to time in accordance with subparagraph (ii) below.

(ii) Notwithstanding the foregoing paragraph (b)(i), in the event that there is any (1) unscheduled withdrawal from the Reserve Fund, (2) change in the yield earned on the investment of the Reserve Fund or the amount of any rebate payable to the federal government in connection therewith, (3) change in the fees or other amounts payable to the Liquidity Provider, or (4) unscheduled redemption of Bonds, then within 30 days after the Agency's receipt of written notice from the Developer or the Fiscal Agent of the occurrence of any such event, the Agency shall recalculate the Agency Withhold Amount (for all applicable periods) to reflect any such changes and deliver such amount (together with the backup for the calculation thereof and a revised Net Debt Service Schedule for the Refunding Bonds and Net Debt Service Schedule for the Bonds) to the Developer for its review. Within 15 days after delivering the recalculated Agency Withhold Amount to the Developer, the Agency shall deliver to the Fiscal Agent the revised Net Debt Service Schedule for the Refunding Bonds and the revised Net Debt Services schedule for the Bonds.

<u>Bond Year</u>	<u>Agency Withhold Amount</u>
1996-1997	Agency's Share of Savings
1997-1998	Agency's Share of Savings
1998-1999	Agency's Share of Savings
1999-2000	Agency's Share of Savings
2000-2001	Agency's Share of Savings
2001-2002	Agency's Share of Savings
2002-2003	Agency's Share of Savings, plus \$200,000
2003-2004	Agency's Share of Savings, plus \$200,000
2004-2005	Agency's Share of Savings, plus \$200,000
2005-2006	Agency's Share of Savings, plus \$200,000
2006-2007	Agency's Share of Savings, plus \$200,000
2007-2008	Agency's Share of Savings, plus \$200,000
2008-2009	Agency's Share of Savings, plus \$200,000
2009-2010	Agency's Share of Savings, plus \$200,000
2010-2011 and thereafter	Agency's Share of Savings

(c) Notwithstanding anything to the contrary herein, for the purposes of calculating annual Net Debt Service Savings following any unscheduled redemption of Refunding Bonds, (A) the Net Debt Service for the Bonds shall be calculated with respect to the principal amount of Bonds that would have been outstanding immediately prior to such unscheduled redemption and in each Bond Year thereafter through maturity (as set forth on the Net Debt Service Schedule for Bonds, as may be modified from time to time pursuant to Section 3.0(b)(ii)) had the Bonds not been refunded, multiplied by the Bond Multiplier and (B) the Net Debt Service for the Refunding Bonds shall be calculated with respect to the outstanding principal amount of Refunding Bonds immediately prior to such unscheduled redemption and each Bond Year thereafter through maturity (as set forth on the Net Debt Service Schedule for Refunding Bonds, as may be modified from time to time pursuant to Section 3.0(b)(ii)), multiplied by the Refunding Bond Multiplier.

4.0 DEVELOPER COOPERATION RELATIVE TO REFUNDING BONDS.

(a) In connection with the issuance of the Refunding Bonds, the Agency will enter into the Continuing Disclosure Agreement, in which, among other things, the Agency will agree to provide certain information on an ongoing basis with respect to the District, the Developer and the Development described in the Official Statement to be used in connection with the Refunding Bonds. The Agency will also enter into the Advancing Facility Agreement. The Developer acknowledges receipt of copies of each of the Continuing Disclosure Agreement, the Official Statement in the form of Exhibit "F" attached hereto and made a part hereof, the Advancing Facility Agreement and the Fiscal Agent Agreement to be entered into relative to the Refunding Bonds. The Developer further acknowledges and agrees that it has approved the terms of such agreements in the respective forms attached hereto. The Developer agrees herein to provide on behalf of the Agency, and at the Developer's sole expense, (i) to the Agency, on or before March 2 of each calendar year in which the Continuing Disclosure Agreement is in effect, all information required to be furnished by the Agency pursuant to Section 4(2) of the Continuing Disclosure Agreement under the heading "The Shopping Center," and (ii) to the Liquidity Provider, in each year in which the Advancing Facility Agreement is in effect, (A) on or before June 1 and December 1, rent rolls for the Shopping Center for the six month period ending on April 30 and October 31, respectively, of such year containing substantially the same information that is contained in the Developer's Lease Analysis Report, dated as of the date hereof, (B) on or before March 2 and September 2, respectively, of such year, an income statement for the Shopping Center for the periods ending the preceding December 31 and June 30, respectively, and (C) upon reasonable prior written notice to the Developer, any other information reasonably requested by the Liquidity Provider that would be useful or necessary in order to make the determination whether an "Advance" (as defined in the Fiscal Agent Agreement) would be recoverable in accordance with the Advancing Facility Agreement. Without limiting the generality of the foregoing, the Developer shall notify the Agency and the Dissemination Agent of any significant events with respect to any item relating to real property owned by the Developer which gives rise to a notice or reporting obligation of the Agency under Section 5(A)(11) of the Continuing Disclosure Agreement.

(b) The Agency will undertake pursuant to Section 4.04 of the Fiscal Agent Agreement to exercise best efforts to maintain at all times as further security for the Refunding Bonds a Liquidity Provider satisfying the requirements set forth therein. The Parties acknowledge that in the event of the termination of the Advancing Facility Agreement, the Agency is under no obligation to expend its own funds to obtain a replacement Liquidity Provider and that in any case the ability of the Agency to provide a new Liquidity Provider may depend upon factors beyond the control of the Agency. In the event that the Advancing Facility Agreement terminates pursuant to Section 5.1 thereof, then the Developer agrees

to exercise its best efforts, at no expense to the Agency, to secure a replacement Liquidity Provider in accordance with the Fiscal Agent Agreement, and the Agency shall be under no separate obligation to secure such Liquidity Provider. The Agency agrees to cooperate reasonably with the Developer in this connection and to provide at the Developer's sole expense such additional data with respect to the "Other Revenues" (as defined in the Fiscal Agent Agreement) as may be reasonably requested by the Developer for purposes of compliance with this section.

In the event the Developer reasonably pays a commitment fee or other costs of the replacement Liquidity Provider, the Agency agrees such fee or costs shall be treated as an additional cost of the Liquidity Facility for purpose of the computation of Net Debt Service Savings for Refunding Bonds, to be amortized in accordance with generally accepted accounting principles.

(c) Subject to the foregoing paragraph (a), the Developer will assist, cooperate with, and provide such further assurances as may be reasonably requested by the Agency for purposes of the Agency's and the District's compliance with their respective undertakings pursuant to the Continuing Disclosure Agreement, the Advancing Facility Agreement, the Fiscal Agent Agreement, and the Bond Purchase Agreement to be executed and delivered in connection with the sale of the Refunding Bonds to the initial underwriters thereof.

(d) To the extent permitted by law, the Developer agrees to indemnify the Agency and to hold the Agency harmless against any loss, damage, claim, liability or expense (including reasonable cost of defense) to which the Agency shall become subject arising out of or based upon the Developer's noncompliance with its undertakings pursuant to paragraphs (a) and (b) of this Section 4.0, whether asserted by the Liquidity Provider, the Dissemination Agent, Bondholders, the Underwriter or any other person or entity.

(e) Developer agrees that in connection with the exercise of the Agency's consent rights under Section 1.5 of the Original OPA, the Agency may properly consider the successor's financial ability to meet the Developer's obligations under this Section 4.0 in making its determinations under Section 1.5.

5.0 MISCELLANEOUS ISSUES RELATING TO REFUNDING BONDS.

(a) Within one hundred twenty (120) days after the end of each fiscal year, the Agency shall furnish to the Developer a statement setting forth the amount, in each case as received by the Agency in such fiscal year, of all (i) sales and use taxes of the City or the Agency derived from activities on the Shopping Center Site, (ii) ad valorem real property and personal property taxes (including taxes on improvements by occupants) received by the Agency from the Shopping

Center Site and the assessed values pursuant to which such taxes are paid and, (iii) if applicable, Park and Ride Revenues. Each statement required to be furnished by the Agency to the Developer shall be signed by the Agency and shall be accompanied by reasonably detailed supporting documentation. Such statement may be based on the unaudited financial data available to the Agency at such time and shall be supplemented by a revised statement delivered within sixty (60) days of the Agency's receipt of audited financial data for such fiscal year. Any statement or supplemental statement based on audited financial data shall be verified by the Agency as true, correct and complete.

(b) The Agency shall cause to be kept full and accurate books of account, records and other pertinent data showing Other Revenues with respect to each fiscal year (the "Books and Records"). The Books and Records with respect to any fiscal year shall be kept for a period of at least three (3) years after the end of such fiscal year. The Developer and its representatives shall be entitled, during normal business hours upon not less than one business day's notice, to inspect and examine any or all of the Books and Records and/or to cause at the Developer's expense a complete audit of the Books and Records (an "Audit") to be made by a nationally recognized auditor selected by the Developer in its sole and absolute discretion.

(c) In the event that an Audit shows that the Agency understated Other Revenues in any fiscal year, then subject to the Agency's right to reasonably contest the results of the Audit, the Agency shall promptly deposit into the Revenue Fund funds in an amount equal to the amount of such understatement and such additional deposit shall be disbursed from the Revenue Fund as though such amount had been deposited therein in a timely manner. Notwithstanding anything to the contrary herein or in the Fiscal Agent Agreement, the Agency's obligation to deposit such understated amounts into the Revenue Fund shall be a general obligation of the Agency not limited to Other Revenues.

(d) The Developer acknowledges the Agency's right to reimbursement of "Administrative Expenses" pursuant to the Fiscal Agent Agreement, including, without limitation, periodic charges for arbitrage rebate calculation and registrar services. Anything to the contrary in the Fiscal Agent Agreement notwithstanding, (i) the Agency agrees any such Administrative Expenses incurred by the Agency for which repayment from the Administrative Expense Fund is sought shall be reasonable, (ii) the Agency shall consult with the Developer regarding such amounts from time to time, on written request of the Developer, and (iii) notwithstanding the foregoing, the Agency covenants and agrees that "Administrative Expenses" in excess of \$5,000 relating to any fees, costs, expenses or other charges payable to a third party in connection with the Agency's compliance with its obligations pursuant to Section 5.0(a) above shall reduce in a like amount the Agency's right under Section 3.04(B)(ii) of the Fiscal Agent Agreement to reimbursement for the cost of Agency staff up to \$10,000.

(e) The Agency acknowledges that (i) on or prior to the Effective Date it will pay to the Developer \$179,062.55, and (ii) thereafter it will pay to the Developer \$39,850.77 payable solely from and upon receipt by the Agency of payment from the County's delinquent tax department expected in installments on and after November, 1996, representing in each case Other Revenues not paid to the Revenue Fund in prior years which constitute a Developer Advance. The Developer acknowledges that a portion of this amount is attributable to the Robinson's/May parcels and represents to the Agency that the Developer is entitled to (and is the proper party to receive) such amount pursuant to agreement with the owner of such parcel. The Developer agrees to indemnify the Agency and to hold the Agency harmless against any loss, damage, claim, liability or expense (including reasonable cost of defense) to which the Agency shall become subject arising out of or based upon any claim by such owner to such portion of such payment.

6.0 PROVISIONS OF THE EXISTING OPA.

Except as expressly provided to the contrary herein, all provisions of the Existing OPA shall remain in full force and effect. The Existing OPA and this Agreement shall collectively hereinafter be referred to as the "Amended Agreement". The Amended Agreement integrates all the terms and conditions of agreement between the Parties, and supersedes all negotiations or previous agreements between the Parties with respect to the subject matter thereof. Each party represents and warrants it is currently in compliance in all material respects with all provisions of the Existing OPA and represents and acknowledges that, to the best of its knowledge, (i) there is no existing default by the other party under the Amended Agreement, and (ii) no circumstances exist which, but for the giving of notice or passage of time, or both, would constitute a default by the other party under the Amended Agreement. Agency acknowledges that all of the obligations of the Developer under the Existing OPA have been satisfied other than the Developer's continuing obligations pursuant to Sections 3.10, 4.6, 5.1, 5.2 and 5.3 of the Existing OPA and the Agency has no further right to terminate the Existing OPA by reason of Developer default pursuant to Section 7.7(B) thereof or otherwise in any manner affecting the pledge of Other Revenues pursuant thereto or under the Fiscal Agent Agreement.

7.0 CONDITIONS PRECEDENT TO EFFECTIVE DATE.

This Agreement shall take effect immediately upon the issuance of Refunding Bonds (the "Effective Date") and the issuance of Refunding Bonds shall be a condition precedent for the benefit of the Agency to the effectiveness of this Agreement. In no event shall the Effective Date occur later than one hundred eighty (180) days after the Date of Agreement unless the Agency has agreed upon

the Developer's request, in its absolute and sole discretion, in writing, to extend such date.

8.0 REPRESENTATIONS.

Each of the Parties warrants and represents to the other that it has the full power and authority to enter into and execute this Agreement, that all authorizations and approvals required to make this Agreement binding upon each party have been obtained, and that the person or persons executing the Agreement on behalf of such party has been fully authorized to do so.

9.0 GENERAL PROVISIONS.

(a) NOTICES. All written notices of any kind that either party hereto may be required or may desire to serve on the other party in connection with this Agreement or the Existing OPA shall be served by registered or certified mail, personal service or by Federal Express or other similar nationally recognized overnight courier, with all freight charges paid and any such notice or demand so to be served by registered or certified mail shall be deposited in the United States mail with postage thereon fully prepaid and return receipt requested, to the respective party as set forth below:

If to the Agency: Redevelopment Agency of the City of West Covina
1444 West Garvey Avenue
P.O. Box 1440
West Covina, CA 91793
Attention: Executive Director

with a copy to: Stradling, Yocca, Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660
Attention: Tom Clark, Esq.

If to the Developer: CenterMark Properties of West Covina, Inc.
11601 Wilshire Boulevard, 12th Floor
Los Angeles, CA 90025
Attention: Arthur E. Schramm, Jr.

with a copy to: Skadden, Arps, Slate, Meagher & Flom
300 South Grand Avenue, Suite 3400
Los Angeles, CA 90071
Attention: Allan G. Mutchnik, Esq.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the respective dates set forth below.

AGENCY:

REDEVELOPMENT AGENCY FOR THE CITY OF WEST COVINA,

a public body, corporate and politic

Dated: _____, 1996

By: Michael Tordella
Chairman

ATTEST:

Janet Benz
Agency Secretary

DEVELOPER:

CENTERMARK PROPERTIES OF WEST COVINA, INC.,

a Delaware corporation

Dated: _____, 1996

By: _____
Its: _____

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the respective dates set forth below.

AGENCY:

**REDEVELOPMENT AGENCY FOR THE CITY
OF WEST COVINA,**
a public body, corporate and politic

Dated: _____, 1996

By: _____
Chairman

ATTEST:

Agency Secretary

DEVELOPER:

**CENTERMARK PROPERTIES OF WEST
COVINA, INC.,**
a Delaware corporation

Dated: _____, 1996


By: 
Its: Sr. VP & Chief Financial Officer

EXHIBIT "A"

NET DEBT SERVICE SCHEDULE FOR THE BONDS

[To be provided]

NET DEBT SERVICE PRIOR BONDS

Period Ending	Principal	Gross Interest	Gross Annual Debt Service	Allowable Earnings on Reserve Fund	Net Annual Debt Service
09/01/96	285,000	1,716,847.50	2,001,847.50	187,425.00	1,814,422.50
09/01/97	305,000	3,414,315.00	3,719,315.00	374,850.00	3,344,465.00
09/01/98	350,000	3,393,270.00	3,743,270.00	374,850.00	3,368,420.00
09/01/99	400,000	3,368,770.00	3,768,770.00	374,850.00	3,393,920.00
09/01/2000	450,000	3,340,370.00	3,790,370.00	374,850.00	3,415,520.00
09/01/2001	500,000	3,307,970.00	3,807,970.00	374,850.00	3,433,120.00
09/01/2002	550,000	3,271,720.00	3,821,720.00	374,850.00	3,446,870.00
09/01/2003	600,000	3,231,570.00	3,831,570.00	374,850.00	3,456,720.00
09/01/2004	650,000	3,187,470.00	3,837,470.00	374,850.00	3,462,620.00
09/01/2005	750,000	3,139,370.00	3,889,370.00	374,850.00	3,514,520.00
09/01/2006	850,000	3,083,495.00	3,933,495.00	374,850.00	3,558,645.00
09/01/2007	950,000	3,019,745.00	3,969,745.00	374,850.00	3,594,895.00
09/01/2008	1,050,000	2,947,545.00	3,997,545.00	374,850.00	3,622,695.00
09/01/2009	1,150,000	2,867,220.00	4,017,220.00	374,850.00	3,642,370.00
09/01/2010	1,250,000	2,778,670.00	4,028,670.00	374,850.00	3,653,820.00
09/01/2011	1,350,000	2,682,420.00	4,032,420.00	374,850.00	3,657,570.00
09/01/2012	1,550,000	2,577,120.00	4,127,120.00	374,850.00	3,752,270.00
09/01/2013	1,850,000	2,456,220.00	4,306,220.00	374,850.00	3,931,370.00
09/01/2014	2,150,000	2,311,920.00	4,461,920.00	374,850.00	4,087,070.00
09/01/2015	2,350,000	2,144,220.00	4,494,220.00	374,850.00	4,119,370.00
09/01/2016	2,655,000	1,960,920.00	4,615,920.00	374,850.00	4,241,070.00
09/01/2017	2,955,000	1,753,830.00	4,708,830.00	374,850.00	4,333,980.00
09/01/2018	3,255,000	1,523,340.00	4,778,340.00	374,850.00	4,403,490.00
09/01/2019	3,555,000	1,269,450.00	4,824,450.00	374,850.00	4,449,600.00
09/01/2020	3,855,000	992,160.00	4,847,160.00	374,850.00	4,472,310.00
09/01/2021	4,255,000	691,470.00	4,946,470.00	374,850.00	4,571,620.00
09/01/2022	4,610,000	359,580.00	4,969,580.00	4,784,850.00	184,730.00
09/01/2023					
09/01/2024					
09/01/2025					
09/01/2025					
	<u>344,480,000</u>	<u>566,790,997.50</u>	<u>511,270,997.50</u>	<u>516,343,525.00</u>	<u>586,927,472.50</u>

EXHIBIT "B"

NET DEBT SERVICE SCHEDULE
FOR THE REFUNDING BONDS

[To be provided upon issuance of the Refunding Bonds]

Year	Principal	Interest	Taxes	Other	Total
1996					
1997					
1998					
1999					
2000					
2001					
2002					
2003					
2004					
2005					
2006					
2007					
2008					
2009					
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					

NET DEBT SERVICE REFUNDING BONDS

Period Ending	Principal	Gross Interest	Gross Annual Debt Service	Allowable Earnings on Reserve Fund	Liquidity Foot	Net Annual Debt Service
09/01/96 *	1,785,000	245,059.27	1,981,047.42 **	219,874.32 ***	2,962.16	1,764,135.25
09/01/97	635,000	2,869,311.26	3,504,311.26	410,939.63	44,114.83	3,137,436.46
09/01/98	685,000	2,842,323.76	3,527,323.76	410,243.83	43,454.83	3,160,534.76
09/01/99	745,000	2,811,498.76	3,556,498.76	409,443.37	42,739.83	3,189,793.22
09/01/2000	700,000	2,776,111.26	3,476,111.26	310,116.96	42,017.33	3,208,011.63
09/01/2001	755,000	2,741,111.26	3,496,111.26	310,116.96	41,289.83	3,227,284.13
09/01/2002	805,000	2,703,361.26	3,508,361.26	310,116.96	40,509.83	3,238,754.13
09/01/2003	855,000	2,665,111.26	3,518,111.26	310,116.96	39,679.83	3,247,674.13
09/01/2004	905,000	2,620,361.26	3,525,361.26	310,116.96	38,799.83	3,254,044.13
09/01/2005	1,005,000	2,574,206.26	3,579,206.26	310,116.96	37,844.83	3,306,934.13
09/01/2006	1,105,000	2,522,700.00	3,627,700.00	310,116.96	36,789.83	3,354,372.87
09/01/2007	1,200,000	2,464,687.50	3,664,687.50	310,116.96	35,637.33	3,390,207.87
09/01/2008	1,295,000	2,395,687.50	3,690,687.50	310,116.96	34,389.83	3,414,960.37
09/01/2009	1,390,000	2,321,225.00	3,711,225.00	310,116.96	33,047.33	3,434,155.37
09/01/2010	1,485,000	2,241,300.00	3,726,300.00	310,116.96	31,609.83	3,447,792.87
09/01/2011	1,580,000	2,152,200.00	3,732,200.00	310,116.96	30,077.33	3,452,160.37
09/01/2012	1,770,000	2,057,400.00	3,827,400.00	310,116.96	28,402.33	3,545,685.37
09/01/2013	2,055,000	1,951,200.00	4,006,200.00	310,116.96	26,489.83	3,722,572.87
09/01/2014	2,340,000	1,827,900.00	4,167,900.00	310,116.96	24,292.33	3,882,075.37
09/01/2015	2,515,000	1,687,500.00	4,202,500.00	310,116.96	21,864.83	3,914,247.87
09/01/2016	2,790,000	1,536,600.00	4,326,600.00	310,116.96	19,212.33	4,035,695.37
09/01/2017	3,050,000	1,369,200.00	4,419,200.00	310,116.96	16,292.33	4,125,375.37
09/01/2018	3,305,000	1,186,200.00	4,491,200.00	310,116.96	13,114.83	4,194,197.87
09/01/2019	3,555,000	987,900.00	4,542,900.00	310,116.96	9,684.83	4,242,467.87
09/01/2020	3,795,000	774,600.00	4,569,600.00	310,116.96	6,009.83	4,265,492.87
09/01/2021	4,125,000	546,900.00	4,671,900.00	310,116.96	2,056.16	4,363,839.21
09/01/2022	4,990,000	299,400.00	5,289,400.00	5,312,787.35	0.00	(23,387.35)
09/01/2023						
09/01/2024						
09/01/2025						
09/01/2026						
	<u>\$51,220,000</u>	<u>\$53,169,055.61</u>	<u>\$104,340,043.76</u>	<u>\$13,585,867.58</u>	<u>\$742,384.23</u>	<u>\$91,496,564.41</u>

* Savings for Bond Year 1996 subject to Section 3.0(a)(ii) hereof.

** Net of accrued interest

*** Includes payments from GIC provider for refunded bonds

EXHIBIT "C"

FORM OF CONTINUING DISCLOSURE AGREEMENT

See Transcript of Documents, Tab 9



EXHIBIT "D"

ADVANCING FACILITY AGREEMENT

See Transcript of Documents, Tab 4

EXHIBIT "E"

FISCAL AGENT AGREEMENT

See Transcript of Documents, Tab 2

EXHIBIT "F"

OFFICIAL STATEMENT

See Transcript of Documents, Tab 7