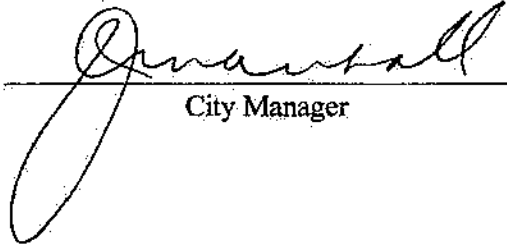


**LOAN AGREEMENT BETWEEN CITY OF MERCED'S GENERAL
FUND (001) AND CITY OF MERCED'S COMMUNITY FACILITIES
DISTRICT PUBLIC WORKS PARKS MAINTENANCE FUND (158)**

The City of Merced's General Fund (001) agrees to loan the City of Merced's Community Facilities District Public Works Parks Maintenance Fund (158) seventy seven thousand three hundred twelve dollars (\$77,312) at an interest rate equal to the rate earned on the City's Investment Portfolio from date of loan. (September 16, 2005). Loan to be repaid from funds received by annual special tax apportioned among the lots or parcels of property within the district as available.

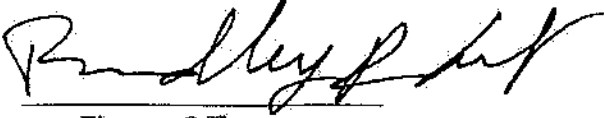
This agreement is hereby executed on December 5, 2005 in accordance with the authority granted by the approved budget for fiscal year 2005-06.

CITY MANAGER



City Manager

FINANCE OFFICER

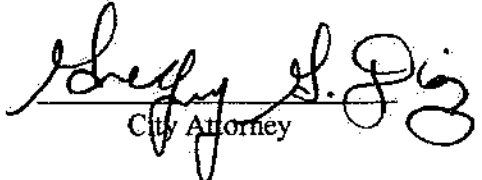


Finance Officer

ATTEST:



Deputy City Clerk



City Attorney