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THE CITY OF SAN DIEGO

DATE ISSUED: July 23, 2008 REPORT NO.: RA-08-20
RTC-08-096

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Council President and Members of the City Council
Docket of July 29, 2008

SUBJECT: Cooperation Agreements and Related Actions to the
Implementation of the Grantville and Centre City Redevelopment
Project Areas and Resolution Pursuant to Health & Safety Code
section 33399(g)

REFERENCE: Staff Reports: RA-05-14, CMR-05-099, PC-05-088

REQUESTED REDEVELOPMENT AGENCY ACTIONS:

1. Should the Redevelopment Agency authorize the Executive Director or Designee to execute the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to Joint Projects?
2. Should the Redevelopment Agency authorize the Executive Director or Designee to execute the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to the funding of North Embarcadero Public Improvements and Facilities?
3. Should the Redevelopment Agency authorize the Executive Director or Designee to execute the Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City and Redevelopment Agency?
4. Should the Redevelopment Agency authorize the Executive Director or Designee to execute the Cooperation Agreement relating to Affordable Housing Credit and Allocation transfer by and between the Redevelopment Agency, City and County of San Diego?
5. Should the Redevelopment Agency authorize the Executive Director or Designee to adopt a resolution that is recordable and declares properties owned by Atomic, Teyssier Marital Trust and Teyssier Family Trust located in the Grantville Redevelopment Project Area are exempt from eminent domain pursuant to Health & Safety Code section 33399(g)?



Redevelopment Agency

1200 Third Avenue, Suite 1400, MS 560 • San Diego, CA 92101-4110
Tel (619) 236-6700 Fax (619) 533-3219

REQUESTED CITY COUNCIL ACTIONS:

1. Should the City Council approve the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to Joint Projects?
2. Should the City Council approve the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to the funding of North Embarcadero Public Improvements and Facilities?
3. Should the City Council approve and enter into the Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City and Redevelopment Agency?
4. Should the City Council approve and enter into the Cooperation Agreement relating to Affordable Housing Credit and Allocation transfer by and between the Redevelopment Agency, City and County of San Diego?

STAFF RECOMMENDATION TO THE REDEVELOPMENT AGENCY:

1. Authorize the Executive Director or Designee to execute the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to Joint Projects.
2. Authorize the Executive Director or Designee to execute the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to the funding of North Embarcadero Public Improvements and Facilities.
3. Authorize the Executive Director or Designee to execute the Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City and Redevelopment Agency.
4. Authorize the Executive Director or Designee to execute the Cooperation Agreement relating to Affordable Housing Credit and Allocation transfer by and between the Redevelopment Agency, City and County of San Diego.
5. Authorize the Executive Director or Designee to adopt a resolution that is recordable and declares properties owned by Atomic, Teyssier Marital Trust and Teyssier Family Trust located in the Grantville Redevelopment Project Area are exempt from eminent domain under Health & Safety Code section 33399(g).

STAFF RECOMMENDATION TO THE CITY COUNCIL:

1. Approve the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to Joint Projects.
2. Approve the Agreement for Cooperation between the Redevelopment Agency and County of San Diego relating to the funding of North Embarcadero Public Improvements and Facilities.
3. Approve and enter into the Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City and Redevelopment Agency.

4. Approve and enter into the Cooperation Agreement relating to Affordable Housing Credit and Allocation transfer by and between the Redevelopment Agency, City and County of San Diego.

SUMMARY:

In November 2003, the Redevelopment Agency began the process of formulating and adopting the Grantville Redevelopment Plan. The Grantville Redevelopment Project comprises approximately 990 acres within the community planning areas of Navajo, Tierrasanta and College Area (Attachment 1 Grantville Redevelopment Project Area Map). The Redevelopment Agency and City Council held a joint public hearing on April 19, 2005 for the purpose of receiving objections and comments on the proposed Redevelopment Plan. On May 3 and May 17, 2005, the City Council adopted the Redevelopment Plan, Ordinance No. O-19380, by a vote of 7 to 1, with one absent.

On July 8, 2005, the County brought an action to challenge the validity of the Grantville Redevelopment Plan and Ordinance No. 19380. In addition, Atomic and Teyssier Trust, as interested property owners within the Grantville Redevelopment Project Area joined in as interested parties in the County's action. Separately, on July 15, 2005, Atomic filed its own validation lawsuit against the City and the Redevelopment Agency on grounds very similar to those within the County's suit. The court consolidated the Atomic lawsuit with the County's lawsuit, hereinafter referred to as the "Grantville Validation Action."

On June 24, 2008, the Redevelopment Agency, the City, and the County agreed to settle the Grantville Validation Action under terms proposed by the County, Atomic, and the Teyssier Trust. The agreements and actions before the Redevelopment Agency and City Council for consideration, will implement the Grantville and Centre City Redevelopment Plans and said settlement.

The agreements are as follows:

- The Redevelopment Agency agrees to enter into numerous Agreements with the City of San Diego and the County of San Diego as follows:
 1. Joint Projects Cooperation Agreement attached hereto as Attachment 2, states that the Redevelopment Agency, using the tax increments from the Grantville Redevelopment Project, shall provide to the County an amount of \$7,840,000 to fund portion of the cost of the construction of the joint project improvements of benefit to the Grantville Redevelopment Project Area in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year and pursuant to Health & Safety Code Sections 33445 and 33679.
 2. North Embarcadero Cooperation Agreement attached hereto as Attachment 3, states that the Redevelopment Agency, using the tax increments from the Centre City Redevelopment Project, shall provide to the County an amount of \$31,360,000 to fund portion of the cost of the

construction of the North Embarcadero Project Improvements in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year and pursuant to Health & Safety Code Sections 33445 and 33679.

3. Transit Line Cooperation Agreement attached hereto as Attachment 4, states that the Redevelopment Agency, using the tax increments from the Grantville Redevelopment Project, shall provide to the City an amount of \$31,360,000 to fund a portion of the cost of the construction of transit line improvements and related public improvements located in the Centre City Redevelopment Project Area on "C" Street between Kettner Boulevard and Park Boulevard in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year and pursuant to Health & Safety Code Sections 33445 and 33679.
4. Housing Credit Cooperation Agreement attached hereto as Attachment 5, states that the Redevelopment Agency, City and County agreed that a certain portion of the new affordable housing units constructed in whole or in part with up to \$9,800,000 of the "Housing Fund" shall be used to satisfy the County's share of the regional housing needs allocation ("RHNA") established by the San Diego Association of Governments ("SANDAG"). For purpose of the Housing Credit Cooperation Agreement, the "Housing Fund" means twenty percent (20%) of the tax increments allocated to a Low- and Moderate-Income Housing Fund pursuant to the requirements of Health and Safety Code section 33334.2 that the Redevelopment Agency is obligated to deposit.

A 33679 Summary Report, pursuant to California Community Redevelopment Law, Health and Safety Code 33000, (Attachment 6) has been prepared for the Cooperation Agreements concerning the Joint Projects, the North Embarcadero Project Improvements and the Transit Line Improvements. This Summary Report explains in detail the proposed projects, an estimate of the tax increment revenues to be used, the applicable facts supporting Section 33445 Findings and the redevelopment purpose for which the tax increment is being used. Furthermore, Section 33455 Findings are also included in the respective Redevelopment Agency and City Council resolutions.

Atomic and Tevssier Trust Resolution Under Health and Safety Code Section 33399(g)

Consistent with the settlement and in addition to the aforementioned agreements, a resolution has been prepared for Redevelopment Agency's consideration and execution declaring and designating the real properties in the Grantville Redevelopment Project Area owned by Atomic and Tevssier Trust are exempt from eminent domain under the Grantville Redevelopment Plan pursuant to Health and Safety Code Section 33399(g). A copy of the proposed resolution is attached as Attachment 7, and if approved, will be recorded with the County of San Diego Records Office as required by Health and Safety Code Section 33399(g).

Environmental Review

The projects under the proposed agreements are consistent with the Grantville and Centre City Redevelopment Plans and are covered by their respective and approved Environmental Impact Reports (EIRs). Specifically, these activities covered under the 2006 Final Environmental Impact Report ("FEIR") prepared for all developments in the Centre City Redevelopment Project Area, or the 2005 Program Environmental Impact Report ("PEIR") prepared for all developments in the Grantville Redevelopment Project Area. Because the FEIR and PEIR cover these activities as part of a previously approved redevelopment plans, the activities are not a separate project or projects for purposes of the California Environmental Quality Act ("CEQA") and CEQA Guidelines Sections 15060(c)(3) and 15378(c). Subsequent discretionary approval for these activities does not involve project changes, a change in circumstances, or new information of substantial importance which would warrant any additional environmental review. California Public Resources Code section 21166.

FISCAL CONSIDERATIONS:

The estimated property tax increment projected for the Grantville Redevelopment Project Area from 2005-2050 is approximately \$610.4 million of which \$122.1 million, or 20 percent, is attributable to the Low and Moderate Income Housing Fund (LMIHF). The net property tax increment projected for the Grantville Redevelopment Project Area after statutory tax sharing agreements is approximately \$264.8 million. If the proposed Transit Line Improvement Cooperation Agreement is approved, \$31.36 million would be spent for "C" Street Transit Improvements within the Centre City Redevelopment Project Area. Also, if the proposed Joint Projects Agreement is approved, \$7.84 million would be spent for project improvements of benefit to the Grantville Redevelopment Project Area. Upon subtracting these agreement amounts, the net projected property tax increment available to the Grantville Redevelopment Project Area is projected to be \$225.6 million from 2005-2050. Payments beginning in Fiscal Year 2011-12 with installments paid over 39-years. If an installment payment is deferred the Agency will incur interest. All of the aforementioned amounts are in future dollars.

PREVIOUS AGENCY and/or COUNCIL ACTIONS:

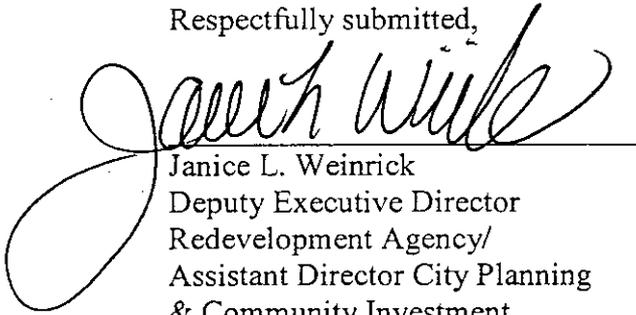
On April 19, 2005 the Redevelopment Agency and City Council held a joint public hearing to receive comments on the proposed Grantville Redevelopment Plan. On May 3 and 17, 2005, the City Council adopted the Redevelopment Plan, Ordinance No. O-19380.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

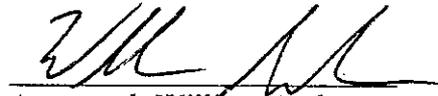
With respect to the Cooperation Agreements for Joint Projects, the North Embarcadero Project Improvements, and Transit Line Improvements, a notice of the time and place of the Redevelopment Agency and City Council joint public hearing has been published in a newspaper of general circulation for at least two successive weeks prior to the joint public hearing. Also, said cooperation agreements related to the joint public hearing have been available for public review and copying at the Offices of the Redevelopment

Agency and City Clerk at the time of the first publication of the notice of the joint public hearing. The Centre City Development Corporation (CCDC) Board is scheduled to discuss this item, as it relates to the North Embarcadero Public Improvement and Facilities and the Transit Line Improvements agreements on July 16, 2008. In addition, the Centre City Advisory Committee (CCAC) is scheduled to hear this item at their July 23, 2008 meeting. Any recommendations or actions taken by the CCDC Board or CCAC will be shared orally at this joint public hearing.

Respectfully submitted,



Janice L. Weinrick
Deputy Executive Director
Redevelopment Agency/
Assistant Director City Planning
& Community Investment,
Redevelopment Division



Approved: William Anderson
Assistant Executive Director
Redevelopment Agency/
Deputy Chief Operating Officer
Executive Director of City Planning
and Development

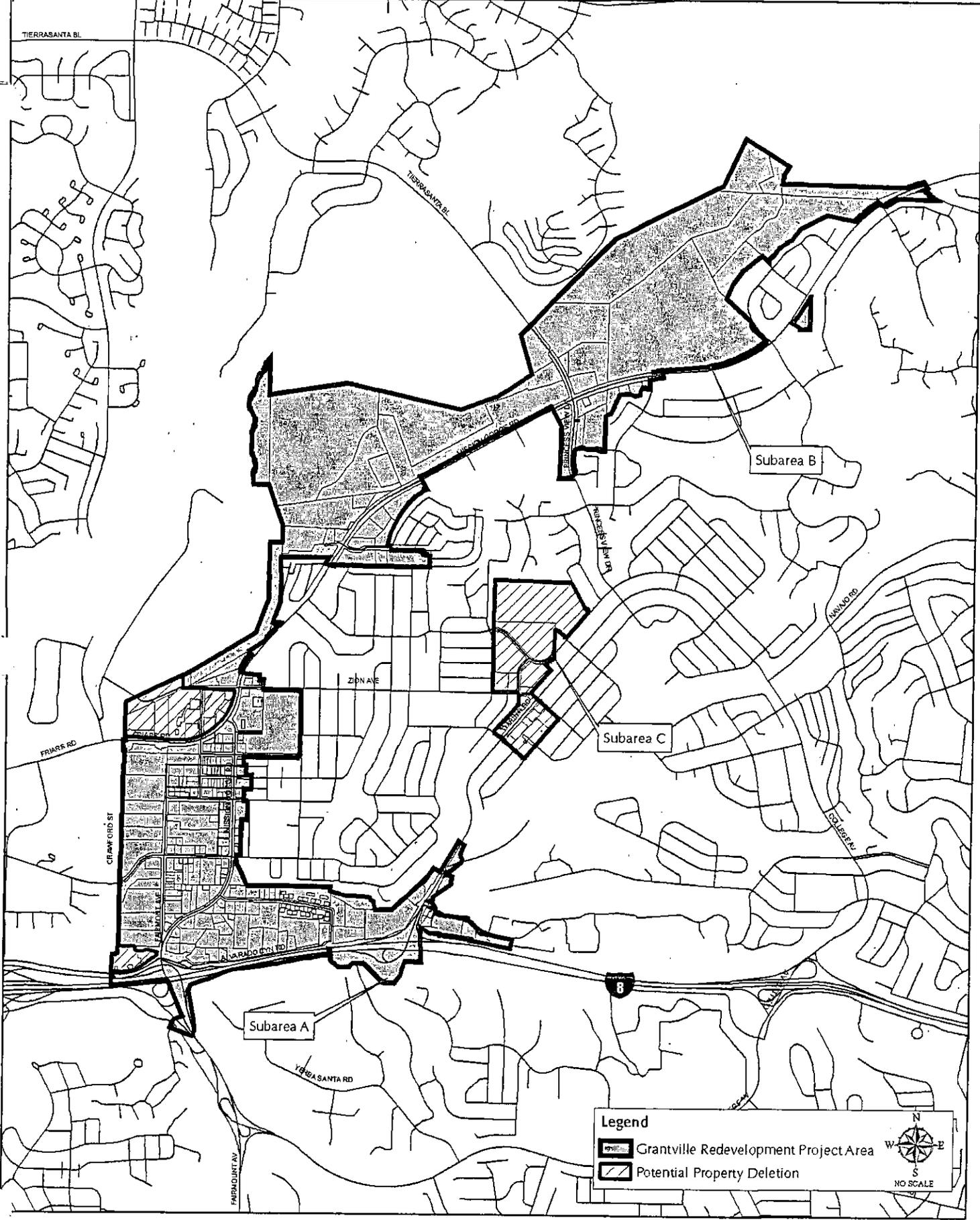
- Attachments:
1. Grantville Redevelopment Project Area Map
 2. Agreement for Cooperation between the Redevelopment Agency of the City of San Diego and the County of San Diego Relating to Joint Projects
 3. Agreement for Cooperation between the Redevelopment Agency of the City of San Diego and the County of San Diego Relating to the Funding of North Embarcadero Public Improvements and Facilities
 4. Cooperation Agreement Relating to the Funding of the Transit Line Improvements by and between the City of San Diego and the Redevelopment Agency of the City of San Diego
 5. Cooperation Agreement Relating to the Affordable Housing Credit and Allocation Transfer by and between the Redevelopment Agency of the City of San Diego, the City of San Diego and the County of San Diego
 6. Health and Safety Code Section 33679 Summary Report
 7. Atomic and Teyssier Resolution Pursuant to Health and Safety Code Section 33399(g)

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Attachment 1

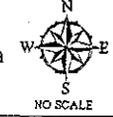
Grantville Redevelopment Project Area Map

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Grantville Redevelopment Project Area

CITY OF SAN DIEGO • REDEVELOPMENT DIVISION



City of San Diego
Redevelopment Division
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Attachment 2

Agreement for Cooperation between the Redevelopment Agency of the City of San Diego and County of San Diego Relating to Joint Projects

**AGREEMENT FOR COOPERATION BETWEEN
THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
AND THE COUNTY OF SAN DIEGO RELATING TO JOINT PROJECTS**

(Grantville Redevelopment Project)

THIS AGREEMENT (the "Agreement") is entered into this _____ day of _____, 2008, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), and the COUNTY OF SAN DIEGO, a public body (the "County"), with reference to the following:

A. The Redevelopment Plan for the Grantville Redevelopment Project Area (the "Grantville Redevelopment Plan") was approved and adopted by the City Council of the City of San Diego ("City Council") by Ordinance Number 0-19380 (New Series) on May 17, 2005.

B. Over the course of the Agency's implementation of the Grantville Redevelopment Plan, County and Agency desire to provide for the project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to project improvements of benefit to the Grantville Redevelopment Project Area ("Grantville Redevelopment Project Area"), either within or without the Grantville Redevelopment Project Area, in accordance with the procedures set forth in this Agreement (the "Joint Projects").

C. Agency proposes to commit \$7,840,000 to fund a portion of the cost of the construction of the Joint Projects, to be funded pursuant to this Agreement in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year in accordance with the "Schedule of Annual Payments" attached hereto, labeled "Exhibit A" and incorporated herein by this reference.

D. Pursuant to section 33445 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), the Agency is authorized to pay for all or part of the costs for the installation and construction of a publicly owned facility either within or without the Grantville Redevelopment Project Area, if the City Council finds that the construction is of benefit to the Grantville Redevelopment Project Area or to the immediate neighborhood, that no other reasonable means of financing the improvements is available to the community, that payment of funds for the costs of the project will assist in the elimination of one or more blighting conditions inside the Grantville Redevelopment Project Area, and that the project is consistent with the Grantville Redevelopment Plan. The City Council made the foregoing findings in Resolution No. [REDACTED].

In consideration of the above recitals and the mutual covenants and conditions set forth in the Agreement, and for good and valuable consideration of the receipt and sufficiency of which are hereby acknowledged, the Agency and County agree as follows:

ARTICLE 1: SCOPE OF AGREEMENT**1.1 Purpose.**

The purpose of this Agreement is to provide for the identification, administration and funding of the construction of the Joint Projects.

1.2 Agency Contribution.

Agency hereby agrees to provide Seven Million Eight Hundred Forty Thousand Dollars (\$7,840,000), plus any interest due as a result of any deferral pursuant to Section 2.4.C, to fund a portion of the cost of the construction of the Joint Projects, to be funded pursuant to this Agreement in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year in accordance with the Schedule of Annual Payments listed in Exhibit "A" (the "Agency Contribution").

1.3 Joint Projects.**A. County Proposal, Agency Approval**

County shall have the right to propose to the Agency, on its own initiative, projects to be financed with monies made available by the Agency Contribution under this Agreement. County shall notify Agency in writing of the proposed expenditures, describing in reasonable detail the projects to be financed. In response, Agency shall review and consider approval of the proposed project, based on whether the proposed project benefits the Grantville Redevelopment Project Area consistent with the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.) and the specific amount to be withdrawn from the Joint Project Account that is established pursuant to Section 2.2 to complete the proposed project.

B. Joint Committee

If the parties are unable to select projects per Section 1.3A above, Agency and County agree to create a joint Agency-County committee (the "Joint Committee") to meet, discuss and propose the projects that will be funded from the Agency Contribution. The Joint Committee shall review and comment on the proposed projects, and make a final recommendation to the Board of Supervisors and the Agency Board on whether or not to approve the proposed projects, based on whether the proposed projects benefit the Grantville Redevelopment Project Area and the County consistent with the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.) and the specific amount to be withdrawn from the Joint Project Account that is established pursuant to Section 2.2 to complete the proposed project.

C. If Parties Are Unable To Approve Any Projects

To the extent the County, Agency and/or Joint Committee cannot approve the expenditure of all or any portion of the Agency Contribution as Joint Projects by the end of the 2020-21 fiscal year, the County may expend such Agency Contribution so long as the

expenditure benefits the Grantville Redevelopment Project Area and the County consistent with the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.) and is a lawfully authorized expenditure thereunder.

D. Remaining Funds Not Used

Any remaining funds in the Joint Project Account that is established pursuant to Section 2.2 that are not used or not withdrawn to construct the Joint Projects by the end of the 2049-2050 fiscal year (the "Remaining Funds") shall be available to the County to be spent for redevelopment purposes within or without the Grantville Redevelopment Area for the benefit of the Agency and County, consistent with the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.). If County expenditure is not made prior to June 30, 2050, any Remaining Funds may be expended by Agency for redevelopment purposes per California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.).

The parties shall also periodically meet and discuss the status of the Grantville Redevelopment Plan and any Joint Projects funded by the Agency Contribution and ensure that the conditions of this Agreement are met.

E. County's Obligations

County agrees to use the Agency funds for purposes consistent with the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), including project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the Joint Projects. County agrees to diligently pursue such efforts and take all necessary steps to achieve such purposes.

1.4 Scope of Participation.

The parties acknowledge and agree that County and/or Agency bear responsibility for the Joint Projects, depending upon the location and ultimate ownership of the improvements involved in each case. The Agency Contribution to the Joint Projects is limited to the contribution of committed funds in the amount of \$7,840,000, plus accrued interest, as set forth in this Agreement. Agency's participation in contributing funds to Joint Projects does not create any obligation on the part of the Agency to participate in any additional funding beyond said amount of \$7,840,000, plus accrued interest. Agency and County agree that Agency funds will be used for purposes consistent with the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), including project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the Joint Projects.

ARTICLE 2: AGENCY CONTRIBUTION OF FUNDS

2.1 Funding Schedule. Agency agrees to make the Agency Contribution for the Joint

Projects in thirty-nine (39) annual payments as set forth in the Schedule of Annual Payments (Exhibit "A") herein. Each annual payment set forth on the Schedule of Annual Payments shall be paid to the office of Auditor & Controller of the County at 1600 Pacific Coast Highway, Room 77, San Diego, California 92101 on October 1 of each year, commencing October 1, 2012, for each previous fiscal year.

2.2 Joint Projects Account. The County agrees to open on or before May 1, 2010 and maintain for the term of this Agreement an account as a separate account at a financial institution currently utilized by the County into which the County shall deposit the Agency Contribution pursuant to this Agreement (the "Joint Projects Account"). The Joint Projects Account shall accrue interest and shall be administered by the County consistent with the provisions of this Agreement. The principal and interest in the Joint Projects Account shall be invested consistent with other similar obligations maintained by the County. No expenditure of funds in the account on behalf of a project shall be made unless both the County's Chief Executive Officer or designee and the Agency's Executive Director or his or her designee agree in writing to such Joint Projects. The County shall semi-annually forward to the Agency Treasurer a copy of all statements received from the financial institution for the Joint Projects Account. Investments authorized by Health and Safety Code Section 33603 shall be deemed to meet both the approval of the Agency's Executive Director or designee and the County. The Agency and County shall abide by the following provisions in connection with the opening and maintenance of the Joint Projects Account.

1. **Deposits.** The County agrees to deposit the Agency Contribution into the Joint Projects Account on an annual basis in accordance with the Schedule of Annual Payments (Exhibit "A"). Such deposits shall be held in the Joint Projects Account under the terms of this Agreement.

2. **Payment and Distribution.** Payments shall be made from the Joint Projects Account for purposes consistent with this Agreement in the amount and at the time or times agreed upon between the Agency and the County.

3. **Irrevocability.** The Joint Projects Account and the requirements set forth herein applicable thereto shall be irrevocable and shall not be altered, amended, revoked, or terminated by the Agency, the County or any other person or entity, except as provided above, or by the mutual written agreement of the parties.

4. **Protective Provision.** No interest in income or principal shall be alienated, encumbered, or otherwise disposed of by either the Agency or the County while maintained in the Joint Projects Account.

5. **Specific Performance.** If either Agency or County breaches any provisions of this Agreement concerning the maintenance, use or operation of the Joint Projects Account, the non-breaching party may enforce the agreement by instituting an action for specific performance of the terms of this Agreement, as well as by availing itself of any other remedy provided at law or in equity.

6. Implementation. The parties agree to take all necessary steps and execute and deliver all documents convenient, necessary or desirable to implement the provisions of this Agreement.

2.3 Total Agency Contribution Not to Exceed \$7,840,000. The total amount of Agency Contribution under this Agreement shall not exceed \$7,840,000, plus interest. If the costs relating to the Joint Projects exceed \$7,840,000 (excluding interest), such expenses shall be the obligation of the County, unless otherwise expressly agreed to by the Agency in connection with any Joint Projects.

2.4 Special Limited Obligation.

A. Use of Funds.

The Agency Contribution under Sections 1.2 and 2.3 shall be used by County only to pay the costs of Joint Projects.

B. Statutory Pass Through Amounts.

The Agency Contribution in this Agreement is an addition to any election, prior or future, by County, or any right to receive tax revenues under Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law.

C. Deferment of Payments With Interest.

Subject to the requirements of this Section 2.4.C; Agency shall have the right to defer payment of the annual payments comprising the Agency Contribution (but not the Statutory Pass Through Amounts described in Sections 2.4.B and 2.6, and contemplated in Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law) only (i) if in any year the cumulative amount of gross tax increments collected, allocated to and received by the Agency for the Grantville Redevelopment Plan is less than the cumulative "Projected Gross Tax Increments (Grantville Redevelopment Plan)" shown in Exhibit "A" and used as part of the illustrative examples in Exhibit "B"; and (ii) only to the extent and in proportion to the amount by which the Gross Tax Increments received by the Agency for such year is less than the amount of the "Projected Gross Tax Increments (Grantville Redevelopment Plan)" shown in Exhibit "A" and used as part of the illustrative examples in Exhibit "B" for that year.

For purposes of this Agreement, "Gross Tax Increments" shall mean tax increments allocated and paid to and actually received by the Agency for the Grantville Redevelopment Plan pursuant to Section 33670 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.) and the Grantville Redevelopment Plan.

The Agency shall pay to the County all amounts deferred under this Section 2.4.C together with interest on such deferred amounts calculated from the date of deferral to date of reimbursement at the Pooled Rate of Interest from any Excess Net Tax Increments received by the Agency within 90 days of the end of the fiscal year for which such Excess Net Tax

Increments funds were received.

For purposes of this Agreement, "Excess Net Tax Increments" shall mean, in any year, the amount by which the cumulative Gross Tax Increments exceeds the cumulative Projected Gross Tax Increments as shown in Exhibit "A" for such fiscal years.

For purposes of this Agreement, "Pooled Rate of Interest" shall mean, in any year, the interest computed quarterly at the pooled money investment rate of the County of San Diego as published in the Quarterly Earnings Report or a comparable successor publication.

Illustrative examples of various scenarios related to the implementation of this Section 2.4.C are set forth in the attached Exhibit "B". Such examples are for purposes of illustration only and in the event of a conflict between said Exhibit "B" and this Agreement, the provisions of this Agreement shall prevail.

In the event the Community Redevelopment Law is changed to allow the Agency to extend the time limits regarding the Grantville Redevelopment Plan beyond the termination date as set forth in Exhibit "A", then:

1. Nothing herein shall be interpreted to be a waiver of any rights of County provided by law to challenge any such extensions; and
2. Agency and County agree to cooperate in good faith to seek to apply the provisions of that certain Settlement Agreement dated _____ 2008 and entered into by and between the Agency and County, among others, to any such extended period, consistent with the provisions of the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.).

D. Indebtedness.

The obligations of Agency under this Agreement shall constitute an indebtedness of Agency for the purposes of carrying out Joint Projects, which indebtedness shall be payable only out of tax increments levied by or for the benefit of taxing agencies in the Grantville Redevelopment Project Area, and allocated to Agency pursuant to Section 33670, et seq., of the California Community Redevelopment Law.

2.5 Subordination. The Agency may subordinate its obligations under this Agreement to new loans or other indebtedness incurred by the Agency, but only if the County grants its prior approval of the subordination in writing pursuant to this section.

At the time the Agency requests that the County subordinate the amount to be paid to it under this Agreement, the Agency shall provide the County with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by this section, when due. When Agency is contemplating the sale of bonds, Agency shall also provide County with a copy of its preliminary official statement which is the basis for its bond issue, the

bond indenture agreement, the subordination agreement, and any other agreements relating to the bond issuance, together with an explanation of how Agency intends to meet its obligations under this Agreement.

Within 45 days of the Agency's written request and receipt of the foregoing documentation, the County shall approve or disapprove the request for subordination. The County may disapprove the request only if it finds, based upon substantial evidence, that after the Agency pays the debt payments, it will not have sufficient funds to pay the amounts required to be paid to the County pursuant to this Agreement. If the County does not act within 45 days of receipt of the Agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive.

Agency shall in good faith diligently attempt to market any bonds or incur any indebtedness in a manner such that sufficient tax increment revenues remain available to pay Agency's obligations under this Agreement, after the priority pledge of tax increment revenues to the holders of the indebtedness.

In the event Agency is unable to meet its obligation under this Agreement, such monies due to County shall be considered an indebtedness of Agency to County and shall accrue and be due and owing until such obligation is fulfilled by Agency. In such event, the obligation of Agency shall accrue interest until payment is made computed by the Pooled Rate of Interest. Until such accrued amounts are paid, with interest as applicable, such indebtedness to County shall be paid from the first available tax increment revenues not used by Agency for such priority indebtedness.

2.6 Statutory Pass Through Amounts. County's resolution adopted by County pursuant to Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law, as an election to receive any portion of the tax revenues which would otherwise be allocated to Agency pursuant to subdivision (b) of Section 33670 of the California Community Redevelopment Law is not waived by the County. In any event, the Agency Contribution in this Agreement is an addition to any election, prior or future, by County, or any right to receive tax revenues under Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law.

2.7 Progress Reports. County agrees to regularly communicate with the Agency regarding the progress of the Joint Projects for which the County is responsible. Agency agrees to regularly communicate with the County regarding the progress of the Joint Projects for which the Agency is responsible

ARTICLE 3: INDEMNIFICATION

3.1 Indemnification. County agrees to defend, indemnify, protect, and hold Agency and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the

extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of County, its officers, agents, or employees.

Agency agrees to defend, indemnify, protect, and hold County and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees. The provisions of this section shall survive the expiration, termination, or assignment of this Agreement.

3.2 No Joint and Several Liability. The parties acknowledge and agree that as stated in Government Code section 895, this Agreement is an agreement between public entities designed to implement the disbursement or subvention of public funds from one entity to the other and, as such, is not subject to the joint and several liability provisions of Government Code sections 895 to 895.8.

ARTICLE 4: GENERAL PROVISIONS

4.1 Default. If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder; provided, however, that if such obligation cannot reasonably be performed within said 30 day period, no default shall have occurred if the nonperforming party commences to cure within said 30 day period and thereafter diligently pursues the cure to completion. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party. All notices of defaults shall clearly indicate a notice of default under this Agreement.

Copies of all notices of defaults shall be sent as follows:

County:

Chief Administrative Office, County of San Diego
 County Administration Center
 1600 Pacific Coast Highway, Room 209
 San Diego, California 92101

001053

With a copy to:

County Counsel, County of San Diego
County Administration Center
1600 Pacific Highway, Room 355
San Diego, CA 92101

Agency:

The Redevelopment Agency of the City of San Diego
1200 Third Avenue, 14th Floor, MS 56D
San Diego, CA 92101
Attention: Grantville Redevelopment Project Area Manager

With a copy to:

Office of the City Attorney
1200 Third Avenue, Suite 1100
San Diego, California 92101-4100

4.2 Representation. County and Agency represent and warrant that in agreeing to the terms of this Agreement they have read the Agreement, have had the Agreement explained to them by County's and Agency's counsel, are aware of the content and legal effect of this Agreement, are acting on the advice of County's and Agency's counsel and are not relying on any representation made by County, Agency or City or any of the employees, agents, representatives or attorneys of County, Agency or City, or any of them, except as expressly set forth in this Agreement.

County and Agency further represent and warrant that they will cooperate in good faith to accomplish the purposes of this Agreement if there is any change(s) in law affecting this Agreement.

4.3 No Waiver. No failure of either County or Agency to insist upon strict performance by the other of any covenant, term or condition of the Agreement, nor any failure to exercise any right or remedy consequent upon a breach, shall constitute a waiver of any such breach of such covenant, term or condition.

4.4 No Third Party Beneficiary. The parties agree that this Agreement is made solely for the benefit of Agency and County, and no third person or entity shall be deemed to have any rights or remedies hereunder.

4.5 Amendments. All amendments or modifications to the Agreement shall be in writing and executed by both parties.

4.6 Entire Agreement. This Agreement constitutes the entire understanding and agreement

between the parties and supersedes all previous negotiations between them.

4.7 California Law. The laws of the State of California shall govern and control the terms and conditions of this Agreement.

4.8 Institution of Legal Actions. In addition to any other legal rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in a court of competent jurisdiction in the County of San Diego, California.

4.9 Counterparts. This Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

4.10 Signing Authority. The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director, or designee, and this Agreement is executed by the County of San Diego by its authorized signatory.

REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. AGUIRRE, General Counsel

By: _____

KANE, BALLMER & BERKMAN

By: _____
Murray O. Kane
Agency Special Counsel

[Signatures Continue on Following Page]

001056

DRAFT

COUNTY OF SAN DIEGO

Date: _____

By: _____

John J. Sansone
County Counsel

DRAFT

001057

EXHIBIT "A"

Schedule of Annual Payments

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the Joint Projects
2011-2012	\$1,722,066	\$32,417
2012-2013	\$2,026,775	\$38,152
2013-2014	\$2,349,766	\$44,233
2014-2015	\$2,692,136	\$50,677
2015-2016	\$3,055,049	\$57,509
2016-2017	\$3,439,736	\$62,479
2017-2018	\$3,847,505	\$67,747
2018-2019	\$4,279,740	\$73,332
2019-2020	\$4,737,909	\$79,251
2020-2021	\$5,223,568	\$85,526
2021-2022	\$5,738,367	\$92,177
2022-2023	\$6,284,053	\$99,228
2023-2024	\$6,862,481	\$106,701
2024-2025	\$7,475,615	\$114,623
2025-2026	\$8,125,536	\$123,019
2026-2027	\$8,814,453	\$131,920
2027-2028	\$9,544,704	\$141,355
2028-2029	\$10,318,771	\$151,356
2029-2030	\$11,139,282	\$161,957
2030-2031	\$12,009,024	\$173,194
2031-2032	\$12,930,950	\$185,105
2032-2033	\$13,908,191	\$197,731
2033-2034	\$14,944,067	\$211,115

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the Joint Projects
2034-2035	\$16,042,096	\$225,301
2035-2036	\$17,206,006	\$240,339
2036-2037	\$18,439,751	\$251,423
2037-2038	\$19,747,521	\$263,171
2038-2039	\$21,133,757	\$275,625
2039-2040	\$22,603,167	\$288,826
2040-2041	\$24,160,741	\$302,819
2041-2042	\$25,811,770	\$317,651
2042-2043	\$27,561,861	\$333,374
2043-2044	\$29,416,957	\$350,040
2044-2045	\$31,383,359	\$367,706
2045-2046	\$33,467,745	\$386,431
2046-2047	\$35,677,195	\$406,281
2047-2048	\$38,019,211	\$427,321
2048-2049	\$40,501,748	\$449,623
2049-2050	\$43,133,238	\$473,264
Total		\$7,840,000

EXHIBIT "B"

Illustrative Examples Regarding Limitation on Payments

Joint Projects

Formula: If in the specific year,

Cumulative Actual Gross Tax Increments for all prior years [CAGTI] < Cumulative Projected Gross Tax Increments for all prior years [CPGTI]

AND

Actual Gross Tax Increments for the specific year [AGTI] < Projected Gross Tax Increments for the specific year [PGTI],

then the annual payment owed for that year may be deferred to the extent and in proportion to the amount by which the Actual Gross Tax Increments (AGTI) received by the Agency for the specific year is less than the amount of the Projected Gross Tax Increment (PGTI) for the specific year until Excess Net Tax Increment exists in the following year(s).

"Excess Net Tax Increment" exists when, in any year, the Cumulative Actual Gross Tax Increment (CAGTI) exceeds the Cumulative Projected Gross Tax Increments (CPGTI), as shown in Exhibit "A," for such fiscal years.

Examples: Assume in the year 2013-2014, the AGTI is \$2,000,000 --\$349,766 less than the PGTI of \$2,349,766. Assuming AGTI = PGTI for all prior years, the CAGTI is \$5,748,841 compared to the CPGTI of \$6,098,607. Thus, in the year 2013-2014, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$6,584), until Excess Net Tax Increment exist in the following year(s). The deferred amount of \$6,584 is a result of the following calculations:

- (1) Divide AGTI by PGTI to get the proportionate percentage ("X").
- (2) Multiply the Anticipated Annual Payment by X to get the Actual Annual Payment, and
- (3) Subtract the Actual Annual Payment from the Anticipated Annual Payment to calculate the amount to be deferred.

In the assumed year 2013-2014 set forth above,

- (1) Divide \$2,000,000 (AGTI) by \$2,349,766 (PGTI) resulting in the proportionate percentage of 0.851148 ("X")
- (2) Multiply \$44,233 (Anticipated Annual Payment) by 0.581148 ("X") to get \$37,649 (Actual Annual Payment), and
- (3) Subtract \$37,649 (Actual Annual Payment) from \$44,233 (Anticipated Annual Payment) to get the deferred amount of \$6,584.

Assume in the year 2014-2015, the AGTI is \$3,692,136 -- \$1,000,000 over the PGTI of \$2,692,136. Therefore, the CAGTI is \$9,440,977 compared to the CPGTI of \$8,790,743. Since in the year 2014-2015, CAGTI > CPGTI, the Agency has Excess Net Tax Increment and is obligated to repay all deferred amounts plus interest. Assuming the average pooled rate of interest for the previous 12 months was 5%, the amount owing for the deferred payment in 2013-2014 is $\$6,584 + \$329 (5\%) = \$6,913$. Therefore, the Agency owes the County the total amount of \$57,590 [$\$50,677 + \$6,913$] as the annual payment owed to the County because the Excess Net Tax Increment exists.

Assume in the year 2015-2016, the AGTI is \$2,405,049 -- \$650,000 less than the PGTI of \$3,055,049. Therefore, the CAGTI is \$11,846,026 compared to the CPGTI of \$11,845,792. Thus, in the year 2015-2016, the AGTI < PGTI, however CAGTI > CPGTI. Therefore, the Agency still owes the County an amount of \$57,509 as the scheduled annual payment.

Finally, assume in the year 2016-2017, the AGTI is \$3,430,000 -- \$9,736 less than the PGTI of \$3,439,736. Therefore, the CAGTI is \$15,276,026 compared to the CPGTI of \$15,285,528. Thus, in the year 2016-2017, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$177), until the Excess Net Tax Increment exists in the following year(s).

For illustrative purposes, see the table below for the years 2013-2017 in support of the examples set forth herewith.

Sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Cumulative Projected Gross Tax Increment [CPGTI]	Cumulative Actual Gross Tax Increment Collected, Allocated and Received by the Agency [CAGTI]	Projected Gross Tax Increment [PGTI]	Actual Gross Tax Increment Collected, Allocated and Received by the Agency [AGTI]	Anticipated Annual Payments for the Joint Projects	Actual Annual Payments to the Joint Projects
2011-2012	\$1,722,066	\$1,722,066	\$1,722,066	\$1,722,066	\$32,417	\$32,417
2012-2013	\$3,748,841	\$3,748,841	\$2,026,775	\$2,026,775	\$38,152	\$38,152
2013-2014	\$6,098,607	\$5,748,841	\$2,349,766	\$2,000,000 [loss of \$349,766 from PGTI]	\$44,233	\$37,649 [\$6,584 deferred]
2014-2015	\$8,790,743	\$9,440,977	\$2,692,136	\$3,692,136 [increase of \$1,000,000 from PGTI]	\$50,677	\$57,590 [\$50,677 + \$6,584 + \$329 (5%)]
2015-2016	\$11,845,792	\$11,846,026	\$3,055,049	\$2,405,049 [loss of \$650,000 from PGTI]	\$57,509	\$57,509
2016-2017	\$15,285,528	\$15,276,026	\$3,439,736	\$3,430,000 [loss of \$9,736 from PGTI]	\$62,479	\$62,302 [\$177 deferred]

Etc...

Such examples set forth herein are for purposes of illustration only and in the event of a conflict between said Exhibit "B" and this Agreement, the provisions of this Agreement shall prevail.

001063

Attachment 3

Agreement for Cooperation between the Redevelopment Agency of the City of San Diego and the County of San Diego Relating to the Funding of North Embarcadero Public Improvements and Facilities

DRAFT

001065

**AGREEMENT FOR COOPERATION BETWEEN THE REDEVELOPMENT
AGENCY OF THE CITY OF SAN DIEGO AND THE COUNTY OF
SAN DIEGO RELATING TO THE FUNDING OF NORTH EMBARCADERO
PUBLIC IMPROVEMENTS AND FACILITIES
(Centre City Redevelopment Project)**

THIS AGREEMENT (the "Agreement") is entered into this _____ day of _____, 2008, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), and the COUNTY OF SAN DIEGO, a public body (the "County"), with reference to the following:

A. The Redevelopment Plan for the Centre City Redevelopment Project Area ("Redevelopment Plan") was approved and adopted by the City Council of the City of San Diego ("City Council") by Ordinance No. O-17767 (New Series) on May 11, 1992 and was amended by the City Council on November 28, 1994 by Ordinance No. O-18119 (New Series), on January 9, 1995 by Ordinance No. O-18145 (New Series), on November 8, 1999 by Ordinance No. O-18708 (New Series), on November 8, 1999 by Ordinance No. O-18710 (New Series), and on November 22, 1999 by Ordinance No. O-18720 (New Series).

B. The Redevelopment Plan for the Grantville Redevelopment Project Area ("Grantville Redevelopment Plan") was approved and adopted by the City Council by Ordinance Number O-19380 (New Series) on May 17, 2005.

C. County and Agency desire to implement the construction and completion of certain North Embarcadero public improvements and facilities located within the Centre City Redevelopment Project Area ("Redevelopment Project Area") and described in this Agreement (the "North Embarcadero Project Improvements") which will be financed in part through funds for construction to be committed by the Agency (Centre City) pursuant hereto. The construction of the North Embarcadero Project Improvements is to be managed, administered and completed by the County consistent with this Agreement.

D. Agency (Centre City) proposes to commit \$31,360,000 to fund a portion of the cost of the construction of the North Embarcadero Project Improvements, to be paid to the County pursuant to this Agreement in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year in accordance with the "Schedule of Annual Payments" attached hereto, labeled "Exhibit A" and incorporated herein by this reference.

E. Pursuant to section 33445 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), the Agency is authorized to pay for all or part of the costs for the installation and construction of a publicly owned facility either within or without the Redevelopment Project Area, if the City Council finds that the construction is of benefit to the Redevelopment Project Area or to the immediate neighborhood, that no other reasonable means of financing the improvements is available

to the community, that payment of funds for the costs of the project will assist in the elimination of one or more blighting conditions inside the Redevelopment Project Area, and that the project is consistent with the Redevelopment Plan and Grantville Redevelopment Plan. The City Council made the foregoing findings in Resolution No. [REDACTED].

In consideration of the above recitals and the mutual covenants and conditions set forth in the Agreement, and for good and valuable consideration of the receipt and sufficiency of which are hereby acknowledged, the Agency and County agree as follows:

ARTICLE 1: SCOPE OF AGREEMENT

1.1 Purpose.

The purpose of this Agreement is to provide for the administration and funding of the construction of the North Embarcadero Project Improvements. The North Embarcadero Project Improvements are described on the "Description of Improvements and Facilities" attached hereto, labeled Exhibit "B" and incorporated herein by this reference.

1.2 Agency Contribution.

Agency (Centre City) hereby agrees to provide Thirty One Million Three Hundred Sixty Thousand Dollars (\$31,360,000), plus any interest due as a result of any deferral pursuant to Section 2.3.C, to fund a portion of the cost of the construction of the North Embarcadero Project Improvements, to be paid to the County pursuant to this Agreement in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year in accordance with the Schedule of Annual Payments listed in Exhibit "A" (the "Agency Contribution").

1.3 County's Obligations.

County agrees to plan, design, construct, provide construction management for and complete the North Embarcadero Project Improvements in accordance with this Agreement. County agrees to diligently pursue such efforts and take all necessary steps to achieve such purposes, consistent with Exhibit B attached hereto and incorporated herein.

1.4 Scope of Participation.

The parties acknowledge and agree that County bears sole responsibility for the planning, design, construction, construction management, and operations and maintenance of the North Embarcadero Project Improvements, and for paying all costs and expenses necessary therefor, subject only to Agency's obligation to participate in the funding of such costs and expenses as set forth in this Agreement. Agency's participation in the North Embarcadero Project Improvements is limited to the contribution of committed funds in the amount of \$31,360,000, as set forth in this

Agreement and the Schedule of Annual Payments. Agency's participation in contributing funding to North Embarcadero Project Improvements does not create any obligation on the part of the Agency to participate in any additional funding, construction, development, maintenance, or operations for the North Embarcadero Project Improvements. Agency and County agree that Agency funds will be used for purposes consistent with the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), including project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the North Embarcadero Project Improvements, as identified in Exhibit B.

1.5 Periodic Review.

At the request of either County's Chief Administrative Officer or Agency's Executive Director made prior to each desired meeting, County's Chief Administrative Officer (or his designee) and Agency's Executive Director (or his designee) will meet to review the progress to date of implementation of this Agreement.

ARTICLE 2: AGENCY CONTRIBUTION OF FUNDS

2.1 Funding Schedule.

Agency (Centre City) agrees to pay the Agency Contribution for the North Embarcadero Project Improvements in thirty-nine (39) annual payments as set forth in the Schedule of Annual Payments (Exhibit "A"). Each annual payment set forth on the Schedule of Annual Payments shall be paid to the office of Auditor & Controller of the County at 1600 Pacific Coast Highway, Room 77, San Diego, California 92101 on October 1 of each year, commencing October 1, 2012, for each previous fiscal year. County shall have the right to withhold future tax increments from the Grantville Redevelopment Project Area if any payment is not made when due, provided the County notifies Agency in writing ten (10) days in advance.

Copies of all advance notices by County shall be sent as follows:

The Redevelopment Agency of the City of San Diego
1200 Third Avenue, 14th Floor, MS 56D
San Diego, CA 92101
Attention: Grantville Redevelopment Project Area Manager

AND

Centre City Development Corporation
225 Broadway, Suite 1100
San Diego, CA 92101

2.2 Total Agency Contribution Not to Exceed \$31,360,000.

The total amount of Agency Contribution shall not exceed \$31,360,000, except as required by the Section 2.3.C below. If the costs relating to the North Embarcadero Project Improvements exceed this amount, such expenses shall be the obligation of the County.

2.3 Special Limited Obligation.**A. Use of Funds.**

The Agency Contribution under Sections 1.2 and 2.2 shall be used by County only to pay the cost for project design, acquisition, administration, planning, permits, environmental review, for work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the North Embarcadero Project Improvements, as identified in Exhibit B, consistent with the requirements of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.).

B. Statutory Pass Through Amounts.

The Agency Contribution in this Agreement is an addition to any election, prior or future, by County, or any right to receive tax revenues under Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law.

C. Deferral of Payments With Interest.

Subject to the requirements of this Section 2.3.C, Agency (Centre City) shall have the right to defer payment of the annual payments comprising the Agency Contribution (but not the Statutory Pass Through Amounts described in Section 2.3.B, and contemplated in Section 33607.5 of the California Community Redevelopment Law) only (i) if in any year the cumulative amount of gross tax increments collected, allocated to and received by the Agency for the Grantville Redevelopment Plan is less than the cumulative "Projected Gross Tax Increments (Grantville Redevelopment Plan)" shown in Exhibit "A" and used as part of the illustrative examples in Exhibit "C"; and (ii) only to the extent and in proportion to the amount by which the actual Gross Tax Increments received by the Agency for the specific year is less than the amount of the "Projected Gross Tax Increments (Grantville Redevelopment Plan)" shown in Exhibit "A" and used as part of the illustrative examples in Exhibit "C" for that specific year.

For purposes of this Agreement, "Gross Tax Increments" shall mean tax increments allocated and paid to and actually received by the Agency for the Grantville Redevelopment Plan pursuant to Section 33670 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.) and the Grantville Redevelopment Plan.

The Agency shall pay to the County all amounts deferred under this Section 2.3.C together with interest on such deferred amounts calculated from the date of deferral to date of reimbursement at the Pooled Rate of Interest from any Excess Net Tax Increments received by the Agency within 90 days of the end of the fiscal year for which such Excess Net Tax Increments funds were received.

For purposes of this Agreement, "Excess Net Tax Increments" shall mean, in any year, the amount by which the cumulative Gross Tax Increments exceeds the cumulative Projected Gross Tax Increments, as shown in Exhibit "A" for such fiscal years.

For purposes of this Agreement, "Pooled Rate of Interest" shall mean, in any year, the interest computed quarterly at the pooled money investment rate of the County of San Diego as published in the Quarterly Earnings Report or a comparable successor publication.

Illustrative examples of various scenarios related to the implementation of this Section 2.3.C are set forth in the attached Exhibit "C". Such examples are for purposes of illustration only and in the event of a conflict between said Exhibit "C" and this Agreement, the provisions of this Agreement shall prevail.

D. Indebtedness.

The obligations of Agency (Centre City) under this Agreement shall constitute an indebtedness of Agency, which indebtedness shall be payable only out of tax increments levied by or for the benefit of taxing agencies in the Redevelopment Project Area, and allocated to Agency pursuant to Section 33670, et seq., of the California Community Redevelopment Law.

2.4 Subordination.

The indebtedness of Agency under this Agreement shall be subordinate to the rights of the holder or holders (other than if the City of San Diego or a public entity in which it is a party is the holder of the indebtedness) of any existing or future bonds, notes or other instruments of indebtedness (all referred to herein as "indebtedness") of Agency incurred or issued to finance the Redevelopment Project Area, including without limitation any pledge of tax increment revenues from the Redevelopment Project Area to pay any portion of the principal (and otherwise comply with the obligations and covenants) of any bond or bonds issued or sold by Agency with respect to the Redevelopment Project Area.

Agency shall market such bond or bonds or incur such indebtedness in a manner such that sufficient tax increment revenues remain available to pay Agency's obligations under this Agreement, after the priority pledge of tax increment revenues to the holders of the indebtedness. When Agency is contemplating the sale of bonds, Agency will provide County with a copy of its preliminary official statement which is the basis for its

bond issue, together with an explanation of how Agency intends to meet its obligations under this Agreement. The Agency shall include in the preliminary official statement appropriate references thereto. The Agency shall provide the County with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by this section, when due.

In the event Agency is unable to meet its obligation under this Agreement, such monies due to County shall be considered an indebtedness of Agency to County and shall accrue and be due and owing until such obligation is fulfilled by Agency. In such event, the obligation of Agency shall accrue interest until payment is made computed by the Pooled Rate of Interest. Until such accrued amounts are paid, with interest as applicable, such indebtedness to County shall be paid from the first available tax increment revenues not used by Agency for such priority indebtedness, and not used by Agency to administer the North Embarcadero Project Improvements in a manner comparable to its then recent experience, prorata to County and any other taxing agencies with whom Agency is obligated under a similar agreement with respect to the North Embarcadero Project Improvements.

2.5 Progress Reports.

County agrees to regularly communicate with the Agency regarding the progress of design, construction and completion of the North Embarcadero Project Improvements. County shall provide the Agency with copies of plans, specifications and estimates of progress levels consistent with work invoiced.

ARTICLE 3: INDEMNIFICATION

3.1 Indemnification.

County agrees to defend, indemnify, protect, and hold Agency and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of County, its officers, agents, or employees.

Agency agrees to defend, indemnify, protect, and hold County and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees. The provisions of this

section shall survive the expiration, termination, or assignment of this Agreement.

3.2 No Joint and Several Liability.

The parties acknowledge and agree that as stated in Government Code section 895, this Agreement is an agreement between public entities designed to implement the disbursement or subvention of public funds from one entity to the other and, as such, is not subject to the joint and several liability provisions of Government Code sections 895 to 895.8.

ARTICLE 4: GENERAL PROVISIONS

4.1 Default.

If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder; provided, however, that if such obligation cannot reasonably be performed within said 30 day period, no default shall have occurred if the nonperforming party commences to cure within said 30 day period and thereafter diligently pursues the cure to completion. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party. All notices of defaults shall clearly indicate a notice of default under this Agreement.

Copies of all notices of defaults shall be sent as follows:

County:

Chief Administrative Office, County of San Diego
 County Administration Center
 1600 Pacific Coast Highway, Room 209
 San Diego, California 92101

With a copy to:

County Counsel, County of San Diego
 County Administration Center
 1600 Pacific Highway, Room 355
 San Diego, CA 92101

Agency:

The Redevelopment Agency of the City of San Diego
1200 Third Avenue, 14th Floor, MS 56D
San Diego, CA 92101
Attention: Grantville Redevelopment Project Area Manager

AND

Centre City Development Corporation
225 Broadway, Suite 1100
San Diego, CA 92101

With a copy to:

Office of the City Attorney
1200 Third Avenue, Suite 1100
San Diego, California 92101-4100

4.2 Representation.

County and Agency represent and warrant that in agreeing to the terms of this Agreement they have read the Agreement, have had the Agreement explained to them by County's and Agency's counsel, are aware of the content and legal effect of this Agreement, are acting on the advice of County's and Agency's counsel and are not relying on any representation made by County, Agency or City or any of the employees, agents, representatives or attorneys of County, Agency or City, or any of them, except as expressly set forth in this Agreement.

4.3 No Waiver.

No failure of either County or Agency to insist upon strict performance by the other of any covenant, term or condition of the Agreement, nor any failure to exercise any right or remedy consequent upon a breach, shall constitute a waiver of any such breach of such covenant, term or condition.

4.4 No Third Party Beneficiary.

The parties agree that this Agreement is made solely for the benefit of Agency and County, and no third person or entity shall be deemed to have any rights or remedies hereunder.

4.5 Amendments.

All amendments or modifications to the Agreement shall be in writing and executed by both parties.

4.6 California Law.

The laws of the State of California shall govern and control the terms and conditions of this Agreement.

4.7 Institution of Legal Actions.

In addition to any other legal rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in a court of competent jurisdiction in the County of San Diego, California.

4.8 Counterparts.

This Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

4.9 Signing Authority.

The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

[INTENTIONALLY LEFT BLANK]

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IN WITNESS WHEREOF, this Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director, or designee, and this Agreement is executed by the County of San Diego by its authorized signatory, County Counsel.

REDEVELOPMENT AGENCY
OF CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. AGUIRRE, General Counsel

By: _____

KANE, BALLMER & BERKMAN

By: _____
Murray O. Kane
Agency Special Counsel

COUNTY OF SAN DIEGO

Date: _____

By: _____
John J. Sansone
County Counsel.

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DRAFT**EXHIBIT "A"****Schedule of Annual Payments**

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the North Embarcadero Project Improvements
2011-2012	\$1,722,066	\$129,666
2012-2013	\$2,026,775	\$152,610
2013-2014	\$2,349,766	\$176,930
2014-2015	\$2,692,136	\$202,709
2015-2016	\$3,055,049	\$230,036
2016-2017	\$3,439,736	\$249,916
2017-2018	\$3,847,505	\$270,990
2018-2019	\$4,279,740	\$293,328
2019-2020	\$4,737,909	\$317,006
2020-2021	\$5,223,568	\$342,105
2021-2022	\$5,738,367	\$368,709
2022-2023	\$6,284,053	\$396,910
2023-2024	\$6,862,481	\$426,803
2024-2025	\$7,475,615	\$458,490
2025-2026	\$8,125,536	\$492,078
2026-2027	\$8,814,453	\$527,681
2027-2028	\$9,544,704	\$565,420
2028-2029	\$10,318,771	\$605,424
2029-2030	\$11,139,282	\$647,828
2030-2031	\$12,009,024	\$692,776
2031-2032	\$12,930,950	\$740,421
2032-2033	\$13,908,191	\$790,925
2033-2034	\$14,944,067	\$844,459
2034-2035	\$16,042,096	\$901,205

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the North Embarcadero Project Improvements
2035-2036	\$17,206,006	\$961,356
2036-2037	\$18,439,751	\$1,005,691
2037-2038	\$19,747,521	\$1,052,686
2038-2039	\$21,133,757	\$1,102,500
2039-2040	\$22,603,167	\$1,155,304
2040-2041	\$24,160,741	\$1,211,276
2041-2042	\$25,811,770	\$1,270,606
2042-2043	\$27,561,861	\$1,333,496
2043-2044	\$29,416,957	\$1,400,159
2044-2045	\$31,383,359	\$1,470,822
2045-2046	\$33,467,745	\$1,545,725
2046-2047	\$35,677,195	\$1,625,122
2047-2048	\$38,019,211	\$1,709,283
2048-2049	\$40,501,748	\$1,798,494
2049-2050	\$43,133,238	\$1,893,057
TOTAL		\$31,360,000

EXHIBIT "B"

Description of Improvements and Facilities

(North Embarcadero Project Improvements)

"North Embarcadero Project Improvements" shall include projects consistent with the County "Waterfront Park" Plan and the California Community Redevelopment Law, as they may be amended from time to time. These projects include, but are not limited to, parking improvements, traffic improvements, utility infrastructure, parks, open space improvements, transit improvements, pedestrian and bike improvements, lighting and landscape improvements and other public infrastructure improvements to current or future County-owned parcels in the Waterfront Park Plan area, including the County-owned property at Cedar and Kettner Streets that supports the County "Waterfront Park" Plan. These projects also include the related planning, administrative, financial, legal, design, and environmental review costs. In addition, and subject to the prior consent of the Agency which will not be unreasonably withheld, North Embarcadero Project Improvements may include improvements to the County owned parcel at Union and A Streets and any other parcels outside of the above-referenced area.

North Embarcadero Project Improvements made to adjacent City public rights of way shall be consistent with the guidelines set forth in the North Embarcadero Visionary Plan, as it may be amended from time to time. "Improvements made to adjacent City public rights of way" means improvements to streets, curbs, gutters, sidewalks, street trees, and street lights.

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EXHIBIT "C"

Illustrative Examples Regarding Limitation on Payments

North Embarcadero Improvements

Formula: If in the specific year,

Cumulative Actual Gross Tax Increments for all prior years [CAGTI] < Cumulative Projected Gross Tax Increments for all prior years [CPGTI]

AND

Actual Gross Tax Increments for the specific year [AGTI] < Projected Gross Tax Increments for the specific year [PGTI],

then the annual payment owed for that year may be deferred to the extent and in proportion to the amount by which the Actual Gross Tax Increments (AGTI) received by the Agency for the specific year is less than the amount of the Projected Gross Tax Increment (PGTI) for the specific year until Excess Net Tax Increment exists in the following year(s).

"Excess Net Tax Increment" exists when, in any year, the Cumulative Actual Gross Tax Increment (CAGTI) exceeds the Cumulative Projected Gross Tax Increments (CPGTI), as shown in Exhibit "A," for such fiscal years.

Examples: Assume in the year 2013-2014, the AGTI is \$2,000,000 --\$349,766 less than the PGTI of \$2,349,766. Assuming AGTI = PGTI for all prior years, the CAGTI is \$5,748,841 compared to the CPGTI of \$6,098,607. Thus, in the year 2013-2014, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$26,336), until Excess Net Tax Increment exists in the following year(s). The deferred amount of \$26,336 is a result of the following calculations:

- (1) Divide AGTI by PGTI to get the proportionate percentage ("X")
- (2) Multiply the Anticipated Annual Payment by X to get the Actual Annual Payment, and
- (3) Subtract the Actual Annual Payment from the Anticipated Annual Payment to calculate the amount to be deferred.

In the assumed year 2013-2014 set forth above,

- (1) Divide \$2,000,000 (AGTI) by \$2,349,766 (PGTI), resulting in the proportionate percentage of 0.851148 ("X")
- (2) Multiply \$176,930 (Anticipated Annual Payment) by 0.851148 ("X") to get \$150,594 (Actual Annual Payment), and

- (3) Subtract \$150,594 (Actual Annual Payment) with \$176,930 (Anticipated Annual Payment) to get the deferred amount of \$26,336.

Assume in the year 2014-2015, the AGTI is \$3,692,136 -- \$1,000,000 over the PGTI of \$2,692,136. Therefore, the CAGTI is \$9,440,977 compared to the CPGTI of \$8,790,743. Since in the year 2014-2015, CAGTI > CPGTI, the Agency has Excess Net Tax Increment and is obligated to repay all deferred amounts plus interest. Assuming the average pooled rate of interest for the previous 12 months was 5%, the amount owing for the deferred payment in 2013-2014 is $\$26,336 + \$1,317 (5\%) = \$27,653$. Therefore, the Agency owes the County the total amount of \$230,362 [$\$202,709 + \$27,653$] as the annual payment owed to the County because the Excess Net Tax Increment exists.

Assume in the year 2015-2016, the AGTI is \$2,405,049 -- \$650,000 less than the PGTI of \$3,055,049. Therefore, the CAGTI is \$11,846,026 compared to the CPGTI of \$11,845,792. Thus, in the year 2015-2016, the AGTI < PGTI, however CAGTI > CPGTI. Therefore, the Agency still owes the County an amount of \$230,036 as the scheduled annual payment.

Finally, assume in the year 2016-2017, the AGTI is \$3,430,000 -- \$9,736 less than the PGTI of \$3,439,736. Therefore, the CAGTI is \$15,276,026 compared to the CPGTI of \$15,285,528. Thus, in the year 2016-2017, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$9,736), until the Excess Net Tax Increment exists in the following year(s).

For illustrative purposes, see the table below for the years 2013-2017 in support of the examples set forth herewith.

Sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Cumulative Projected Gross Tax Increment [CPGTI]	Cumulative Actual Gross Tax Increment Collected, Allocated and Received by the Agency [CAGTI]	Projected Gross Tax Increment [PGTI]	Actual Gross Tax Increment Collected, Allocated and Received by the Agency [AGTI]	Anticipated Annual Payments for the North Embarcadero Project	Actual Annual Payments to the North Embarcadero Project
2011-2012	\$1,722,066	\$1,722,066	\$1,722,066	\$1,722,066	\$129,666	\$129,666
2012-2013	\$3,748,841	\$3,748,841	\$2,026,775	\$2,026,775	\$152,610	\$152,610
2013-2014	\$6,098,607	\$5,748,841	\$2,349,766	\$2,000,000 [loss of \$349,766 from PGTI]	\$176,930	\$150,594 [\$26,336 deferred]
2014-2015	\$8,790,743	\$9,440,977	\$2,692,136	\$3,692,136 [increase of \$1,000,000 from PGTI]	\$202,709	\$230,372 [\$202,709 + \$26,336 + \$1,317 (5%)]
2015-2016	\$11,845,792	\$11,846,026	\$3,055,049	\$2,405,049 [loss of \$650,000 from PGTI]	\$230,036	\$230,036
2016-2017	\$15,285,528	\$15,276,026	\$3,439,736	\$3,430,000 [loss of \$9,736 from PGTI]	\$249,916	\$249,284 [\$632 deferred]

Etc...

Such examples set forth herein are for purposes of illustration only and in the event of a conflict between said Exhibit "C" and this Agreement, the provisions of this Agreement shall prevail.

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Attachment 4

Cooperation Agreement Relating to the Funding of the Transit Line Improvements by
and between the City of San Diego and the Redevelopment Agency of the City of San
Diego

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**COOPERATION AGREEMENT RELATING TO THE FUNDING OF
THE TRANSIT LINE IMPROVEMENTS BY AND BETWEEN THE CITY OF SAN
DIEGO AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO**

THIS COOPERATION AGREEMENT ("Cooperation Agreement") is entered into this _____ day of _____, 2008, by and between the CITY OF SAN DIEGO, a municipal corporation (the "City") and the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), with reference to the following:

A. The Redevelopment Plan for the Grantville Redevelopment Project Area ("Grantville Redevelopment Plan") was approved and adopted by the City Council of the City of San Diego ("City Council") by Ordinance Number 0-19380 (New Series), adopted on May 17, 2005.

B. One of the projects contemplated in the Grantville Redevelopment Plan is public facility improvements, including improvements to the public transit facilities [Section 400.1.6], transportation facilities [Section 420.2] and public transportation [Section 520.3] within and outside the Grantville Redevelopment Project Area ("Grantville Redevelopment Project Area"). The improvements contemplated by this Cooperation Agreement will benefit the Grantville Redevelopment Project Area by improving the utilization of the transit station and related facilities located within the Grantville Redevelopment Project Area and by improving the traffic situation in the Grantville Redevelopment Project Area as Grantville drivers are encouraged to use the transit line instead of driving to their homes or workplaces in the Centre City Redevelopment Project Area.

C. The City and the Agency desire to implement certain construction of transit line improvements and related public improvements located in the Centre City Redevelopment Project Area on "C" Street between Kettner Boulevard and Park Boulevard, as described in Exhibit "A" (the "Transit Line Improvements"), through redevelopment project funds for construction to be paid by the Agency with construction to be managed, administered and completed by the City.

D. The Agency (Grantville) proposes to pay \$31,360,000 to fund the construction of the Transit Line Improvements.

E. Pursuant to section 33445 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), the Agency is authorized to pay for all or part of the costs for the installation and construction of a publicly owned facility either within or without the Grantville Redevelopment Project Area, if the City Council finds that the construction is of benefit to the Grantville Redevelopment Project Area or to the immediate neighborhood, that no other reasonable means of financing the improvements is available to the community, that payment of funds for the costs of the project will assist in the elimination of one or more blighting conditions inside the Grantville Redevelopment Project Area, and that the project is consistent with the Grantville Redevelopment Plan. The City Council made the foregoing findings in Resolution No. [REDACTED].

In consideration of the above recitals and the mutual covenants and conditions set forth in this Cooperation Agreement, and for good and valuable consideration of the receipt and sufficiency of which are hereby acknowledged, the Agency and the City agree as follows:

ARTICLE 1: SCOPE OF COOPERATION AGREEMENT

1.1 Purpose. The purpose of this Cooperation Agreement is to provide a procedural format for the administration and funding relating to the Transit Line Improvements.

1.2 Agency's Contribution. Agency (Grantville) agrees to provide funds from land disposition proceeds and tax increment funds of the Grantville Redevelopment Project Area in the amount of \$31,360,000 plus any interest due as a result of any deferral pursuant to Section 2.3.C for the Transit Line Improvements in accordance with the "Schedule of Annual Payments" attached hereto, labeled "Exhibit B" and incorporated herein by this reference.

1.3 City's Use of Agency Funds. City agrees to use the funds provided by the Agency under Section 1.2 in this Cooperation Agreement and work with both the Centre City Development Corporation (acting on behalf of the Agency) and Metropolitan Transit System, a California public agency (the "MTS") in project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the Transit Line Improvements, consistent with the requirements of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), and to:

1. initiate a Request for Bid or take whatever actions are required to procure all contractors or vendors for the Transit Line Improvements;
2. administer and manage the contracts with and work performed by all contractors and vendors for the Transit Line Improvements;
3. provide the Agency with a project budget broken down into the following categories: Administration, Engineering, Permits, Construction, Construction Contingency (10%), Construction Management;
4. provide the Agency with a copy of all contracts relating to the Transit Line Improvements;
5. provide the Agency a copy of all invoices, purchase orders, charges or encumbrances relating to the Transit Line Improvements for approval prior to payment. The procedures for this process are outlined in Article 2 below;
6. ensure that all design and construction relating to the Transit Line Improvements comply with all applicable local, state and federal codes, standards and regulations;
7. prepare all as-built plans and maintain all final record drawings and provide a copy of the plans to the Agency.

1.4 Scope of Participation. The parties acknowledge and agree that Agency's participation in the Transit Line Improvements is limited to \$31,360,000, as set forth in Section 1.2 in this Cooperation Agreement. Agency's participation in contributing funding to Transit Line Improvements does not create any obligation on the part of the Agency to participate in any

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additional funding, construction, development, maintenance, or operations for the Transit Line Improvements. Agency and City agree that Agency funds will be used for project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the Transit Line Improvements, consistent with the requirements of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.).

ARTICLE 2: AGENCY CONTRIBUTION OF FUNDS

2.1 Funding Schedule. Agency (Grantville) agrees to use the land disposition proceeds and tax increment funds of the Grantville Redevelopment Project Area to commit in total a sum of \$31,360,000 to fund the Transit Line Improvements to be paid to the City in annual installments beginning in the sixth (6) year of the Redevelopment Plan prorated over the remaining thirty-nine (39) plan years commencing in the 2011-12 fiscal year in accordance with the "Schedule of Annual Payments" shown on "Exhibit B". Each annual payment set forth on the Schedule of Annual Payments shall be paid to the office of _____ of the City on October 1 of each year, commencing October 1, 2012, for each previous fiscal year. Such funds shall subsequently be used by the City to pay amounts owed under contracts with the Agency (Centre City) relative to the construction and installation of the Transit Line Improvements.

2.2 Progress Reports. City agrees to regularly communicate with the Agency regarding the progress of design and construction of the Transit Line Improvements. City shall provide the Agency with copies of plans, specifications and estimates of progress levels consistent with work invoiced.

2.3 Special Limited Obligation.

A. Use of Funds.

The funds contributed by the Agency under Sections 1.2 and 2.1 in this Cooperation Agreement shall be used by City only to pay the costs relating to the Transit Line Improvements contemplated in this Cooperation Agreement.

B. Cooperation in Financing.

Agency and City agree to reasonably cooperate with each other to formulate and implement financing devices as appropriate to further the effective use of the monies to be made available under this Cooperation Agreement for the purposes contemplated in this Cooperation Agreement.

C. Deferral of Payments With Interest.

Subject to the requirements of this Section 2.3.C, Agency (Grantville) shall have the right to defer payment of the annual payments comprising the Agency Contribution only (i) if in any year, the cumulative amount of gross tax increments collected, allocated to, and received by the Agency (Grantville) for the Grantville Redevelopment Plan is less than the cumulative

“Projected Gross Tax Increments (Grantville Redevelopment Plan)” shown in Exhibit “B” and used as part of the illustrative examples in Exhibit “D”; and (ii) only to the extent and in proportion to the amount by which the Gross Tax Increments received by the Agency for such year is less than the amount of the “Projected Gross Tax Increments (Grantville Redevelopment Plan)” shown in Exhibit “B” and used as part of the illustrative examples in Exhibit “D” for that year.

For purposes of this Cooperation Agreement, “Gross Tax Increments” shall mean tax increments allocated and paid to and actually received by the Agency for the Grantville Redevelopment Plan pursuant to Section 33670 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.) and the Grantville Redevelopment Plan.

The Agency shall pay to the City all amounts deferred under this Section 2.3.C together with interest on such deferred amounts calculated from the date of deferral to date of reimbursement at the Pooled Rate of Interest from any Excess Net Tax Increments received by the Agency within 90 days of the end of the fiscal year for which such Excess Net Tax Increments funds were received.

For purposes of this Cooperation Agreement, “Excess Net Tax Increments” shall mean, in any year, the amount by which the cumulative Gross Tax Increments exceeds the cumulative Projected Gross Tax Increments as shown in Exhibit “B” for such fiscal years.

For purposes of this Agreement, “Pooled Rate of Interest” shall mean, in any year, the interest computed quarterly at the pooled money investment rate of the County of San Diego as published in the Quarterly Earnings Report or a comparable successor publication.

Illustrative examples of various scenarios related to the implementation of this Section 2.3.C are set forth in the attached Exhibit “D”. Such examples are for purposes of illustration only and in the event of a conflict between said Exhibit “D” and this Cooperation Agreement, the provisions of this Cooperation Agreement shall prevail.

D. Indebtedness.

The obligations of Agency (Grantville) under this Cooperation Agreement shall constitute an indebtedness of Agency for the purposes of carrying out the Transit Line Improvements, which indebtedness shall be payable only out of tax increments levied by or for the benefit of taxing agencies in the Redevelopment Project Area, and allocated to Agency pursuant to Section 33670, et seq., of the California Community Redevelopment Law.

2.4 Subordination. The Agency may subordinate its obligations under this Cooperation Agreement to new loans or other indebtedness incurred by the Agency, but only if the City grants its approval of the subordination pursuant to this section.

At the time the Agency requests that the City subordinate the amount to be paid to it under this Cooperation Agreement, the Agency shall provide the City with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by

this section, when due. When Agency is contemplating the sale of bonds, Agency shall also provide City with a copy of its preliminary official statement which is the basis for its bond issue, the bond indenture agreement, the subordination agreement, and any other agreements relating to the bond issuance, together with an explanation of how Agency intends to meet its obligations under this Cooperation Agreement.

Within 45 days of the Agency's written request and receipt of the foregoing documentation, the City shall approve or disapprove the request for subordination. The City may disapprove the request only if it finds, based upon substantial evidence, that after the Agency pays the debt payments, it will not have sufficient funds to pay the amounts required to be paid to the City pursuant to this Cooperation Agreement. If the City does not act within 45 days of receipt of the Agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive.

Agency shall in good faith diligently attempt to market any bonds or incur any indebtedness in a manner such that sufficient tax increment revenues remain available to pay Agency's obligations under this Cooperation Agreement, after the priority pledge of tax increment revenues to the holders of the indebtedness.

In the event Agency is unable to meet its obligation under this Cooperation Agreement, such monies due to City shall be considered an indebtedness of Agency to City and shall accrue and be due and owing until such obligation is fulfilled by Agency. In such event, the obligation of Agency shall accrue interest, until payment is made, computed at the Pooled Rate of Interest. Until such accrued amounts are paid, with interest as applicable, such indebtedness to City shall be paid from the first available tax increment revenues not used by Agency for such priority indebtedness.

ARTICLE 3: AGENCY'S SINKING FUND

3.1 North Embarcadero Public Improvements and Facilities. Concurrently with this Cooperation Agreement, Agency (Centre City) has entered into an agreement with the County of San Diego ("County"), entitled "AGREEMENT FOR COOPERATION BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO RELATING TO THE FUNDING OF NORTH EMBARCADERO PUBLIC IMPROVEMENTS AND FACILITIES" (the "North Embarcadero Agreement").

3.2 Sinking Fund. In consideration of the City undertaking the Transit Line Improvements under this Cooperation Agreement, Agency (Centre City) agrees to establish an Agency fund herein called "Sinking Fund" and to maintain such Sinking Fund to be funded in accordance with the "Schedule of Sinking Fund and County Payments" attached hereto, labeled "Exhibit C" and incorporated herein by this reference, from Centre City Redevelopment Project tax increments (the "Sinking Fund"). The Sinking Fund will provide for the payment obligations of Agency (Centre City) to County under the North Embarcadero Agreement in accordance with the schedule of Agency (Centre City) payments referred in the North Embarcadero Agreement. Agency (Centre City) reserves the right to adjust the amounts to be deposited into the Sinking Fund in the event the deposit of fewer dollars into the fund can be demonstrated (to City's and

County's reasonable satisfaction) to still permit the Sinking Fund to adequately provide for the required payment to the County. Agency (Centre City) agrees to notify County of Sinking Fund deposits.

3.3 Third Party Beneficiary. The parties agree that the County is a limited third party beneficiary under this Cooperation Agreement and to that extent shall have the same rights and remedies as the City and the Agency hereunder. The County's rights and remedies as a third party beneficiary are limited to Articles 2 and 3 of this Cooperation Agreement.

ARTICLE 4: INDEMNIFICATION

4.1 Indemnification. City agrees to defend, indemnify, protect, and hold Agency and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against the same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees.

Agency agrees to defend, indemnify, protect, and hold City and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees. The provisions of this section shall survive the expiration, termination, or assignment of this Cooperation Agreement.

4.2 No Joint and Several Liability. The parties acknowledge and agree that as stated in Government Code section 895, this Cooperation Agreement is an agreement between public entities designed to implement the disbursement or subvention of public funds from one entity to the other and, as such, is not subject to the joint and several liability provisions of Government Code sections 895 to 895.8.

ARTICLE 5: GENERAL PROVISIONS

5.1 Default. If either party fails to perform or adequately perform an obligation required by this Cooperation Agreement, within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder; provided, however, that if such obligation cannot reasonably be performed within said 30 day period, no default shall have occurred if the nonperforming party commences to cure within said 30 day period and thereafter diligently pursues the cure to completion. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative

and shall not limit the non-defaulting party's rights under any other provision of this Cooperation Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Cooperation Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party.

5.2 Entire Cooperation Agreement. This Cooperation Agreement constitutes the entire Cooperation Agreement between Agency and City.

5.3 No Waiver. No failure of either City or Agency to insist upon strict performance by the other of any covenant, term or condition of the Cooperation Agreement, nor any failure to exercise any right or remedy consequent upon a breach, shall constitute a waiver of any such breach of such covenant, term or condition.

5.4 Amendments. All amendments or modifications to the Cooperation Agreement shall be in writing and executed by both parties.

5.5 California Law. The laws of the State of California shall govern and control the terms and conditions of this Cooperation Agreement.

5.6 Institution of Legal Actions. In addition to any other legal rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Cooperation Agreement. Such legal actions must be instituted in a court of competent jurisdiction in the County of San Diego, California.

5.7 Counterparts. This Cooperation Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

5.8 Signing Authority. The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

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IN WITNESS WHEREOF, this Cooperation Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director, or designee, and this Cooperation Agreement is executed by the City of San Diego by its Mayor, or designee.

REDEVELOPMENT AGENCY
OF CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. AGUIRRE, General Counsel

By: _____

KANE, BALLMER & BERKMAN

By: _____
Murray O. Kane
Agency Special Counsel

[Signatures Continue on Following Page]

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CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. AGUIRRE, City Attorney

By: _____
Deputy City Attorney

EXHIBIT "A"**List of Transit Line Improvements**

Transit Line Improvements located in the Centre City Redevelopment Project Area on "C" Street between Kettner Boulevard and Park Boulevard include, but are not limited to the following: transit facilities, transportation facilities, public transportation and related public improvements consistent with the implementation plans for the Grantville and Centre City Redevelopment Projects.

EXHIBIT "B"
Schedule of Annual Payments

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the Transit Line Improvements
2011-2012	\$1,722,066	\$129,666
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2024-2025	\$7,475,615	\$458,490
2025-2026	\$8,125,536	\$492,078
2026-2027	\$8,814,453	\$527,681
2027-2028	\$9,544,704	\$565,420
2028-2029	\$10,318,771	\$605,424
2029-2030	\$11,139,282	\$647,828
2030-2031	\$12,009,024	\$692,776
2031-2032	\$12,930,950	\$740,421
2032-2033	\$13,908,191	\$790,925
2033-2034	\$14,944,067	\$844,459
2034-2035	\$16,042,096	\$901,205

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the Transit Line Improvements
2035-2036	\$17,206,006	\$961,356
2036-2037	\$18,439,751	\$1,005,691
2037-2038	\$19,747,521	\$1,052,686
2038-2039	\$21,133,757	\$1,102,500
2039-2040	\$22,603,167	\$1,155,304
2040-2041	\$24,160,741	\$1,211,276
2041-2042	\$25,811,770	\$1,270,606
2042-2043	\$27,561,861	\$1,333,496
2043-2044	\$29,416,957	\$1,400,159
2044-2045	\$31,383,359	\$1,470,822
2045-2046	\$33,467,745	\$1,545,725
2046-2047	\$35,677,195	\$1,625,122
2047-2048	\$38,019,211	\$1,709,283
2048-2049	\$40,501,748	\$1,798,494
2049-2050	\$43,133,238	\$1,893,057
TOTAL		\$31,360,002

EXHIBIT C
Schedule of Sinking Fund and County Payments

Year	Payment To Sinking Fund	Interest Earned (4.0%)	Required Payment	Fund Balance
2009	1,067,273	42,691	-	1,109,964
2010	1,067,273	87,089	-	2,264,327
2011	1,067,273	133,264	-	3,464,864
2012	1,067,273	181,286	129,666	4,583,757
2013	1,067,273	226,041	152,610	5,724,462
2014	1,067,273	271,669	176,930	6,886,474
2015	1,067,273	318,150	202,709	8,069,188
2016	1,067,273	365,458	230,036	9,271,884
2017	1,067,273	413,566	249,916	10,502,808
2018	1,067,273	462,803	270,990	11,761,894
2019	1,067,273	513,167	293,328	13,049,006
2020	1,067,273	564,651	317,006	14,363,925
2021	-	574,557	342,105	14,596,377
2022	-	583,855	368,709	14,811,523
2023	-	592,461	396,910	15,007,074
2024	-	600,283	426,803	15,180,554
2025	-	607,222	458,490	15,329,286
2026	-	613,171	492,078	15,450,379
2027	-	618,015	527,681	15,540,713
2028	-	621,629	565,420	15,596,922
2029	-	623,877	605,424	15,615,375
2030	-	624,615	647,828	15,592,162
2031	-	623,686	692,776	15,523,072
2032	-	620,923	740,421	15,403,574
2033	-	616,143	790,925	15,228,792
2034	-	609,152	844,459	14,993,485
2035	-	599,739	901,205	14,692,019
2036	-	587,681	961,356	14,318,344
2037	-	572,734	1,005,691	13,885,387
2038	-	555,415	1,052,686	13,388,116
2039	-	535,525	1,102,500	12,821,141
2040	-	512,846	1,155,304	12,178,682
2041	-	487,147	1,211,276	11,454,554
2042	-	458,182	1,270,606	10,642,130
2043	-	425,685	1,333,496	9,734,319
2044	-	389,373	1,400,159	8,723,533
2045	-	348,941	1,470,822	7,601,652
2046	-	304,066	1,545,725	6,359,993
2047	-	254,400	1,625,122	4,989,271
2048	-	199,571	1,709,283	3,479,559
2049	-	139,182	1,798,494	1,820,247
2050	-	72,810	1,893,057	0
Total	12,807,279		31,360,002	

EXHIBIT "D"

Illustrative Examples Regarding Limitation on Payments

Transit Line Improvements

Formula: If in the specific year,

Cumulative Actual Gross Tax Increments for all prior years [CAGTI] < Cumulative Projected Gross Tax Increments for all prior years [CPGTI]

AND

Actual Gross Tax Increments for the specific year [AGTI] < Projected Gross Tax Increments for the specific year [PGTI],

then the annual payment owed for that year may be deferred to the extent and in proportion to the amount by which the Actual Gross Tax Increments (AGTI) received by the Agency for the specific year is less than the amount of the Projected Gross Tax Increment (PGTI) for the specific year until Excess Net Tax Increment exists in the following year(s).

"Excess Net Tax Increment" exists when, in any year, the Cumulative Actual Gross Tax Increment (CAGTI) exceeds the Cumulative Projected Gross Tax Increments (CPGTI), as shown in Exhibit "A," for such fiscal years.

Examples: Assume in the year 2013-2014, the AGTI is \$2,000,000 --\$349,766 less than the PGTI of \$2,349,766. Assuming AGTI = PGTI for all prior years, the CAGTI is \$5,748,841 compared to the CPGTI of \$6,098,607. Thus, in the year 2013-2014, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$26,336), until Excess Net Tax Increment exist in the following year(s). The deferred amount of \$26,336 is a result of the following calculations:

- (1) Divide AGTI by PGTI to get the proportionate percentage ("X")
- (2) Multiply the Anticipated Annual Payment by X to get the Actual Annual Payment, and
- (3) Subtract the Actual Annual Payment from the Anticipated Annual Payment to calculate the amount to be deferred.

In the assumed year 2013-2014 set forth above,

- (1) Divide \$2,000,000 (AGTI) by \$2,349,766 (PGTI), resulting in the proportionate percentage of 0.851148 ("X")
- (2) Multiply \$176,930 (Anticipated Annual Payment) by 0.851148 ("X") to get \$150,594 (Actual Annual Payment), and
- (3) Subtract \$150,594 (Actual Annual Payment) with \$176,930 (Anticipated Annual Payment) to get the deferred amount of \$26,336.

Assume in the year 2014-2015, the AGTI is \$3,692,136 -- \$1,000,000 over the PGTI of \$2,692,136. Therefore, the CAGTI is \$9,440,977 compared to the CPGTI of \$8,790,743. Since in the year 2014-2015, CAGTI > CPGTI, the Agency has Excess Net Tax Increment and is obligated to repay all deferred amounts plus interest. Assuming the average pooled rate of interest for the previous 12 months was 5%, the amount owing for the deferred payment in 2013-2014 is $\$26,336 + \$1,317 (5\%) = \$27,653$. Therefore, the Agency owes the County the total amount of \$230,362 [$\$202,709 + \$27,653$] as the annual payment owed to the County because the Excess Net Tax Increment exists.

Assume in the year 2015-2016, the AGTI is \$2,405,049 -- \$650,000 less than the PGTI of \$3,055,049. Therefore, the CAGTI is \$11,846,026 compared to the CPGTI of \$11,845,792. Thus, in the year 2015-2016, the AGTI < PGTI, however CAGTI > CPGTI. Therefore, the Agency still owes the County an amount of \$230,036 as the scheduled annual payment.

Finally, assume in the year 2016-2017, the AGTI is \$3,430,000 -- \$9,736 less than the PGTI of \$3,439,736. Therefore, the CAGTI is \$15,276,026 compared to the CPGTI of \$15,285,528. Thus, in the year 2016-2017, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$932), until the Excess Net Tax Increment exists in the following year(s).

For illustrative purposes, see the table below for the years 2013-2017 in support of the examples set forth herewith.

Sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Cumulative Projected Gross Tax Increment [CPGTI]	Cumulative Actual Gross Tax Increment Collected, Allocated and Received by the Agency [CAGTI]	Projected Gross Tax Increment [PGTI]	Actual Gross Tax Increment Collected, Allocated and Received by the Agency [AGTI]	Anticipated Annual Payments for the Transit Line Improvements	Actual Annual Payments to the Transit Line Improvements
2011-2012	\$1,722,066	\$1,722,066	\$1,722,066	\$1,722,066	\$129,666	\$129,666
2012-2013	\$3,748,841	\$3,748,841	\$2,026,775	\$2,026,775	\$152,610	\$152,610
2013-2014	\$6,098,607	\$5,748,841	\$2,349,766	\$2,000,000 [loss of \$349,766 from PGTI]	\$176,930	\$150,594 [\$26,336 deferred]
2014-2015	\$8,790,743	\$9,440,977	\$2,692,136	\$3,692,136 [increase of \$1,000,000 from PGTI]	\$202,709	\$230,372 [\$202,709 + \$26,336 + \$1,317 (5%)]
2015-2016	\$11,845,792	\$11,846,026	\$3,055,049	\$2,405,049 [loss of \$650,000 from PGTI]	\$230,036	\$230,036
2016-2017	\$15,285,528	\$15,276,026	\$3,439,736	\$3,430,000 [loss of \$9,736 from PGTI]	\$249,916	\$249,284 [\$632 deferred]

Etc...

Such examples set forth herein are for purposes of illustration only and in the event of a conflict between said Exhibit "D" and this Cooperation Agreement, the provisions of this Cooperation Agreement shall prevail.

001099

Attachment 5

Cooperation Agreement Relating to the Affordable Housing Credit and Allocation
Transfer by and between the Redevelopment Agency of the City of San Diego, the City
of San Diego and the County of San Diego

COOPERATION AGREEMENT RELATING TO THE AFFORDABLE HOUSING CREDIT AND ALLOCATION TRANSFER BY AND BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO

THIS COOPERATION AGREEMENT ("Cooperation Agreement") is entered into this _____ day of _____, 2008, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), the CITY OF SAN DIEGO, a municipal corporation (the "City"), and the COUNTY OF SAN DIEGO (the "County"), with reference to the following:

A. Pursuant to the requirements of Health and Safety Code section 33334.2, the Agency is obligated to deposit twenty percent (20%) of the tax increments allocated to it pursuant to Health and Safety Code section 33670(b) into a Low- and Moderate-Income Housing Fund (the "Housing Fund").

B. The Agency, the City and the County (the "parties") agree that a certain portion of the new affordable housing units constructed in whole or in part with up to \$9,800,000 of the Housing Fund shall be used to satisfy the County's share of the regional housing needs allocation ("RHNA") established by the San Diego Association of Governments ("SANDAG") in accordance with the provisions of this Cooperation Agreement.

In consideration of the above recitals and the mutual covenants and conditions set forth in this Cooperation Agreement, and for good and valuable consideration of the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1: SCOPE OF COOPERATION AGREEMENT

1.1 Parties' Participation.

A. The parties agree that a certain portion of the new affordable housing units constructed in whole or in part, with monies from the Housing Fund shall be used to satisfy the County's share of the RHNA as follows:

1. Commencing with the 2007-08 fiscal year and continuing until the earlier of (a) the 2049-50 fiscal year and (b) the date on which the cumulative total of the County Housing Set-Aside Credit (defined below) equals \$9,800,000, the Agency shall annually calculate the County Housing Set-Aside Credit as provided in Section 1.1.A.2, below.

For purposes of this Cooperation Agreement, "Grantville Gross Tax Increments" shall mean tax increments allocated and paid to and actually received by the Agency for the Redevelopment Plan for the Grantville Redevelopment Project Area ("Grantville Redevelopment Plan") that was approved and adopted

by the City Council by Ordinance Number 0-19380 (New Series) on May 17, 2005 pursuant to Section 33670 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.) and the Grantville Redevelopment Plan.

For purposes of this Cooperation Agreement, "Agency Housing Set-Aside" shall mean twenty percent (20%) of the Grantville Gross Tax Increments.

For purposes of this Cooperation Agreement, "County Housing Set-Aside Credit" shall mean eight and one-tenth percent (8.1%) of the Agency Housing Set-Aside. The County Housing Set-Aside Credit shall be maintained in a separate account within the Housing Fund and shall be used to satisfy the County's share of the RHNA.

2. Within forty-five (45) days after the end of each fiscal year, the Agency shall calculate the County Housing Set-Aside Credit for the previous fiscal year and shall provide the County with a written statement of such calculation.

B. Within forty-five (45) days after the end of each RHNA period as contemplated under Government Code section 65584 or under self certification procedures at section 65585.1 or other applicable law (the "Period"), the County and the Agency shall meet to do the following:

1. Determine the number of new affordable housing units constructed, rehabilitated or preserved ("New Units") during the previous Period with the assistance, in whole or in part, of the County Housing Set-Aside Credit, which number of units should be transferred from the County to the City ("County Transfer Units") for purposes of the RHNA.

2. If the number of County Transfer Units includes a fractional amount, the parties shall: (A) round up to the nearest whole number if the fractional unit is .5 or more; and (B) round down to the nearest whole number if the fractional unit is .5 or less.

C. Within sixty (60) days after the end of each Period, the City and the County shall jointly submit to SANDAG a written proposal to transfer from the County to the City a number of units equal to the number of County Transfer Units for purposes of the parties' respective RHNA shares. The parties agree to cooperate in good faith to obtain SANDAG's approval of the transfer proposal.

D. If SANDAG does not approve the City's and County's transfer proposal, the County, City and Agency may agree to effect the transfer pursuant to the procedures set forth either in Government Code section 65584.07 (which permits a transfer between the date on which SANDAG releases its final RHNA and the due date of the housing element update) or Government Code section 65584.05, whichever the County elects.

E. The Agency shall have the option in any year to elect to pay all or any part of the County Housing Set-Aside Credit to the County so long as the County uses the allocation in accordance with Health and Safety Code sections 33413 (b), 33334.2, and 33334.3 and timely reports its compliance, and so long as a proportional number of dwelling units are deducted from the number of County Transfer Units.

F. Agency agrees to diligently and timely expend funds in accordance with Health and Safety Code sections 33413(b), 33334.2, and 33334.3.

ARTICLE 2: INDEMNIFICATION

2.1 Indemnification. County agrees to defend, indemnify, protect, and hold Agency and City and all of their officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of County, its officers, agents, or employees.

Agency agrees to defend, indemnify, protect, and hold County and City and all of their officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees.

City agrees to defend, indemnify, protect, and hold County and Agency and all of their officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees.

If any transfer of a portion of the County's RHNA to the City pursuant to this Agreement is challenged by a third party, the County and the Agency shall cooperate and jointly defend against such challenge. The provisions of this section shall survive the expiration, termination, or assignment of this Cooperation Agreement.

2.2 No Joint and Several Liability. The parties acknowledge and agree that as stated in Government Code section 895, this Cooperation Agreement is an agreement between public entities designed to implement the disbursement or subvention of public funds from one entity to the other and, as such, is not subject to the joint and several liability provisions of Government Code sections 895 to 895.8.

ARTICLE 3: GENERAL PROVISIONS

3.1 Costs During the Transfer Process. County, City, and Agency shall each bear their own costs incurred during the transfer process.

3.2 Agency's Obligations Under the Community Redevelopment Law. Nothing in this Cooperation Agreement is intended to affect the Agency's ability to include all affordable housing units created or assisted, in whole or in part, with the County Share of the Housing Set-Aside, towards satisfying the Agency's obligations under Health and Safety Code sections 33413 (b), 33334.2, and 33334.3.

3.3 Default. If any party fails to perform or adequately perform an obligation required by this Cooperation Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder; provided, however, that if such obligation cannot reasonably be performed within said 30 day period, no default shall have occurred if the nonperforming party commences to cure within said 30 day period and thereafter diligently pursues the cure to completion. In the event of default, the non defaulting party will have all the rights and remedies available to it at law or in equity.

3.4 Entire Cooperation Agreement. This Cooperation Agreement constitutes the entire Cooperation Agreement between the Agency, the County and the City.

3.5 No Waiver. No failure of the Agency, the County or the City to insist upon strict performance by the other of any covenant, term or condition of the Cooperation Agreement, nor any failure to exercise any right or remedy consequent upon a breach, shall constitute a waiver of any such breach of such covenant, term or condition.

3.6 No Third Party Beneficiary. The parties agree that this Cooperation Agreement is made solely for the benefit of the Agency, the County and the City, and no third person or entity shall be deemed to have any rights or remedies hereunder.

3.7 Amendments. All amendments or modifications to the Cooperation Agreement shall be in writing and executed by both parties.

3.8 California Law. The laws of the State of California shall govern and control the terms and conditions of this Cooperation Agreement.

3.9 Institution of Legal Actions. In addition to any other legal rights or remedies,

either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Cooperation Agreement. Such legal actions must be instituted in a court of competent jurisdiction in the County of San Diego, California.

3.10 Counterparts. This Cooperation Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

3.11 Signing Authority. The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

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IN WITNESS WHEREOF, this Cooperation Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director, or designee, and this Cooperation Agreement is executed by the City of San Diego by its Mayor, or designee.

COUNTY OF SAN DIEGO

Date: _____

By: _____

John J. Sansone
County Counsel

[Signatures Continue on Following Page]

001107

DRAFT

REDEVELOPMENT AGENCY
OF CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. AGUIRRE, General Counsel

By: _____

Glenn Spitzer, Deputy General Counsel
Attorneys for Defendant Redevelopment
Agency of the City of San Diego

KANE, BALLMER & BERKMAN

By: _____

Murray O. Kane
Agency Special Counsel
Attorneys for Defendant Redevelopment
Agency of the City of San Diego

CITY OF SAN DIEGO AND THE COUNCIL OF
THE CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. AGUIRRE, City Attorney

By: _____

Glenn Spitzer, Deputy City Attorney
Attorneys for Defendants City of San Diego
and Council of the City of San Diego

001109

Attachment 6

Health and Safety Code Section 33679 Summary Report



Required Posting Period

July 22, 2008 through July 29, 2008

**SUMMARY REPORT FOR
THE COOPERATION AGREEMENTS FOR JOINT PROJECTS,
THE NORTH EMBARCADERO PROJECT IMPROVEMENTS,
AND TRANSIT LINE IMPROVEMENTS,
PURSUANT TO SECTION 33679 OF THE
CALIFORNIA COMMUNITY REDEVELOPMENT LAW**

PREPARED BY AND FOR
THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

JULY 22, 2008

001112

**SUMMARY REPORT FOR THE COOPERATION AGREEMENTS FOR JOINT
PROJECTS, THE NORTH EMBARCADERO PROJECT IMPROVEMENTS, AND
TRANSIT LINE IMPROVEMENTS, PURSUANT TO SECTION 33679 OF THE
CALIFORNIA COMMUNITY REDEVELOPMENT LAW**

- I. INTRODUCTION
- II. PROJECT DESCRIPTION
- III. ESTIMATE OF TAX INCREMENT REVENUES TO BE USED
- IV. FACTS SUPPORTING SECTION 33445 FINDINGS
- V. REDEVELOPMENT PURPOSE FOR WHICH TAX INCREMENT IS BEING USED

I. INTRODUCTION

Pursuant to Section 33679 of the California Redevelopment Law ("CRL"), (Health and Safety Code Section 33000 et. seq.), before a redevelopment agency commits to use tax increment revenues for the purpose of paying the cost of installation and construction of any publicly owned building, the legislative body must hold a noticed, public hearing. At the time of the first publication of the notice of the public hearing, a Summary Report must be made available to the public for inspection and copying at least two weeks prior to the noticed public hearing, at a cost not to exceed the cost of duplication.

II. PROJECT DESCRIPTION

Separate cooperation agreements describe the (a) joint projects, (b) the North Embarcadero project improvements, and (c) the transit line improvements as follows:

a. Joint Projects:

This cooperation agreement provides for the identification, administration, and funding of the construction of joint projects ("Joint Projects") proposed by the County of San Diego (the "County") to the Agency for the benefit of the Grantville Redevelopment Project Area which is located within the County, in the eastern portion of the City of San Diego north of Interstate 8 and east of Interstate 15; a majority of the approximately 990-acre Grantville Redevelopment Project Area is located within the Navajo Community Planning Area, and generally includes the existing industrial and commercial areas along Friars Road, Mission Gorge Road, Fairmont Avenue and Waring Road (the "Grantville Redevelopment Project Area"). The Joint Projects will be used for purposes consistent with the Grantville Redevelopment Plan and eliminate and prevent the spread of blight and deterioration and redevelop the Grantville Redevelopment Project Area.

b. North Embarcadero Project Improvements:

This cooperation agreement provides for the administration and funding of certain improvements proposed by the County to the Agency for the benefit of the Grantville Redevelopment Project Area as well as the Centre City Redevelopment Project Area which area is located within the County and City of San Diego bounded by Laurel Street and Interstate 5 on the north; Interstate 5, Commercial Street, 16th Street, Sigsbee Street, Newton Avenue; Harbor Drive and the extension of Beardsley Street on the east and southeast; and San Diego Bay on the south and west and southwest (the "Centre City Redevelopment Project Area"). If applicable, said improvements are to be consistent with the County "Waterfront Park" Plan and North Embarcadero Visionary Plan. Said improvements may be located within the Centre City Redevelopment Project Area and may specifically include County-owned property at Cedar and Kettner Streets, Union and A Streets, and any other parcels outside of the Centre City and Grantville Redevelopment Project Areas which benefit the Centre City and Grantville Redevelopment Project Areas. The improvements may include, but are not limited to, parking improvements, traffic improvements, utility infrastructure, parks, open space improvements, transit improvements, pedestrian and bike improvements, lighting and landscape improvements; if applicable, public right-of-way improvements shall mean street improvements, as well as improvements to curbs, gutters, sidewalks, street trees and streetlights (collectively, the "North Embarcadero Project Improvements"). The North Embarcadero Project

Improvements will be used for purposes consistent with the Centre City and Grantville Redevelopment Plans and eliminate and prevent the spread of blight and deterioration and redevelop the Centre City and Grantville Redevelopment Project Areas.

c. Transit Line Improvements:

This cooperation agreement provides a procedural format for the funding by the Agency and administration by the City of San Diego (the "City") of certain transit line improvements located in the Centre City Redevelopment Project Area on "C" Street between Kettner Boulevard and Park Boulevard, including, but not limited to, transit facilities, transportation facilities, public transportation and related public improvements consistent with the implementation of the Centre City and Grantville Redevelopment Plans and for the benefit of the Centre City and Grantville Redevelopment Project Areas (the "Transit Line Improvements"). The City agrees to use the Agency funds and work with the Centre City Development Corporation, acting on behalf of the Agency, and the Metropolitan Transit System, a California public entity ("MTS") to carry out aspects of the Transit Line Improvements as more fully described in said cooperation agreement. The Transit Line Improvements *effectuate the Grantville Redevelopment Plan and benefit the Centre City and Grantville Redevelopment Project Areas* by improving the utilization of the transit station and related facilities within the Grantville Redevelopment Project Area and encouraging drivers in both project areas to use public transit systems and alleviate traffic and related congestion.

III. ESTIMATE OF TAX INCREMENT REVENUES TO BE USEDa. Joint Projects:

The Agency proposes to commit \$7,840,000 to fund a portion of the cost of the construction of the Joint Projects, to be funded in thirty-nine (39) annual payments commencing in the 2011-2012 fiscal year.

b. North Embarcadero Project Improvements:

The Agency, using the tax increment from the Centre City Redevelopment Project, will provide to the County an amount up to \$31,360,000 to fund a portion of the cost of the construction of the North Embarcadero Project Improvements in thirty-nine (39) annual payments commencing in the 2011-2012 fiscal year.

c. Transit Line Improvements:

The Agency, using land disposition proceeds and tax increment from the Grantville Redevelopment Project, will provide to the City an amount of up to \$31,360,000 to fund a portion of the cost of the construction of the Transit Line Improvements and related public improvements located within the Centre City Redevelopment Project Area on "C" Street between Kettner Boulevard and Park Boulevard in thirty-nine (39) annual payments commencing in the 2011-2012 fiscal year.

IV. FACTS SUPPORTING SECTION 33445 FINDINGS

Pursuant to Section 33445 of the CRL, a redevelopment agency may, with the consent of the legislative body, pay all or part of the cost of the installation and construction of any building, structure or other improvement, which is publicly-owned either within or without the project area, if the legislative body makes certain determinations. The facts related to the improvements supporting these determinations as follows:

a. Joint Projects:

The Joint Projects are of benefit to the Grantville Redevelopment Project Area or the immediate neighborhood in which they are located. No other reasonable means of financing the Joint Projects are available to the community. The payment of funds by the Agency for the costs related to the Joint Projects will assist in the elimination of one or more blighting conditions within the Grantville Redevelopment Project Area. The Joint Projects are consistent with the Grantville 2005-2010 Five-Year Implementation Plan and Grantville Redevelopment Plan.

b. North Embarcadero Project Improvements:

The North Embarcadero Project Improvements are of benefit to the Centre City and Grantville Redevelopment Project Areas or the immediate neighborhood in which they are located. No other reasonable means of financing the North Embarcadero Project Improvements are available to the community. The payment of funds by the Agency for the costs related to the North Embarcadero Project Improvements will assist in the elimination of one or more blighting conditions within the Centre City and Grantville Redevelopment Project Areas and the North Embarcadero Project Improvements are consistent with the Centre City 2004-2009 Five-Year Implementation Plan, the Centre City Redevelopment Plan, the Grantville 2005-2010 Five-Year Implementation Plan and Grantville Redevelopment Plan.

c. Transit Line Improvements:

The Transit Line Improvements are of benefit to the Centre City and Grantville Redevelopment Project Areas or the immediate neighborhood in which they are located. No other reasonable means of financing the Transit Line Improvements are available to the community. The payment of funds by the Agency for the costs related to the Transit Line Improvements will assist in the elimination of one or more blighting conditions within the Centre City and Grantville Redevelopment Project Areas.

V. REDEVELOPMENT PURPOSE FOR WHICH TAX INCREMENT IS BEING USED

The Centre City and Grantville Redevelopment Project Areas were adopted to improve transportation, circulation, parking, transit and related redevelopment activities within the Centre City and Grantville Redevelopment Project Areas. The Joint Projects, the North Embarcadero Project Improvements and Transit Line Improvements will, among other redevelopment purposes, improve the circulation network and provide for less congested access to the Mission Gorge corridor, Grantville industrial area and Centre City area, without adversely affecting surrounding communities. The purpose of these public improvements is to facilitate transit, traffic and pedestrian enhancements that adequately support land uses, while improving the safety and viability of the Centre City and Grantville Redevelopment Project Areas and the surrounding communities.

The uses of these tax increment funds are part of comprehensive coordinated effort of multiple municipal agencies that have responsibility for planning, land use and transit. Improving public infrastructure and facilities and undertaking these public improvements in, and of benefit to, the Centre City and Grantville Redevelopment Project Areas will assist in the elimination of one or more blighting conditions within the Centre City and Grantville Redevelopment Project Areas. By improving the traffic situation in the Centre City and Grantville Redevelopment Project Areas, Centre City and Grantville drivers are encouraged to use transit stations and lines instead of driving to their homes, workplaces or medical services located within the Centre City and Grantville Redevelopment Project Areas. The proposed public improvements and public facilities are consistent project objectives of the adopted Five-Year Implementation Plans and Redevelopment Plans for the Centre City and Grantville Redevelopment Project Areas.

001119

Attachment 7

Atomic and Teyssier Resolution Pursuant to Health and Safety Code Section 33399(g)

001121

RECORDING REQUESTED BY AND
WHEN RECORDED, RETURN TO:

City of San Diego Redevelopment Agency
1200 3rd Ave, Suite 1400
San Diego, California 92101
Attn: Grantville Project Manager

-DRAFT-

(Free Recording Requested Pursuant to Gov't Code Section 6103)

(RA-2007-)

REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER R- _____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO DESIGNATING CERTAIN PROPERTY LOCATED IN THE GRANTVILLE REDEVELOPMENT PROJECT AREA AND OWNED BY ATOMIC INVESTMENT INC., LEONARD TEYSSIER, TRUSTEE OF THE LEONARD AND MONICA TEYSSIER FAMILY TRUST AND LEONARD TEYSSIER, TRUSTEE OF THE LEONARD AND MONICA TEYSSIER MARITAL TRUST EXEMPT FROM EMINENT DOMAIN UNDER THE GRANTVILLE REDEVELOPMENT PLAN

WHEREAS, pursuant to Ordinance Number 0-19380 (New Series), adopted on May 17, 2005, the City Council of the City of San Diego ("City Council") adopted the Redevelopment Plan for the Grantville Redevelopment Project Area (the "Grantville Redevelopment Plan");

WHEREAS, the Redevelopment Agency of the City of San Diego ("Agency") is engaged in activities necessary to execute and implement the Grantville Redevelopment Plan, as amended and supplemented from time to time, for the Grantville Redevelopment Project Area; and

1121

RECORDING REQUESTED BY AND
WHEN RECORDED, RETURN TO:

City of San Diego Redevelopment Agency
1200 3rd Ave, Suite 1400
San Diego, California 92101
Attn: Grantville Project Manager

-DRAFT-

(Free Recording Requested Pursuant to Gov't Code Section 6103)

(RA-2009-)

REDEVELOPMENT AGENCY

OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER R- _____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO DESIGNATING CERTAIN
PROPERTY LOCATED IN THE GRANTVILLE
REDEVELOPMENT PROJECT AREA AND OWNED BY
ATOMIC INVESTMENT INC., LEONARD TEYSSIER,
TRUSTEE OF THE LEONARD AND MONICA TEYSSIER
FAMILY TRUST AND LEONARD TEYSSIER, TRUSTEE OF
THE LEONARD AND MONICA TEYSSIER MARITAL TRUST
EXEMPT FROM EMINENT DOMAIN UNDER THE
GRANTVILLE REDEVELOPMENT PLAN

WHEREAS, pursuant to Ordinance Number 0-19380 (New Series), adopted on May 17,
2005, the City Council of the City of San Diego ("City Council") adopted the Redevelopment
Plan for the Grantville Redevelopment Project Area (the "Grantville Redevelopment Plan");

WHEREAS, the Redevelopment Agency of the City of San Diego ("Agency") is engaged
in activities necessary to execute and implement the Grantville Redevelopment Plan, as amended
and supplemented from time to time, for the Grantville Redevelopment Project Area; and

and the City of San Diego, referenced as County of San Diego v. The Redevelopment Agency of the City of San Diego, et al, San Diego Superior Court, Case No. GIC 850455 (consolidated with Atomic Investments, Inc. v. The Redevelopment Agency of the City of San Diego, et al, San Diego Superior Court Case No. GIC 850829) (hereinafter “the Validation Lawsuit”); and

WHEREAS, Atomic and Teyssier and the Agency agreed to settle the validation lawsuit wherein Atomic and Teyssier agreed to the Judgment validating the Grantville Redevelopment Plan and the Agency agreed to designate the Property exempt from eminent domain under the Grantville Redevelopment Plan; and

WHEREAS, the Agency desires to declare and designate the Property exempt from eminent domain under the Grantville Redevelopment Plan;

NOW, THEREFORE, BE IT RESOLVED, by the Agency, as follows:

1. The Agency hereby declares and designates the Property exempt from eminent domain under the Grantville Redevelopment Plan.
2. The obligations of the Agency contained in this Resolution exempting the Property from eminent domain shall run with the land, shall remain in effect during the duration of the Grantville Redevelopment Plan and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be binding for the benefit and in favor of Atomic and Teyssier and their successors and assigns to all or any portion of the Property or any interest therein.
3. The Agency authorizes and directs the Agency Executive Director, or his designee to record this Resolution with the San Diego County Recorder’s Office.

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4. The Agency Executive Director, or his designee, is authorized to take any action and execute any and all documents and agreements necessary to implement this Resolution.

5. This Resolution is effective upon the execution and filing of the Stipulation to Enter Judgment and the entry of Judgment by the Court in the Validation Lawsuit. The Stipulation to Enter Judgment conforming in form and content is attached hereto as Exhibit "B" and incorporated herein by this reference.

APPROVED: MICHAEL J. AGUIRRE, General Counsel

By _____
[insert name]
Deputy General Counsel

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at its meeting of _____.

REDEVELOPMENT AGENCY

By _____
Jeannette Santos, Deputy Secretary

Approved: _____
(date)

JERRY SANDERS, Executive Director

Vetoed: _____
(date)

JERRY SANDERS, Executive Director

001125

EXHIBIT "A"

Legal Descriptions

001127

REQUEST FOR COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(for auditor's use only)

WJA

TO:
CITY ATTORNEY

2. FROM: (ORIGINATING DEPARTMENT)
CITY PLANNING AND COMMUNITY INVESTMENT/
REDEVELOPMENT DIVISION

3. DATE
July 7, 2008
334
07/29

4. SUBJECT: Agreements and Related Actions to the Implementation of the Grantville and Centre City Redevelopment Project Areas
(Companion to Redevelopment Agency) Joint Public Hearing

5. Primary Contact (Name, Phone & Mail Sta.)
Tracy Reed, 236-6543, MS 56D

6. Secondary Contact (Name, Phone & Mail Sta.)
James Davies, 236-6540, MS 56D

7. Check BOX if REPORT TO COUNCIL IS ATTACHED X

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND				
DEPT.				
ORGANIZATION				
OBJECT ACCOUNT				
JOB ORDER				
C.I.P. NUMBER				
AMOUNT				

9. ADDITIONAL INFORMATION/ESTIMATED COST:

Fiscal Impact:
None

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED
1	Redevelopment Finance			7	City Attorney	Huston Carlyle	
2	Assistant Director, CP&CI		7/8/08	8	Originating Department		7/5/08
3	Deputy Chief Operating Officer, Executive Director		7/8/08				
4	Auditor		7/8/08				
5	Financial Management		7/11/08				
6	EAS		7/10/08	9	Docket Coord: _____ Council Liaison:		
					COUNCIL PRESIDENT	<input type="checkbox"/> Spob <input type="checkbox"/> CONSENT <input checked="" type="checkbox"/> ADOPTION	7/29/08

11. PREPARATION OF: RESOLUTION(S) ORDINANCE(S) AGREEMENT(S) DEED(S)
- Approve and enter into the Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City and Agency.
 - Approve the Agreement for Cooperation between the Agency and County relating to Joint Projects.
 - Approve the Agreement for Cooperation between the Agency and County relating to the funding of North Embarcadero Public Improvements and Facilities.
 - Approve and enter into the Cooperation Agreement relating to Affordable Housing Credit and Allocation transfer by and between the Agency, City and County.

DOCKET OF: Noticed July 29, 2008

11a. STAFF RECOMMENDATIONS: Adopt the resolutions

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

COUNCIL DISTRICT(S): 2 & 7

COMMUNITY AREA(S): Centre City, Navajo and Tierrasanta Community Plan Areas

ENVIRONMENTAL IMPACT: These activities are covered under the 2006 Final Environmental Impact Report ("FEIR") prepared for all developments in the Centre City Redevelopment Project Area, or the 2005 Program Environmental Impact Report ("PEIR") prepared for all developments in the Grantville Redevelopment Project Area. These activities are adequately addressed in the environmental documents and there is no change in circumstances, additional information, or project changes to warrant additional environmental review. Because these prior environmental documents adequately cover these activities as part of a previously approved project, these activities are not a separate project for purposes of CEQA review per CEQA Guidelines Sections 15060(c)(3) and 15378(c).

HOUSING IMPACT: Affordable Housing Credit and allocation transfer by and between the Agency, City and County of San Diego

CITY CLERK INSTRUCTIONS: Please send copies of the resolution(s) to Jeannette Santos and Tracy Reed at MS 56D



001129

THE CITY OF SAN DIEGO

Publication Date: (July 14, 2008, July 21, 2008, and July 28, 2008)

Requesting Department: Redevelopment Agency of the City of San Diego, City Planning & Community Investment

NOTICE OF JOINT PUBLIC HEARING

DATE OF HEARING: Tuesday, July 29, 2008
TIME OF HEARING: 2:00 p.m. (or as soon as possible thereafter)
MEETING LOCATION: City Administration Building
Council Chambers
202 "C" Street (12th Floor)
San Diego, CA 92101

PROJECT NAME: Cooperation Agreements concerning Joint Projects, the North Embarcadero Project Improvements, and the Transit Line Improvements

PROJECT MANAGER: James Davies and Tracy Reed

CONTACT NUMBERS: (619) 236-6540 or jdavies@sanidiego.gov
(619) 236-6543 or treed@sanidiego.gov

NOTICE OF A JOINT PUBLIC HEARING REGARDING USE OF REDEVELOPMENT FUNDS TO PAY FOR ALL OR PART OF THE VALUE OF LAND FOR, AND THE COST OF INSTALLATION AND CONSTRUCTION OF, ANY PUBLICLY OWNED BUILDING OR FACILITY MADE PURSUANT TO THE COOPERATION AGREEMENTS FOR JOINT PROJECTS, THE NORTH EMBARCADERO PROJECT IMPROVEMENTS, AND TRANSIT LINE IMPROVEMENTS AND CONSISTENT WITH THE CENTRE CITY AND GRANTVILLE REDEVELOPMENT PLANS

On July 29, 2008, the City Council of the City of San Diego (the "City Council") and the Redevelopment Agency of the City of San Diego (the "Agency") will consider the use of tax increment revenue from the Centre City and Grantville Redevelopment Project Areas to pay for all or part of the value of the land for, and the cost of the installation and construction of, any publicly owned building or facility pursuant to certain cooperation agreements, as more fully described below, concerning joint projects, the North Embarcadero project improvements, and transit line improvements. The cooperation agreements are described as:

1. Agreement for Cooperation between the Redevelopment Agency of the City of San Diego and the County of San Diego relating to Joint Projects (Grantville Redevelopment Project); and
2. Agreement for Cooperation between the Redevelopment Agency of the City of San Diego and the County of San Diego relating to the funding of the North Embarcadero Public Improvements and Facilities (Centre City Redevelopment Project Area); and
3. Cooperation Agreement relating to the funding of the Transit Line Improvements by and between the City of San Diego and Redevelopment Agency of the City of San Diego.

The three agreements above shall be collectively referred to as the "Cooperation Agreements." Pursuant to Section 33679 of the California Community Redevelopment Law (Health & Safety Code, Section 33000, *et seq.*), the City Council and Agency will be conducting a hearing on the approval and execution of the Cooperation Agreements.

A summary report of this action is available for public inspection and copying at the office of the City Clerk, at the City Administration Building, 202 "C" Street (2nd Floor), San Diego, CA 92101, and the Redevelopment Agency offices, at the Civic Center Plaza Building, 1200 Third Avenue (14th Floor), San Diego, CA 92101

Internet at <http://www.sandiego.gov/redevelopment-agency/index.shtml>

Elizabeth Maland
City Clerk
City of San Diego

Publication Dates: Monday, July 14, 2008, Monday, July 21, 2008 and Monday, July 28, 2008

001131

RESOLUTION NUMBER R- _____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO (1) MAKING CERTAIN FINDINGS AND DETERMINATIONS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33445 WITH RESPECT TO THE TRANSIT IMPROVEMENTS IN THE CENTRE CITY REDEVELOPMENT AND GRANTVILLE REDEVELOPMENT PROJECT AREAS, (2) APPROVING A COOPERATION AGREEMENT RELATING TO THE FUNDING OF THE TRANSIT LINE IMPROVEMENTS BY AND BETWEEN THE CITY OF SAN DIEGO AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO BY USING TAX INCREMENT AND/OR LAND DISPOSITION PROCEEDS IN AN AMOUNT OF \$31,360,000 AND (3) MAKING CERTAIN FINDINGS ON THE ENVIRONMENTAL REVIEW COMPLETED FOR THE PROJECT.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to execute and implement the Redevelopment Plan, as amended and supplemented from time to time, for the Centre City Redevelopment Project Area [Centre City Project]; and

WHEREAS, the Centre City Development Corporation [CCDC] is responsible for implementing redevelopment projects in the Centre City Project on behalf of the Agency; and

WHEREAS, the Agency is engaged in activities necessary to execute and implement the Redevelopment Plan, as amended and supplemented from time to time, for the Grantville Redevelopment Project Area [Grantville Project]; and

WHEREAS, the City of San Diego [City] has determined that the current condition of its transit lines are insufficient to continue to provide reliable public transportation to the residents of Centre City and Grantville Projects who commute between Centre City and Grantville

Projects, and has developed a plan for improving the transit lines in the Centre City and Grantville Projects to make it more reliable and meet its public transportation needs and demands for the immediate future (hereinafter "transit line improvements"); and

WHEREAS, the City and Agency have determined that one of the projects contemplated in the Grantville Redevelopment Plan is the transit line improvements. The transit line improvements include the construction of improvements to the public transit facilities [Section 400.1.6], transportation facilities [Section 420.2] and public transportation [Section 520.3] within and outside the Grantville Redevelopment Project Area. The transit line improvements will benefit the Grantville Redevelopment Project by improving the utilization of the transit station located within the Grantville Redevelopment Project Area and by improving the traffic situation in the Grantville Redevelopment Project Area as Grantville drivers are encouraged to use the transit line instead of driving to their home or workplace in the Centre City Redevelopment Project Area, e.g., downtown San Diego area; and

WHEREAS, the City has determined that its ability to provide adequate public transportation service to the downtown San Diego area for the benefit of the Grantville community who would be hampered if the transit line improvements not proceed at this time; and

WHEREAS, pursuant to Section 33445(a) of the California Community Redevelopment Law (Cal. Health & Safety Code §33000 et seq.) [Redevelopment Law], the Agency may, with the consent of the City Council of the City of San Diego [City Council], pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or outside a project area, if the City Council makes certain determinations; and

WHEREAS, the Agency is considering the use of tax increment from the Grantville Project to fund the transit line improvements, which is located within the Centre City and Grantville Projects and is publicly-owned by the Metropolitan Transit System, a California public agency comprised of San Diego Transit Corp., and San Diego Trolley, Inc., in cooperation with Chula Vista Transit and National City Transit (the "MTS") for the benefit of the Grantville community who commute between the Centre City and Grantville Project areas; and

WHEREAS, the Agency has been requested to use up to \$31,360,000 of tax increment and/or land disposition proceeds from the Grantville Project to fund the transit line improvements due to the City's lack of funding resources; and

WHEREAS, the construction for the transit line improvements would be administered (bid, contracted and inspected) by the City; and

WHEREAS, the Agency and the City are requested to approve a Cooperation Agreement (Attachment A) [Cooperation Agreement] that governs the administration and implementation of the transit line improvements by the City and oversight of the expenditure of funds by the Agency; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED, by the City Council, as follows:

1. The City Council hereby finds and determines that:
 - a. The transit line improvements are of benefit to the Grantville Project and Centre City Project and the immediate neighborhoods in which they are located;
 - b. No other reasonable means of financing the transit line improvements are available to the community; and

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- c. The payment of funds by the Agency for the costs related to the transit line improvements will assist in the elimination of one or more blighting conditions within the Grantville Redevelopment Project Area and Centre City Redevelopment Project Area and the transit line improvements are consistent with the 2005-2010 Five-Year Implementation Plan for the Grantville Redevelopment Project Area and 2004-2009 Five-Year Implementation Plan for the Centre City Redevelopment Project Area.
2. The City Council hereby consents to the payment of funds in an amount not to exceed \$31,360,000 by the Agency pursuant to the Cooperation Agreement to fund transit line improvements.
3. The Cooperation Agreement between the Agency and the City that governs the administration and implementation of the transit line improvements by the City and oversight of the expenditure of funds by the Agency is hereby approved in substantially the form presented at this meeting, with such minor changes as may be approved by the Mayor with the approval as to form by the City Attorney. The obligations of the Agency under the Cooperation Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plans for the Grantville Project and Centre City Project.
4. The Mayor, or his designee, is authorized to execute the Cooperation Agreement on behalf of the City and sign all documents necessary and appropriate to carry out and implement the Cooperation Agreement and to take any action and execute any and all documents and agreements necessary to implement this Resolution.

BE IT FURTHER RESOLVED, that the City finds that the Cooperation Agreement is a subsequent discretionary approval of the Grantville Redevelopment Plan addressed in the Program Environmental Impact Report for the Grantville Redevelopment Plan as well as the Redevelopment Plan for the Centre City Project addressed in the Final Environmental Impact Report for the Centre City Project and not a separate project under the California Environmental Quality Act [CEQA] and CEQA Guideline sections 15060(c)(3) and 15378(c); and

BE IT FURTHER RESOLVED, that the City finds that this subsequent discretionary approval of the Cooperation Agreement does not involve project changes, a change in circumstances, or new information of substantial importance which would warrant any additional environmental review.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By _____
Deputy City Attorney

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at its meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

001137

(R-2009-64)

ATTACHMENT A

[Behind this page]

**COOPERATION AGREEMENT RELATING TO THE FUNDING OF
THE TRANSIT LINE IMPROVEMENTS BY AND BETWEEN THE CITY OF SAN
DIEGO AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO**

THIS COOPERATION AGREEMENT ("Cooperation Agreement") is entered into this _____ day of _____, 2008, by and between the CITY OF SAN DIEGO, a municipal corporation (the "City") and the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), with reference to the following:

A. The Redevelopment Plan for the Grantville Redevelopment Project Area ("Grantville Redevelopment Plan") was approved and adopted by the City Council of the City of San Diego ("City Council") by Ordinance Number 0-19380 (New Series), adopted on May 17, 2005.

B. One of the projects contemplated in the Grantville Redevelopment Plan is public facility improvements, including improvements to the public transit facilities [Section 400.1.6], transportation facilities [Section 420.2] and public transportation [Section 520.3] within and outside the Grantville Redevelopment Project Area ("Grantville Redevelopment Project Area"). The improvements contemplated by this Cooperation Agreement will benefit the Grantville Redevelopment Project Area by improving the utilization of the transit station and related facilities located within the Grantville Redevelopment Project Area and by improving the traffic situation in the Grantville Redevelopment Project Area as Grantville drivers are encouraged to use the transit line instead of driving to their homes or workplaces in the Centre City Redevelopment Project Area.

C. The City and the Agency desire to implement certain construction of transit line improvements and related public improvements located in the Centre City Redevelopment Project Area on "C" Street between Kettner Boulevard and Park Boulevard, as described in Exhibit "A" (the "Transit Line Improvements"), through redevelopment project funds for construction to be paid by the Agency with construction to be managed, administered and completed by the City.

D. The Agency (Grantville) proposes to pay \$31,360,000 to fund the construction of the Transit Line Improvements.

E. Pursuant to section 33445 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), the Agency is authorized to pay for all or part of the costs for the installation and construction of a publicly owned facility either within or without the Grantville Redevelopment Project Area, if the City Council finds that the construction is of benefit to the Grantville Redevelopment Project Area or to the immediate neighborhood, that no other reasonable means of financing the improvements is available to the community, that payment of funds for the costs of the project will assist in the elimination of one or more blighting conditions inside the Grantville Redevelopment Project Area, and that the project is consistent with the Grantville Redevelopment Plan. The City Council made the foregoing findings in Resolution No. [REDACTED].

In consideration of the above recitals and the mutual covenants and conditions set forth in this Cooperation Agreement, and for good and valuable consideration of the receipt and sufficiency of which are hereby acknowledged, the Agency and the City agree as follows:

ARTICLE 1: SCOPE OF COOPERATION AGREEMENT

1.1 Purpose. The purpose of this Cooperation Agreement is to provide a procedural format for the administration and funding relating to the Transit Line Improvements.

1.2 Agency's Contribution. Agency (Grantville) agrees to provide funds from land disposition proceeds and tax increment funds of the Grantville Redevelopment Project Area in the amount of \$31,360,000 plus any interest due as a result of any deferral pursuant to Section 2.3.C for the Transit Line Improvements in accordance with the "Schedule of Annual Payments" attached hereto, labeled "Exhibit B" and incorporated herein by this reference.

1.3 City's Use of Agency Funds. City agrees to use the funds provided by the Agency under Section 1.2 in this Cooperation Agreement and work with both the Centre City Development Corporation (acting on behalf of the Agency) and Metropolitan Transit System, a California public agency (the "MTS") in project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the Transit Line Improvements, consistent with the requirements of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), and to:

1. initiate a Request for Bid or take whatever actions are required to procure all contractors or vendors for the Transit Line Improvements;
2. administer and manage the contracts with and work performed by all contractors and vendors for the Transit Line Improvements;
3. provide the Agency with a project budget broken down into the following categories: Administration, Engineering, Permits, Construction, Construction Contingency (10%), Construction Management;
4. provide the Agency with a copy of all contracts relating to the Transit Line Improvements;
5. provide the Agency a copy of all invoices, purchase orders, charges or encumbrances relating to the Transit Line Improvements for approval prior to payment. The procedures for this process are outlined in Article 2 below;
6. ensure that all design and construction relating to the Transit Line Improvements comply with all applicable local, state and federal codes, standards and regulations;
7. prepare all as-built plans and maintain all final record drawings and provide a copy of the plans to the Agency.

1.4 Scope of Participation. The parties acknowledge and agree that Agency's participation in the Transit Line Improvements is limited to \$31,360,000, as set forth in Section 1.2 in this Cooperation Agreement. Agency's participation in contributing funding to Transit Line Improvements does not create any obligation on the part of the Agency to participate in any

additional funding, construction, development, maintenance, or operations for the Transit Line Improvements. Agency and City agree that Agency funds will be used for project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the Transit Line Improvements, consistent with the requirements of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.).

ARTICLE 2: AGENCY CONTRIBUTION OF FUNDS

2.1 Funding Schedule. Agency (Grantville) agrees to use the land disposition proceeds and tax increment funds of the Grantville Redevelopment Project Area to commit in total a sum of \$31,360,000 to fund the Transit Line Improvements to be paid to the City in annual installments beginning in the sixth (6) year of the Redevelopment Plan prorated over the remaining thirty-nine (39) plan years commencing in the 2011-12 fiscal year in accordance with the "Schedule of Annual Payments" shown on "Exhibit B". Each annual payment set forth on the Schedule of Annual Payments shall be paid to the office of _____ of the City on October 1 of each year, commencing October 1, 2012, for each previous fiscal year. Such funds shall subsequently be used by the City to pay amounts owed under contracts with the Agency (Centre City) relative to the construction and installation of the Transit Line Improvements.

2.2 Progress Reports. City agrees to regularly communicate with the Agency regarding the progress of design and construction of the Transit Line Improvements. City shall provide the Agency with copies of plans, specifications and estimates of progress levels consistent with work invoiced.

2.3 Special Limited Obligation.

A. Use of Funds.

The funds contributed by the Agency under Sections 1.2 and 2.1 in this Cooperation Agreement shall be used by City only to pay the costs relating to the Transit Line Improvements contemplated in this Cooperation Agreement.

B. Cooperation in Financing.

Agency and City agree to reasonably cooperate with each other to formulate and implement financing devices as appropriate to further the effective use of the monies to be made available under this Cooperation Agreement for the purposes contemplated in this Cooperation Agreement.

C. Deferral of Payments With Interest.

Subject to the requirements of this Section 2.3.C, Agency (Grantville) shall have the right to defer payment of the annual payments comprising the Agency Contribution only (i) if in any year, the cumulative amount of gross tax increments collected, allocated to, and received by the Agency (Grantville) for the Grantville Redevelopment Plan is less than the cumulative

“Projected Gross Tax Increments (Grantville Redevelopment Plan)” shown in Exhibit “B” and used as part of the illustrative examples in Exhibit “D”; and (ii) only to the extent and in proportion to the amount by which the Gross Tax Increments received by the Agency for such year is less than the amount of the “Projected Gross Tax Increments (Grantville Redevelopment Plan)” shown in Exhibit “B” and used as part of the illustrative examples in Exhibit “D” for that year.

For purposes of this Cooperation Agreement, “Gross Tax Increments” shall mean tax increments allocated and paid to and actually received by the Agency for the Grantville Redevelopment Plan pursuant to Section 33670 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.) and the Grantville Redevelopment Plan.

The Agency shall pay to the City all amounts deferred under this Section 2.3.C together with interest on such deferred amounts calculated from the date of deferral to date of reimbursement at the Pooled Rate of Interest from any Excess Net Tax Increments received by the Agency within 90 days of the end of the fiscal year for which such Excess Net Tax Increments funds were received.

For purposes of this Cooperation Agreement, “Excess Net Tax Increments” shall mean, in any year, the amount by which the cumulative Gross Tax Increments exceeds the cumulative Projected Gross Tax Increments as shown in Exhibit “B” for such fiscal years.

For purposes of this Agreement, “Pooled Rate of Interest” shall mean, in any year, the interest computed quarterly at the pooled money investment rate of the County of San Diego as published in the Quarterly Earnings Report or a comparable successor publication.

Illustrative examples of various scenarios related to the implementation of this Section 2.3.C are set forth in the attached Exhibit “D”. Such examples are for purposes of illustration only and in the event of a conflict between said Exhibit “D” and this Cooperation Agreement, the provisions of this Cooperation Agreement shall prevail.

D. Indebtedness.

The obligations of Agency (Grantville) under this Cooperation Agreement shall constitute an indebtedness of Agency for the purposes of carrying out the Transit Line Improvements, which indebtedness shall be payable only out of tax increments levied by or for the benefit of taxing agencies in the Redevelopment Project Area, and allocated to Agency pursuant to Section 33670, et seq., of the California Community Redevelopment Law.

2.4 Subordination. The Agency may subordinate its obligations under this Cooperation Agreement to new loans or other indebtedness incurred by the Agency, but only if the City grants its approval of the subordination pursuant to this section.

At the time the Agency requests that the City subordinate the amount to be paid to it under this Cooperation Agreement, the Agency shall provide the City with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by

this section, when due. When Agency is contemplating the sale of bonds, Agency shall also provide City with a copy of its preliminary official statement which is the basis for its bond issue, the bond indenture agreement, the subordination agreement, and any other agreements relating to the bond issuance, together with an explanation of how Agency intends to meet its obligations under this Cooperation Agreement.

Within 45 days of the Agency's written request and receipt of the foregoing documentation, the City shall approve or disapprove the request for subordination. The City may disapprove the request only if it finds, based upon substantial evidence, that after the Agency pays the debt payments, it will not have sufficient funds to pay the amounts required to be paid to the City pursuant to this Cooperation Agreement. If the City does not act within 45 days of receipt of the Agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive.

Agency shall in good faith diligently attempt to market any bonds or incur any indebtedness in a manner such that sufficient tax increment revenues remain available to pay Agency's obligations under this Cooperation Agreement, after the priority pledge of tax increment revenues to the holders of the indebtedness.

In the event Agency is unable to meet its obligation under this Cooperation Agreement, such monies due to City shall be considered an indebtedness of Agency to City and shall accrue and be due and owing until such obligation is fulfilled by Agency. In such event, the obligation of Agency shall accrue interest, until payment is made, computed at the Pooled Rate of Interest. Until such accrued amounts are paid, with interest as applicable, such indebtedness to City shall be paid from the first available tax increment revenues not used by Agency for such priority indebtedness.

ARTICLE 3: AGENCY'S SINKING FUND

3.1 North Embarcadero Public Improvements and Facilities. Concurrently with this Cooperation Agreement, Agency (Centre City) has entered into an agreement with the County of San Diego ("County"), entitled "AGREEMENT FOR COOPERATION BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO RELATING TO THE FUNDING OF NORTH EMBARCADERO PUBLIC IMPROVEMENTS AND FACILITIES" (the "North Embarcadero Agreement").

3.2 Sinking Fund. In consideration of the City undertaking the Transit Line Improvements under this Cooperation Agreement, Agency (Centre City) agrees to establish an Agency fund herein called "Sinking Fund" and to maintain such Sinking Fund to be funded in accordance with the "Schedule of Sinking Fund and County Payments" attached hereto, labeled "Exhibit C" and incorporated herein by this reference, from Centre City Redevelopment Project tax increments (the "Sinking Fund"). The Sinking Fund will provide for the payment obligations of Agency (Centre City) to County under the North Embarcadero Agreement in accordance with the schedule of Agency (Centre City) payments referred in the North Embarcadero Agreement. Agency (Centre City) reserves the right to adjust the amounts to be deposited into the Sinking Fund in the event the deposit of fewer dollars into the fund can be demonstrated (to City's and

County's reasonable satisfaction) to still permit the Sinking Fund to adequately provide for the required payment to the County. Agency (Centre City) agrees to notify County of Sinking Fund deposits.

3.3 Third Party Beneficiary. The parties agree that the County is a limited third party beneficiary under this Cooperation Agreement and to that extent shall have the same rights and remedies as the City and the Agency hereunder. The County's rights and remedies as a third party beneficiary are limited to Articles 2 and 3 of this Cooperation Agreement.

ARTICLE 4: INDEMNIFICATION

4.1 Indemnification. City agrees to defend, indemnify, protect, and hold Agency and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against the same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees.

Agency agrees to defend, indemnify, protect, and hold City and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees. The provisions of this section shall survive the expiration, termination, or assignment of this Cooperation Agreement.

4.2 No Joint and Several Liability. The parties acknowledge and agree that as stated in Government Code section 895, this Cooperation Agreement is an agreement between public entities designed to implement the disbursement or subvention of public funds from one entity to the other and, as such, is not subject to the joint and several liability provisions of Government Code sections 895 to 895.8.

ARTICLE 5: GENERAL PROVISIONS

5.1 Default. If either party fails to perform or adequately perform an obligation required by this Cooperation Agreement, within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder; provided, however, that if such obligation cannot reasonably be performed within said 30 day period, no default shall have occurred if the nonperforming party commences to cure within said 30 day period and thereafter diligently pursues the cure to completion. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative

and shall not limit the non-defaulting party's rights under any other provision of this Cooperation Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Cooperation Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party.

5.2 Entire Cooperation Agreement. This Cooperation Agreement constitutes the entire Cooperation Agreement between Agency and City.

5.3 No Waiver. No failure of either City or Agency to insist upon strict performance by the other of any covenant, term or condition of the Cooperation Agreement, nor any failure to exercise any right or remedy consequent upon a breach, shall constitute a waiver of any such breach of such covenant, term or condition.

5.4 Amendments. All amendments or modifications to the Cooperation Agreement shall be in writing and executed by both parties.

5.5 California Law. The laws of the State of California shall govern and control the terms and conditions of this Cooperation Agreement.

5.6 Institution of Legal Actions. In addition to any other legal rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Cooperation Agreement. Such legal actions must be instituted in a court of competent jurisdiction in the County of San Diego, California.

5.7 Counterparts. This Cooperation Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

5.8 Signing Authority. The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

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IN WITNESS WHEREOF, this Cooperation Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director, or designee, and this Cooperation Agreement is executed by the City of San Diego by its Mayor, or designee.

REDEVELOPMENT AGENCY
OF CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. AGUIRRE, General Counsel

By: _____

KANE, BALLMER & BERKMAN

By: _____
Murray O. Kane
Agency Special Counsel

[Signatures Continue on Following Page]

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CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. AGUIRRE, City Attorney

By: _____
Deputy City Attorney

EXHIBIT "A"

List of Transit Line Improvements

Transit Line Improvements located in the Centre City Redevelopment Project Area on "C" Street between Kettner Boulevard and Park Boulevard include, but are not limited to the following: transit facilities, transportation facilities, public transportation and related public improvements consistent with the implementation plans for the Grantville and Centre City Redevelopment Projects.

EXHIBIT "B"
Schedule of Annual Payments

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the Transit Line Improvements
2011-2012	\$1,722,066	\$129,666
2012-2013	\$2,026,775	\$152,610
2013-2014	\$2,349,766	\$176,930
2014-2015	\$2,692,136	\$202,709
2015-2016	\$3,055,049	\$230,036
2016-2017	\$3,439,736	\$249,916
2017-2018	\$3,847,505	\$270,990
2018-2019	\$4,279,740	\$293,328
2019-2020	\$4,737,909	\$317,006
2020-2021	\$5,223,568	\$342,105
2021-2022	\$5,738,367	\$368,709
2022-2023	\$6,284,053	\$396,910
2023-2024	\$6,862,481	\$426,803
2024-2025	\$7,475,615	\$458,490
2025-2026	\$8,125,536	\$492,078
2026-2027	\$8,814,453	\$527,681
2027-2028	\$9,544,704	\$565,420
2028-2029	\$10,318,771	\$605,424
2029-2030	\$11,139,282	\$647,828
2030-2031	\$12,009,024	\$692,776
2031-2032	\$12,930,950	\$740,421
2032-2033	\$13,908,191	\$790,925
2033-2034	\$14,944,067	\$844,459
2034-2035	\$16,042,096	\$901,205

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the Transit Line Improvements
2035-2036	\$17,206,006	\$961,356
2036-2037	\$18,439,751	\$1,005,691
2037-2038	\$19,747,521	\$1,052,686
2038-2039	\$21,133,757	\$1,102,500
2039-2040	\$22,603,167	\$1,155,304
2040-2041	\$24,160,741	\$1,211,276
2041-2042	\$25,811,770	\$1,270,606
2042-2043	\$27,561,861	\$1,333,496
2043-2044	\$29,416,957	\$1,400,159
2044-2045	\$31,383,359	\$1,470,822
2045-2046	\$33,467,745	\$1,545,725
2046-2047	\$35,677,195	\$1,625,122
2047-2048	\$38,019,211	\$1,709,283
2048-2049	\$40,501,748	\$1,798,494
2049-2050	\$43,133,238	\$1,893,057
TOTAL		\$31,360,002

EXHIBIT C
Schedule of Sinking Fund and County Payments

Year	Payment To Sinking Fund	Interest Earned (4.0%)	Required Payment	Fund Balance
2009	1,067,273	42,691	-	1,109,964
2010	1,067,273	87,089	-	2,264,327
2011	1,067,273	133,264	-	3,464,864
2012	1,067,273	181,286	129,666	4,583,757
2013	1,067,273	226,041	152,610	5,724,462
2014	1,067,273	271,669	176,930	6,886,474
2015	1,067,273	318,150	202,709	8,069,188
2016	1,067,273	365,458	230,036	9,271,884
2017	1,067,273	413,566	249,916	10,502,808
2018	1,067,273	462,803	270,990	11,761,894
2019	1,067,273	513,167	293,328	13,049,006
2020	1,067,273	564,651	317,006	14,363,925
2021	-	574,557	342,105	14,596,377
2022	-	583,855	368,709	14,811,523
2023	-	592,461	396,910	15,007,074
2024	-	600,283	426,803	15,180,554
2025	-	607,222	458,490	15,329,286
2026	-	613,171	492,078	15,450,379
2027	-	618,015	527,681	15,540,713
2028	-	621,629	565,420	15,596,922
2029	-	623,877	605,424	15,615,375
2030	-	624,615	647,828	15,592,162
2031	-	623,686	692,776	15,523,072
2032	-	620,923	740,421	15,403,574
2033	-	616,143	790,925	15,228,792
2034	-	609,152	844,459	14,993,485
2035	-	599,739	901,205	14,692,019
2036	-	587,681	961,356	14,318,344
2037	-	572,734	1,005,691	13,885,387
2038	-	555,415	1,052,686	13,388,116
2039	-	535,525	1,102,500	12,821,141
2040	-	512,846	1,155,304	12,178,682
2041	-	487,147	1,211,276	11,454,554
2042	-	458,182	1,270,606	10,642,130
2043	-	425,685	1,333,496	9,734,319
2044	-	389,373	1,400,159	8,723,533
2045	-	348,941	1,470,822	7,601,652
2046	-	304,066	1,545,725	6,359,993
2047	-	254,400	1,625,122	4,989,271
2048	-	199,571	1,709,283	3,479,559
2049	-	139,182	1,798,494	1,820,247
2050	-	72,810	1,893,057	0
Total	12,807,279		31,360,002	

EXHIBIT "D"

Illustrative Examples Regarding Limitation on Payments

Transit Line Improvements

Formula: If in the specific year,

Cumulative Actual Gross Tax Increments for all prior years [CAGTI] < Cumulative Projected Gross Tax Increments for all prior years [CPGTI]

AND

Actual Gross Tax Increments for the specific year [AGTI] < Projected Gross Tax Increments for the specific year [PGTI],

then the annual payment owed for that year may be deferred to the extent and in proportion to the amount by which the Actual Gross Tax Increments (AGTI) received by the Agency for the specific year is less than the amount of the Projected Gross Tax Increment (PGTI) for the specific year until Excess Net Tax Increment exists in the following year(s).

"Excess Net Tax Increment" exists when, in any year, the Cumulative Actual Gross Tax Increment (CAGTI) exceeds the Cumulative Projected Gross Tax Increments (CPGTI), as shown in Exhibit "A," for such fiscal years.

Examples: Assume in the year 2013-2014, the AGTI is \$2,000,000 --\$349,766 less than the PGTI of \$2,349,766. Assuming AGTI = PGTI for all prior years, the CAGTI is \$5,748,841 compared to the CPGTI of \$6,098,607. Thus, in the year 2013-2014, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$26,336), until Excess Net Tax Increment exist in the following year(s). The deferred amount of \$26,336 is a result of the following calculations:

- (1) Divide AGTI by PGTI to get the proportionate percentage ("X")
- (2) Multiply the Anticipated Annual Payment by X to get the Actual Annual Payment, and
- (3) Subtract the Actual Annual Payment from the Anticipated Annual Payment to calculate the amount to be deferred.

In the assumed year 2013-2014 set forth above,

- (1) Divide \$2,000,000 (AGTI) by \$2,349,766 (PGTI), resulting in the proportionate percentage of 0.851148 ("X")
- (2) Multiply \$176,930 (Anticipated Annual Payment) by 0.851148 ("X") to get \$150,594 (Actual Annual Payment), and
- (3) Subtract \$150,594 (Actual Annual Payment) with \$176,930 (Anticipated Annual Payment) to get the deferred amount of \$26,336.

Assume in the year 2014-2015, the AGTI is \$3,692,136 -- \$1,000,000 over the PGTI of \$2,692,136. Therefore, the CAGTI is \$9,440,977 compared to the CPGTI of \$8,790,743. Since in the year 2014-2015, CAGTI > CPGTI, the Agency has Excess Net Tax Increment and is obligated to repay all deferred amounts plus interest. Assuming the average pooled rate of interest for the previous 12 months was 5%, the amount owing for the deferred payment in 2013-2014 is $\$26,336 + \$1,317 (5\%) = \$27,653$. Therefore, the Agency owes the County the total amount of \$230,362 [$\$202,709 + \$27,653$] as the annual payment owed to the County because the Excess Net Tax Increment exists.

Assume in the year 2015-2016, the AGTI is \$2,405,049 -- \$650,000 less than the PGTI of \$3,055,049. Therefore, the CAGTI is \$11,846,026 compared to the CPGTI of \$11,845,792. Thus, in the year 2015-2016, the AGTI < PGTI, however CAGTI > CPGTI. Therefore, the Agency still owes the County an amount of \$230,036 as the scheduled annual payment.

Finally, assume in the year 2016-2017, the AGTI is \$3,430,000 -- \$9,736 less than the PGTI of \$3,439,736. Therefore, the CAGTI is \$15,276,026 compared to the CPGTI of \$15,285,528. Thus, in the year 2016-2017, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$632), until the Excess Net Tax Increment exists in the following year(s).

For illustrative purposes, see the table below for the years 2013-2017 in support of the examples set forth herewith.

Sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Cumulative Projected Gross Tax Increment [CPGTI]	Cumulative Actual Gross Tax Increment Collected, Allocated and Received by the Agency [CAGTI]	Projected Gross Tax Increment [PGTI]	Actual Gross Tax Increment Collected, Allocated and Received by the Agency [AGTI]	Anticipated Annual Payments for the Transit Line Improvements	Actual Annual Payments to the Transit Line Improvements
2011-2012	\$1,722,066	\$1,722,066	\$1,722,066	\$1,722,066	\$129,666	\$129,666
2012-2013	\$3,748,841	\$3,748,841	\$2,026,775	\$2,026,775	\$152,610	\$152,610
2013-2014	\$6,098,607	\$5,748,841	\$2,349,766	\$2,000,000 [loss of \$349,766 from PGTI]	\$176,930	\$150,594 [\$26,336 deferred]
2014-2015	\$8,790,743	\$9,440,977	\$2,692,136	\$3,692,136 [increase of \$1,000,000 from PGTI]	\$202,709	\$230,372 [\$202,709 + \$26,336 + \$1,317 (5%)]
2015-2016	\$11,845,792	\$11,846,026	\$3,055,049	\$2,405,049 [loss of \$650,000 from PGTI]	\$230,036	\$230,036
2016-2017	\$15,285,528	\$15,276,026	\$3,439,736	\$3,430,000 [loss of \$9,736 from PGTI]	\$249,916	\$249,284 [\$632 deferred]

Etc...

Such examples set forth herein are for purposes of illustration only and in the event of a conflict between said Exhibit "D" and this Cooperation Agreement, the provisions of this Cooperation Agreement shall prevail.

RESOLUTION NUMBER R- _____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO (1) MAKING CERTAIN FINDINGS AND DETERMINATIONS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33445 WITH RESPECT TO THE JOINT PROJECTS IN THE GRANTVILLE REDEVELOPMENT PROJECT AREA, (2) APPROVING A COOPERATION AGREEMENT RELATING TO THE FUNDING OF THE JOINT PROJECTS BY AND BETWEEN THE COUNTY OF SAN DIEGO AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO BY USING TAX INCREMENT AND/OR LAND DISPOSITION PROCEEDS IN AN AMOUNT OF \$7,840,000 AND (3) MAKING CERTAIN FINDINGS ON THE ENVIRONMENTAL REVIEW COMPLETED FOR THE PROJECT.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to execute and implement the Redevelopment Plan, as amended and supplemented from time to time, for the Grantville Redevelopment Project Area [Grantville Redevelopment Project Area]; and

WHEREAS, over the course of the Agency's implementation of the Redevelopment Plan for the Grantville Redevelopment Project Area [Grantville Redevelopment Plan], the County of San Diego [County] and Agency desire to provide for the project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to project improvements of benefit to the Grantville Redevelopment Project Area, either within or without the Grantville Redevelopment Project Area [Joint Projects]; and

WHEREAS, the County and Agency have determined that the Joint Projects will benefit the Grantville Redevelopment Project Area; and

WHEREAS, the County has determined that its ability to provide to the Grantville Redevelopment Project Area for the benefit of the Grantville community who would be hampered if the Joint Projects not proceed at this time; and

WHEREAS, pursuant to Section 33445(a) of the California Community Redevelopment Law (Cal. Health & Safety Code §33000 et seq.) [Redevelopment Law], the Agency may, with the consent of the City Council of the City of San Diego [City Council], pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or outside a project area, if the City Council makes certain determinations; and

WHEREAS, the Agency is considering the use of tax increment and/or land disposition proceeds from the Grantville Redevelopment Project Area to fund the Joint Projects for the benefit of the Grantville community;

WHEREAS, the Agency has been requested to provide an amount of \$7,840,000 to fund the Joint Projects due to the County's lack of funding resources to fund the Joint Projects; and

WHEREAS, the Agency and the County are requested to approve a Cooperation Agreement (Attachment A) [Cooperation Agreement] that governs the administration and implementation of the Joint Projects by the County and/or Agency and oversight of the expenditure of funds by the Agency; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED, by the City Council, as follows:

1. The City Council hereby finds and determines that:

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- a. The Joint Projects are of benefit to the Grantville Redevelopment Project Area or the immediate neighborhood in which they are located;
 - b. No other reasonable means of financing the Joint Projects are available to the community; and
 - c. The payment of funds by the Agency for the costs related to the Joint Projects will assist in the elimination of one or more blighting conditions within the Grantville Redevelopment Project Area and the Joint Projects are consistent with the 2005-2010 Five Year Implementation Plan for the Grantville Redevelopment Project Area.
2. The City Council hereby consents the use of tax increment and/or land disposition proceeds from the Grantville Redevelopment Project Area by the Agency to fund Joint Projects, in an amount of \$7,840,000.
3. The Cooperation Agreement between the Agency and the County that governs the administration and implementation of the Joint Projects by the County and/or Agency and oversight of the expenditure of funds by Agency is hereby approved in substantially the form presented at this meeting, with such minor changes as may be approved by the Mayor with the approval as to form by the City Attorney. The obligations of the Agency under the Cooperation Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plan for the Grantville Redevelopment Project Area.
4. The Mayor, or his designee, is authorized to take any action and execute any and all documents and agreements necessary to implement this Resolution.

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BE IT FURTHER RESOLVED, that the City finds that the Cooperation Agreement is a subsequent discretionary approval of the Grantville Redevelopment Plan addressed in the Program Environmental Impact Report for the Grantville Redevelopment Plan and not a separate project under the California Environmental Quality Act [CEQA] and CEQA Guideline sections 15060(c)(3) and 15378(c); and

BE IT FURTHER RESOLVED, that the City finds that this subsequent discretionary approval of the Cooperation Agreement does not involve project changes, a change in circumstances, or new information of substantial importance which would warrant any additional environmental review.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By _____
Deputy City Attorney

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at its meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

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(R-2009-65)

ATTACHMENT A

[Behind this page]

**AGREEMENT FOR COOPERATION BETWEEN
THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
AND THE COUNTY OF SAN DIEGO RELATING TO JOINT PROJECTS**

(Grantville Redevelopment Project)

THIS AGREEMENT (the "Agreement") is entered into this _____ day of _____, 2008, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), and the COUNTY OF SAN DIEGO, a public body (the "County"), with reference to the following:

A. The Redevelopment Plan for the Grantville Redevelopment Project Area (the "Grantville Redevelopment Plan") was approved and adopted by the City Council of the City of San Diego ("City Council") by Ordinance Number 0-19380 (New Series) on May 17, 2005.

B. Over the course of the Agency's implementation of the Grantville Redevelopment Plan, County and Agency desire to provide for the project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to project improvements of benefit to the Grantville Redevelopment Project Area ("Grantville Redevelopment Project Area"), either within or without the Grantville Redevelopment Project Area, in accordance with the procedures set forth in this Agreement (the "Joint Projects").

C. Agency proposes to commit \$7,840,000 to fund a portion of the cost of the construction of the Joint Projects, to be funded pursuant to this Agreement in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year in accordance with the "Schedule of Annual Payments" attached hereto, labeled "Exhibit A" and incorporated herein by this reference.

D. Pursuant to section 33445 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), the Agency is authorized to pay for all or part of the costs for the installation and construction of a publicly owned facility either within or without the Grantville Redevelopment Project Area, if the City Council finds that the construction is of benefit to the Grantville Redevelopment Project Area or to the immediate neighborhood, that no other reasonable means of financing the improvements is available to the community, that payment of funds for the costs of the project will assist in the elimination of one or more blighting conditions inside the Grantville Redevelopment Project Area, and that the project is consistent with the Grantville Redevelopment Plan. The City Council made the foregoing findings in Resolution No. .

In consideration of the above recitals and the mutual covenants and conditions set forth in the Agreement, and for good and valuable consideration of the receipt and sufficiency of which are hereby acknowledged, the Agency and County agree as follows:

ARTICLE 1: SCOPE OF AGREEMENT**1.1 Purpose.**

The purpose of this Agreement is to provide for the identification, administration and funding of the construction of the Joint Projects.

1.2 Agency Contribution.

Agency hereby agrees to provide Seven Million Eight Hundred Forty Thousand Dollars (\$7,840,000), plus any interest due as a result of any deferral pursuant to Section 2.4.C, to fund a portion of the cost of the construction of the Joint Projects, to be funded pursuant to this Agreement in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year in accordance with the Schedule of Annual Payments listed in Exhibit "A" (the "Agency Contribution").

1.3 Joint Projects.**A. County Proposal, Agency Approval**

County shall have the right to propose to the Agency, on its own initiative, projects to be financed with monies made available by the Agency Contribution under this Agreement. County shall notify Agency in writing of the proposed expenditures, describing in reasonable detail the projects to be financed. In response, Agency shall review and consider approval of the proposed project, based on whether the proposed project benefits the Grantville Redevelopment Project Area consistent with the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.) and the specific amount to be withdrawn from the Joint Project Account that is established pursuant to Section 2.2 to complete the proposed project.

B. Joint Committee

If the parties are unable to select projects per Section 1.3A above, Agency and County agree to create a joint Agency-County committee (the "Joint Committee") to meet, discuss and propose the projects that will be funded from the Agency Contribution. The Joint Committee shall review and comment on the proposed projects, and make a final recommendation to the Board of Supervisors and the Agency Board on whether or not to approve the proposed projects, based on whether the proposed projects benefit the Grantville Redevelopment Project Area and the County consistent with the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.) and the specific amount to be withdrawn from the Joint Project Account that is established pursuant to Section 2.2 to complete the proposed project.

C. If Parties Are Unable To Approve Any Projects

To the extent the County, Agency and/or Joint Committee cannot approve the expenditure of all or any portion of the Agency Contribution as Joint Projects by the end of the 2020-21 fiscal year, the County may expend such Agency Contribution so long as the

expenditure benefits the Grantville Redevelopment Project Area and the County consistent with the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.) and is a lawfully authorized expenditure thereunder.

D. Remaining Funds Not Used

Any remaining funds in the Joint Project Account that is established pursuant to Section 2.2 that are not used or not withdrawn to construct the Joint Projects by the end of the 2049-2050 fiscal year (the "Remaining Funds") shall be available to the County to be spent for redevelopment purposes within or without the Grantville Redevelopment Area for the benefit of the Agency and County, consistent with the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.). If County expenditure is not made prior to June 30, 2050, any Remaining Funds may be expended by Agency for redevelopment purposes per California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.).

The parties shall also periodically meet and discuss the status of the Grantville Redevelopment Plan and any Joint Projects funded by the Agency Contribution and ensure that the conditions of this Agreement are met.

E. County's Obligations

County agrees to use the Agency funds for purposes consistent with the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), including project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the Joint Projects. County agrees to diligently pursue such efforts and take all necessary steps to achieve such purposes.

1.4 Scope of Participation.

The parties acknowledge and agree that County and/or Agency bear responsibility for the Joint Projects, depending upon the location and ultimate ownership of the improvements involved in each case. The Agency Contribution to the Joint Projects is limited to the contribution of committed funds in the amount of \$7,840,000, plus accrued interest, as set forth in this Agreement. Agency's participation in contributing funds to Joint Projects does not create any obligation on the part of the Agency to participate in any additional funding beyond said amount of \$7,840,000, plus accrued interest. Agency and County agree that Agency funds will be used for purposes consistent with the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), including project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the Joint Projects.

ARTICLE 2: AGENCY CONTRIBUTION OF FUNDS

2.1 Funding Schedule. Agency agrees to make the Agency Contribution for the Joint

Projects in thirty-nine (39) annual payments as set forth in the Schedule of Annual Payments (Exhibit "A") herein. Each annual payment set forth on the Schedule of Annual Payments shall be paid to the office of Auditor & Controller of the County at 1600 Pacific Coast Highway, Room 77, San Diego, California 92101 on October 1 of each year, commencing October 1, 2012, for each previous fiscal year.

2.2 Joint Projects Account. The County agrees to open on or before May 1, 2010 and maintain for the term of this Agreement an account as a separate account at a financial institution currently utilized by the County into which the County shall deposit the Agency Contribution pursuant to this Agreement (the "Joint Projects Account"). The Joint Projects Account shall accrue interest and shall be administered by the County consistent with the provisions of this Agreement. The principal and interest in the Joint Projects Account shall be invested consistent with other similar obligations maintained by the County. No expenditure of funds in the account on behalf of a project shall be made unless both the County's Chief Executive Officer or designee and the Agency's Executive Director or his or her designee agree in writing to such Joint Projects. The County shall semi-annually forward to the Agency Treasurer a copy of all statements received from the financial institution for the Joint Projects Account. Investments authorized by Health and Safety Code Section 33603 shall be deemed to meet both the approval of the Agency's Executive Director or designee and the County. The Agency and County shall abide by the following provisions in connection with the opening and maintenance of the Joint Projects Account.

1. **Deposits.** The County agrees to deposit the Agency Contribution into the Joint Projects Account on an annual basis in accordance with the Schedule of Annual Payments (Exhibit "A"). Such deposits shall be held in the Joint Projects Account under the terms of this Agreement.

2. **Payment and Distribution.** Payments shall be made from the Joint Projects Account for purposes consistent with this Agreement in the amount and at the time or times agreed upon between the Agency and the County.

3. **Irrevocability.** The Joint Projects Account and the requirements set forth herein applicable thereto shall be irrevocable and shall not be altered, amended, revoked, or terminated by the Agency, the County or any other person or entity, except as provided above, or by the mutual written agreement of the parties.

4. **Protective Provision.** No interest in income or principal shall be alienated, encumbered, or otherwise disposed of by either the Agency or the County while maintained in the Joint Projects Account.

5. **Specific Performance.** If either Agency or County breaches any provisions of this Agreement concerning the maintenance, use or operation of the Joint Projects Account, the non-breaching party may enforce the agreement by instituting an action for specific performance of the terms of this Agreement, as well as by availing itself of any other remedy provided at law or in equity.

6. Implementation. The parties agree to take all necessary steps and execute and deliver all documents convenient, necessary or desirable to implement the provisions of this Agreement.

2.3 Total Agency Contribution Not to Exceed \$7,840,000. The total amount of Agency Contribution under this Agreement shall not exceed \$7,840,000, plus interest. If the costs relating to the Joint Projects exceed \$7,840,000 (excluding interest), such expenses shall be the obligation of the County, unless otherwise expressly agreed to by the Agency in connection with any Joint Projects.

2.4 Special Limited Obligation.

A. Use of Funds.

The Agency Contribution under Sections 1.2 and 2.3 shall be used by County only to pay the costs of Joint Projects.

B. Statutory Pass Through Amounts.

The Agency Contribution in this Agreement is an addition to any election, prior or future, by County, or any right to receive tax revenues under Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law.

C. Deferral of Payments With Interest.

Subject to the requirements of this Section 2.4.C, Agency shall have the right to defer payment of the annual payments comprising the Agency Contribution (but not the Statutory Pass Through Amounts described in Sections 2.4.B and 2.6, and contemplated in Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law) only (i) if in any year the cumulative amount of gross tax increments collected, allocated to and received by the Agency for the Grantville Redevelopment Plan is less than the cumulative "Projected Gross Tax Increments (Grantville Redevelopment Plan)" shown in Exhibit "A" and used as part of the illustrative examples in Exhibit "B"; and (ii) only to the extent and in proportion to the amount by which the Gross Tax Increments received by the Agency for such year is less than the amount of the "Projected Gross Tax Increments (Grantville Redevelopment Plan)" shown in Exhibit "A" and used as part of the illustrative examples in Exhibit "B" for that year.

For purposes of this Agreement, "Gross Tax Increments" shall mean tax increments allocated and paid to and actually received by the Agency for the Grantville Redevelopment Plan pursuant to Section 33670 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.) and the Grantville Redevelopment Plan.

The Agency shall pay to the County all amounts deferred under this Section 2.4.C together with interest on such deferred amounts calculated from the date of deferral to date of reimbursement at the Pooled Rate of Interest from any Excess Net Tax Increments received by the Agency within 90 days of the end of the fiscal year for which such Excess Net Tax

Increments funds were received.

For purposes of this Agreement, "Excess Net Tax Increments" shall mean, in any year, the amount by which the cumulative Gross Tax Increments exceeds the cumulative Projected Gross Tax Increments as shown in Exhibit "A" for such fiscal years.

For purposes of this Agreement, "Pooled Rate of Interest" shall mean, in any year, the interest computed quarterly at the pooled money investment rate of the County of San Diego as published in the Quarterly Earnings Report or a comparable successor publication.

Illustrative examples of various scenarios related to the implementation of this Section 2.4.C are set forth in the attached Exhibit "B". Such examples are for purposes of illustration only and in the event of a conflict between said Exhibit "B" and this Agreement, the provisions of this Agreement shall prevail.

In the event the Community Redevelopment Law is changed to allow the Agency to extend the time limits regarding the Grantville Redevelopment Plan beyond the termination date as set forth in Exhibit "A", then:

1. Nothing herein shall be interpreted to be a waiver of any rights of County provided by law to challenge any such extensions; and
2. Agency and County agree to cooperate in good faith to seek to apply the provisions of that certain Settlement Agreement dated _____ 2008 and entered into by and between the Agency and County, among others, to any such extended period, consistent with the provisions of the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq.).

D. Indebtedness.

The obligations of Agency under this Agreement shall constitute an indebtedness of Agency for the purposes of carrying out Joint Projects, which indebtedness shall be payable only out of tax increments levied by or for the benefit of taxing agencies in the Grantville Redevelopment Project Area, and allocated to Agency pursuant to Section 33670, et seq., of the California Community Redevelopment Law.

2.5 Subordination. The Agency may subordinate its obligations under this Agreement to new loans or other indebtedness incurred by the Agency, but only if the County grants its prior approval of the subordination in writing pursuant to this section.

At the time the Agency requests that the County subordinate the amount to be paid to it under this Agreement, the Agency shall provide the County with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by this section, when due. When Agency is contemplating the sale of bonds, Agency shall also provide County with a copy of its preliminary official statement which is the basis for its bond issue, the

bond indenture agreement, the subordination agreement, and any other agreements relating to the bond issuance, together with an explanation of how Agency intends to meet its obligations under this Agreement.

Within 45 days of the Agency's written request and receipt of the foregoing documentation, the County shall approve or disapprove the request for subordination. The County may disapprove the request only if it finds, based upon substantial evidence, that after the Agency pays the debt payments, it will not have sufficient funds to pay the amounts required to be paid to the County pursuant to this Agreement. If the County does not act within 45 days of receipt of the Agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive.

Agency shall in good faith diligently attempt to market any bonds or incur any indebtedness in a manner such that sufficient tax increment revenues remain available to pay Agency's obligations under this Agreement, after the priority pledge of tax increment revenues to the holders of the indebtedness.

In the event Agency is unable to meet its obligation under this Agreement, such monies due to County shall be considered an indebtedness of Agency to County and shall accrue and be due and owing until such obligation is fulfilled by Agency. In such event, the obligation of Agency shall accrue interest until payment is made computed by the Pooled Rate of Interest. Until such accrued amounts are paid, with interest as applicable, such indebtedness to County shall be paid from the first available tax increment revenues not used by Agency for such priority indebtedness.

2.6 Statutory Pass Through Amounts. County's resolution adopted by County pursuant to Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law, as an election to receive any portion of the tax revenues which would otherwise be allocated to Agency pursuant to subdivision (b) of Section 33670 of the California Community Redevelopment Law is not waived by the County. In any event, the Agency Contribution in this Agreement is an addition to any election, prior or future, by County, or any right to receive tax revenues under Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law.

2.7 Progress Reports. County agrees to regularly communicate with the Agency regarding the progress of the Joint Projects for which the County is responsible. Agency agrees to regularly communicate with the County regarding the progress of the Joint Projects for which the Agency is responsible.

ARTICLE 3: INDEMNIFICATION

3.1 Indemnification. County agrees to defend, indemnify, protect, and hold Agency and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the

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extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of County, its officers, agents, or employees.

Agency agrees to defend, indemnify, protect, and hold County and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees. The provisions of this section shall survive the expiration, termination, or assignment of this Agreement.

3.2 No Joint and Several Liability. The parties acknowledge and agree that as stated in Government Code section 895, this Agreement is an agreement between public entities designed to implement the disbursement or subvention of public funds from one entity to the other and, as such, is not subject to the joint and several liability provisions of Government Code sections 895 to 895.8.

ARTICLE 4: GENERAL PROVISIONS

4.1 Default. If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder; provided, however, that if such obligation cannot reasonably be performed within said 30 day period, no default shall have occurred if the nonperforming party commences to cure within said 30 day period and thereafter diligently pursues the cure to completion. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party. All notices of defaults shall clearly indicate a notice of default under this Agreement.

Copies of all notices of defaults shall be sent as follows:

County:

Chief Administrative Office, County of San Diego
County Administration Center
1600 Pacific Coast Highway, Room 209
San Diego, California 92101

With a copy to:

County Counsel, County of San Diego
County Administration Center
1600 Pacific Highway, Room 355
San Diego, CA 92101

Agency:

The Redevelopment Agency of the City of San Diego
1200 Third Avenue, 14th Floor, MS 56D
San Diego, CA 92101
Attention: Grantville Redevelopment Project Area Manager

With a copy to:

Office of the City Attorney
1200 Third Avenue, Suite 1100
San Diego, California 92101-4100

4.2 Representation. County and Agency represent and warrant that in agreeing to the terms of this Agreement they have read the Agreement, have had the Agreement explained to them by County's and Agency's counsel, are aware of the content and legal effect of this Agreement, are acting on the advice of County's and Agency's counsel and are not relying on any representation made by County, Agency or City or any of the employees, agents, representatives or attorneys of County, Agency or City, or any of them, except as expressly set forth in this Agreement.

County and Agency further represent and warrant that they will cooperate in good faith to accomplish the purposes of this Agreement if there is any change(s) in law affecting this Agreement.

4.3 No Waiver. No failure of either County or Agency to insist upon strict performance by the other of any covenant, term or condition of the Agreement, nor any failure to exercise any right or remedy consequent upon a breach, shall constitute a waiver of any such breach of such covenant, term or condition.

4.4 No Third Party Beneficiary. The parties agree that this Agreement is made solely for the benefit of Agency and County, and no third person or entity shall be deemed to have any rights or remedies hereunder.

4.5 Amendments. All amendments or modifications to the Agreement shall be in writing and executed by both parties.

4.6 Entire Agreement. This Agreement constitutes the entire understanding and agreement

between the parties and supersedes all previous negotiations between them.

4.7 California Law. The laws of the State of California shall govern and control the terms and conditions of this Agreement.

4.8 Institution of Legal Actions. In addition to any other legal rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in a court of competent jurisdiction in the County of San Diego, California.

4.9 Counterparts. This Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

4.10 Signing Authority. The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director, or designee, and this Agreement is executed by the County of San Diego by its authorized signatory.

REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. AGUIRRE, General Counsel

By: _____

KANE, BALLMER & BERKMAN

By: _____
Murray O. Kane
Agency Special Counsel

[Signatures Continue on Following Page]

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COUNTY OF SAN DIEGO

Date: _____

By: _____

John J. Sansone
County Counsel

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EXHIBIT "A"

Schedule of Annual Payments

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the Joint Projects
2011-2012	\$1,722,066	\$32,417
2012-2013	\$2,026,775	\$38,152
2013-2014	\$2,349,766	\$44,233
2014-2015	\$2,692,136	\$50,677
2015-2016	\$3,055,049	\$57,509
2016-2017	\$3,439,736	\$62,479
2017-2018	\$3,847,505	\$67,747
2018-2019	\$4,279,740	\$73,332
2019-2020	\$4,737,909	\$79,251
2020-2021	\$5,223,568	\$85,526
2021-2022	\$5,738,367	\$92,177
2022-2023	\$6,284,053	\$99,228
2023-2024	\$6,862,481	\$106,701
2024-2025	\$7,475,615	\$114,623
2025-2026	\$8,125,536	\$123,019
2026-2027	\$8,814,453	\$131,920
2027-2028	\$9,544,704	\$141,355
2028-2029	\$10,318,771	\$151,356
2029-2030	\$11,139,282	\$161,957
2030-2031	\$12,009,024	\$173,194
2031-2032	\$12,930,950	\$185,105
2032-2033	\$13,908,191	\$197,731
2033-2034	\$14,944,067	\$211,115

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the Joint Projects
2034-2035	\$16,042,096	\$225,301
2035-2036	\$17,206,006	\$240,339
2036-2037	\$18,439,751	\$251,423
2037-2038	\$19,747,521	\$263,171
2038-2039	\$21,133,757	\$275,625
2039-2040	\$22,603,167	\$288,826
2040-2041	\$24,160,741	\$302,819
2041-2042	\$25,811,770	\$317,651
2042-2043	\$27,561,861	\$333,374
2043-2044	\$29,416,957	\$350,040
2044-2045	\$31,383,359	\$367,706
2045-2046	\$33,467,745	\$386,431
2046-2047	\$35,677,195	\$406,281
2047-2048	\$38,019,211	\$427,321
2048-2049	\$40,501,748	\$449,623
2049-2050	\$43,133,238	\$473,264
Total		\$7,840,000

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EXHIBIT "B"

Illustrative Examples Regarding Limitation on Payments

Joint Projects

Formula: If in the specific year,

Cumulative Actual Gross Tax Increments for all prior years [CAGTI] < Cumulative Projected Gross Tax Increments for all prior years [CPGTI]

AND

Actual Gross Tax Increments for the specific year [AGTI] < Projected Gross Tax Increments for the specific year [PGTI],

then the annual payment owed for that year may be deferred to the extent and in proportion to the amount by which the Actual Gross Tax Increments (AGTI) received by the Agency for the specific year is less than the amount of the Projected Gross Tax Increment (PGTI) for the specific year until Excess Net Tax Increment exists in the following year(s).

"Excess Net Tax Increment" exists when, in any year, the Cumulative Actual Gross Tax Increment (CAGTI) exceeds the Cumulative Projected Gross Tax Increments (CPGTI), as shown in Exhibit "A," for such fiscal years.

Examples: Assume in the year 2013-2014, the AGTI is \$2,000,000 --\$349,766 less than the PGTI of \$2,349,766. Assuming AGTI = PGTI for all prior years, the CAGTI is \$5,748,841 compared to the CPGTI of \$6,098,607. Thus, in the year 2013-2014, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$6,584), until Excess Net Tax Increment exist in the following year(s). The deferred amount of \$6,584 is a result of the following calculations:

- (1) Divide AGTI by PGTI to get the proportionate percentage ("X")
- (2) Multiply the Anticipated Annual Payment by X to get the Actual Annual Payment, and
- (3) Subtract the Actual Annual Payment from the Anticipated Annual Payment to calculate the amount to be deferred.

In the assumed year 2013-2014 set forth above,

- (1) Divide \$2,000,000 (AGTI) by \$2,349,766 (PGTI) resulting in the proportionate percentage of 0.851148 ("X")
- (2) Multiply \$44,233 (Anticipated Annual Payment) by 0.581148 ("X") to get \$37,649 (Actual Annual Payment), and
- (3) Subtract \$37,649 (Actual Annual Payment) from \$44,233 (Anticipated Annual Payment) to get the deferred amount of \$6,584.

Assume in the year 2014-2015, the AGTI is \$3,692,136 -- \$1,000,000 over the PGTI of \$2,692,136. Therefore, the CAGTI is \$9,440,977 compared to the CPGTI of \$8,790,743. Since in the year 2014-2015, CAGTI > CPGTI, the Agency has Excess Net Tax Increment and is obligated to repay all deferred amounts plus interest. Assuming the average pooled rate of interest for the previous 12 months was 5%, the amount owing for the deferred payment in 2013-2014 is $\$6,584 + \$329 (5\%) = \$6,913$. Therefore, the Agency owes the County the total amount of \$57,590 [$\$50,677 + \$6,913$] as the annual payment owed to the County because the Excess Net Tax Increment exists.

Assume in the year 2015-2016, the AGTI is \$2,405,049 -- \$650,000 less than the PGTI of \$3,055,049. Therefore, the CAGTI is \$11,846,026 compared to the CPGTI of \$11,845,792. Thus, in the year 2015-2016, the AGTI < PGTI, however CAGTI > CPGTI. Therefore, the Agency still owes the County an amount of \$57,509 as the scheduled annual payment.

Finally, assume in the year 2016-2017, the AGTI is \$3,430,000 -- \$9,736 less than the PGTI of \$3,439,736. Therefore, the CAGTI is \$15,276,026 compared to the CPGTI of \$15,285,528. Thus, in the year 2016-2017, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$177), until the Excess Net Tax Increment exists in the following year(s).

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For illustrative purposes, see the table below for the years 2013-2017 in support of the examples set forth herewith.

Sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Cumulative Projected Gross Tax Increment [CPGTI]	Cumulative Actual Gross Tax Increment Collected, Allocated and Received by the Agency [CAGTI]	Projected Gross Tax Increment [PGTI]	Actual Gross Tax Increment Collected, Allocated and Received by the Agency [AGTI]	Anticipated Annual Payments for the Joint Projects	Actual Annual Payments to the Joint Projects
2011-2012	\$1,722,066	\$1,722,066	\$1,722,066	\$1,722,066	\$32,417	\$32,417
2012-2013	\$3,748,841	\$3,748,841	\$2,026,775	\$2,026,775	\$38,152	\$38,152
2013-2014	\$6,098,607	\$5,748,841	\$2,349,766	\$2,000,000 [loss of \$349,766 from PGTI]	\$44,233	\$37,649 [\$6,584 deferred]
2014-2015	\$8,790,743	\$9,440,977	\$2,692,136	\$3,692,136 [increase of \$1,000,000 from PGTI]	\$50,677	\$57,590 [\$50,677 + \$6,584 + \$329 (5%)]
2015-2016	\$11,845,792	\$11,846,026	\$3,055,049	\$2,405,049 [loss of \$650,000 from PGTI]	\$57,509	\$57,509
2016-2017	\$15,285,528	\$15,276,026	\$3,439,736	\$3,430,000 [loss of \$9,736 from PGTI]	\$62,479	\$62,302 [\$177 deferred]

Etc...

Such examples set forth herein are for purposes of illustration only and in the event of a conflict between said Exhibit "B" and this Agreement, the provisions of this Agreement shall prevail.

RESOLUTION NUMBER R- _____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO (1) MAKING CERTAIN FINDINGS AND DETERMINATIONS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33445 WITH RESPECT TO THE NORTH EMBARCADERO PUBLIC IMPROVEMENTS AND FACILITIES, (2) APPROVING AN AGREEMENT FOR COOPERATION BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO RELATING TO THE FUNDING OF NORTH EMBARCADERO PUBLIC IMPROVEMENTS AND FACILITIES BY USING THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO'S TAX INCREMENT AND/OR LAND DISPOSITION PROCEEDS IN AN AMOUNT OF \$31,360,000 AND (3) MAKING CERTAIN FINDINGS ON THE ENVIRONMENTAL REVIEW COMPLETED FOR THE PROJECT.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to execute and implement the Redevelopment Plan, as amended and supplemented from time to time, for the Centre City Redevelopment Project Area [Centre City Project]; and

WHEREAS, the Centre City Development Corporation [CCDC] is responsible for implementing redevelopment projects in the Centre City Project on behalf of the Agency; and

WHEREAS, the County of San Diego [County] and Agency desire to implement the construction and completion of certain North Embarcadero public improvements and facilities located within the Centre City Redevelopment Project Area ("Redevelopment Project Area") (the "North Embarcadero Project Improvements") which will be financed in part through funds for construction to be committed by the Agency (CCDC) pursuant hereto. The construction of

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the North Embarcadero Project Improvements is to be managed, administered and completed by the County; and

WHEREAS, the Agency (CCDC) proposes to commit \$31,360,000 to fund a portion of the cost of the construction of the North Embarcadero Project Improvements, to be paid to the County pursuant to thirty-nine (39) annual payments commencing in the 2011-12 fiscal year; and

WHEREAS, the County has determined that its ability to provide to the downtown San Diego area for the benefit of the community who would be hampered if the North Embarcadero Project Improvements not proceed at this time; and

WHEREAS, pursuant to Section 33445(a) of the California Community Redevelopment Law (Cal. Health & Safety Code §33000 et seq.) [Redevelopment Law], the Agency may, with the consent of the City Council of the City of San Diego [City Council], pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or outside a project area, if the City Council makes certain determinations; and

WHEREAS, the Agency is considering the use of tax increment from the Centre City Project to fund the North Embarcadero Project Improvements, which is located within the Centre City Project and is publicly-owned by the County for the benefit of the community; and

WHEREAS, the Agency has been requested to use an amount of \$31,360,000 of tax increment and/or land disposition proceeds from the Centre City Project to fund the North Embarcadero Project Improvements due to the County's lack of funding resources; and

WHEREAS, the construction for the North Embarcadero Project Improvements would be administered by the County; and

WHEREAS, the Agency and the County are requested to approve a Cooperation Agreement (Attachment A) [Cooperation Agreement] that governs the administration and implementation of the North Embarcadero Project Improvements by the County and oversight of the expenditure of funds by the Agency (CCDC); and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED, by the City Council, as follows:

1. The City Council hereby finds and determines that:
 - a. The North Embarcadero Project Improvements are of benefit to the Centre City Project or the immediate neighborhood in which they are located;
 - b. No other reasonable means of financing the North Embarcadero Project Improvements are available to the community; and
 - c. The payment of funds by the Agency for the costs related to the North Embarcadero Project Improvements will assist in the elimination of one or more blighting conditions within the Redevelopment Project Area and the North Embarcadero Project Improvements are consistent with the Centre City 2004-2009 Five-Year Implementation Plan for the Redevelopment Project Area.
2. The City Council hereby consents the use of tax increment and/or land disposition proceeds from the Centre City Project by the Agency to fund the North Embarcadero Project Improvements, in an amount of \$31,360,000.
3. The Cooperation Agreement between the Agency and the County that governs the administration and implementation of the North Embarcadero Project Improvements by the County and oversight of the expenditure of funds by Agency (CCDC) is hereby

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approved in substantially the form presented at this meeting, with such minor changes as may be approved by the Mayor with the approval as to form by the City Attorney. The obligations of the Agency under the Cooperation Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plan for the Centre City Project.

4. The Mayor, or his designee, is authorized to take any action and execute any and all documents and agreements necessary to implement this Resolution.

BE IT FURTHER RESOLVED, that the City finds that the Cooperation Agreement is a subsequent discretionary approval of the Redevelopment Plan for the Centre City Redevelopment Project addressed in the Final Environmental Impact Report for the Redevelopment Plan for the Centre City Redevelopment Project and not a separate project under the California Environmental Quality Act [CEQA] and CEQA Guideline sections 15060(c)(3) and 15378(c); and

BE IT FURTHER RESOLVED, that the Agency finds that this subsequent discretionary approval of the Cooperation Agreement does not involve project changes, a change in circumstances, or new information of substantial importance which would warrant any additional environmental review.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By _____
Deputy City Attorney

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at its meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

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(R-2009-66)

ATTACHMENT A

[Behind this page]

**AGREEMENT FOR COOPERATION BETWEEN THE REDEVELOPMENT
AGENCY OF THE CITY OF SAN DIEGO AND THE COUNTY OF
SAN DIEGO RELATING TO THE FUNDING OF NORTH EMBARCADERO
PUBLIC IMPROVEMENTS AND FACILITIES
(Centre City Redevelopment Project)**

THIS AGREEMENT (the "Agreement") is entered into this _____ day of _____, 2008, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), and the COUNTY OF SAN DIEGO, a public body (the "County"), with reference to the following:

A. The Redevelopment Plan for the Centre City Redevelopment Project Area ("Redevelopment Plan") was approved and adopted by the City Council of the City of San Diego ("City Council") by Ordinance No. O-17767 (New Series) on May 11, 1992 and was amended by the City Council on November 28, 1994 by Ordinance No. O-18119 (New Series), on January 9, 1995 by Ordinance No. O-18145 (New Series), on November 8, 1999 by Ordinance No. O-18708 (New Series), on November 8, 1999 by Ordinance No. O-18710 (New Series), and on November 22, 1999 by Ordinance No. O-18720 (New Series).

B. The Redevelopment Plan for the Grantville Redevelopment Project Area ("Grantville Redevelopment Plan") was approved and adopted by the City Council by Ordinance Number 0-19380 (New Series) on May 17, 2005.

C. County and Agency desire to implement the construction and completion of certain North Embarcadero public improvements and facilities located within the Centre City Redevelopment Project Area ("Redevelopment Project Area") and described in this Agreement (the "North Embarcadero Project Improvements") which will be financed in part through funds for construction to be committed by the Agency (Centre City) pursuant hereto. The construction of the North Embarcadero Project Improvements is to be managed, administered and completed by the County consistent with this Agreement.

D. Agency (Centre City) proposes to commit \$31,360,000 to fund a portion of the cost of the construction of the North Embarcadero Project Improvements, to be paid to the County pursuant to this Agreement in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year in accordance with the "Schedule of Annual Payments" attached hereto, labeled "Exhibit A" and incorporated herein by this reference.

E. Pursuant to section 33445 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), the Agency is authorized to pay for all or part of the costs for the installation and construction of a publicly owned facility either within or without the Redevelopment Project Area, if the City Council finds that the construction is of benefit to the Redevelopment Project Area or to the immediate neighborhood, that no other reasonable means of financing the improvements is available

to the community, that payment of funds for the costs of the project will assist in the elimination of one or more blighting conditions inside the Redevelopment Project Area, and that the project is consistent with the Redevelopment Plan and Grantville Redevelopment Plan. The City Council made the foregoing findings in Resolution No.

[REDACTED].

In consideration of the above recitals and the mutual covenants and conditions set forth in the Agreement, and for good and valuable consideration of the receipt and sufficiency of which are hereby acknowledged, the Agency and County agree as follows:

ARTICLE 1: SCOPE OF AGREEMENT

1.1 Purpose.

The purpose of this Agreement is to provide for the administration and funding of the construction of the North Embarcadero Project Improvements. The North Embarcadero Project Improvements are described on the "Description of Improvements and Facilities" attached hereto, labeled Exhibit "B" and incorporated herein by this reference.

1.2 Agency Contribution.

Agency (Centre City) hereby agrees to provide Thirty One Million Three Hundred Sixty Thousand Dollars (\$31,360,000), plus any interest due as a result of any deferral pursuant to Section 2.3.C, to fund a portion of the cost of the construction of the North Embarcadero Project Improvements, to be paid to the County pursuant to this Agreement in thirty-nine (39) annual payments commencing in the 2011-12 fiscal year in accordance with the Schedule of Annual Payments listed in Exhibit "A" (the "Agency Contribution").

1.3 County's Obligations.

County agrees to plan, design, construct, provide construction management for and complete the North Embarcadero Project Improvements in accordance with this Agreement. County agrees to diligently pursue such efforts and take all necessary steps to achieve such purposes, consistent with Exhibit B attached hereto and incorporated herein.

1.4 Scope of Participation.

The parties acknowledge and agree that County bears sole responsibility for the planning, design, construction, construction management, and operations and maintenance of the North Embarcadero Project Improvements, and for paying all costs and expenses necessary therefor, subject only to Agency's obligation to participate in the funding of such costs and expenses as set forth in this Agreement. Agency's participation in the North Embarcadero Project Improvements is limited to the contribution of committed funds in the amount of \$31,360,000, as set forth in this

Agreement and the Schedule of Annual Payments. Agency's participation in contributing funding to North Embarcadero Project Improvements does not create any obligation on the part of the Agency to participate in any additional funding, construction, development, maintenance, or operations for the North Embarcadero Project Improvements. Agency and County agree that Agency funds will be used for purposes consistent with the California Community Redevelopment Law (Health & Safety Code 33000, et seq.), including project design, acquisition, administration, planning, permits, environmental review, work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the North Embarcadero Project Improvements, as identified in Exhibit B.

1.5 Periodic Review.

At the request of either County's Chief Administrative Officer or Agency's Executive Director made prior to each desired meeting, County's Chief Administrative Officer (or his designee) and Agency's Executive Director (or his designee) will meet to review the progress to date of implementation of this Agreement.

ARTICLE 2: AGENCY CONTRIBUTION OF FUNDS

2.1 Funding Schedule.

Agency (Centre City) agrees to pay the Agency Contribution for the North Embarcadero Project Improvements in thirty-nine (39) annual payments as set forth in the Schedule of Annual Payments (Exhibit "A"). Each annual payment set forth on the Schedule of Annual Payments shall be paid to the office of Auditor & Controller of the County at 1600 Pacific Coast Highway, Room 77, San Diego, California 92101 on October 1 of each year, commencing October 1, 2012, for each previous fiscal year. County shall have the right to withhold future tax increments from the Grantville Redevelopment Project Area if any payment is not made when due, provided the County notifies Agency in writing ten (10) days in advance.

Copies of all advance notices by County shall be sent as follows:

The Redevelopment Agency of the City of San Diego
1200 Third Avenue, 14th Floor, MS 56D
San Diego, CA 92101
Attention: Grantville Redevelopment Project Area Manager

AND

Centre City Development Corporation
225 Broadway, Suite 1100
San Diego, CA 92101

2.2 Total Agency Contribution Not to Exceed \$31,360,000.

The total amount of Agency Contribution shall not exceed \$31,360,000, except as required by the Section 2.3.C below. If the costs relating to the North Embarcadero Project Improvements exceed this amount, such expenses shall be the obligation of the County.

2.3 Special Limited Obligation.**A. Use of Funds.**

The Agency Contribution under Sections 1.2 and 2.2 shall be used by County only to pay the cost for project design, acquisition, administration, planning, permits, environmental review, for work done as a result of environmental review, legal fees, financing, rehabilitation, construction, inspection, or project management related to the North Embarcadero Project Improvements, as identified in Exhibit B, consistent with the requirements of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.).

B. Statutory Pass Through Amounts.

The Agency Contribution in this Agreement is an addition to any election, prior or future, by County, or any right to receive tax revenues under Sections 33607.5 and 33676(a)(1) of the California Community Redevelopment Law.

C. Deferral of Payments With Interest.

Subject to the requirements of this Section 2.3.C, Agency (Centre City) shall have the right to defer payment of the annual payments comprising the Agency Contribution (but not the Statutory Pass Through Amounts described in Section 2.3.B, and contemplated in Section 33607.5 of the California Community Redevelopment Law) only (i) if in any year the cumulative amount of gross tax increments collected, allocated to and received by the Agency for the Grantville Redevelopment Plan is less than the cumulative "Projected Gross Tax Increments (Grantville Redevelopment Plan)" shown in Exhibit "A" and used as part of the illustrative examples in Exhibit "C"; and (ii) only to the extent and in proportion to the amount by which the actual Gross Tax Increments received by the Agency for the specific year is less than the amount of the "Projected Gross Tax Increments (Grantville Redevelopment Plan)" shown in Exhibit "A" and used as part of the illustrative examples in Exhibit "C" for that specific year.

For purposes of this Agreement, "Gross Tax Increments" shall mean tax increments allocated and paid to and actually received by the Agency for the Grantville Redevelopment Plan pursuant to Section 33670 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.) and the Grantville Redevelopment Plan.

The Agency shall pay to the County all amounts deferred under this Section 2.3.C together with interest on such deferred amounts calculated from the date of deferral to date of reimbursement at the Pooled Rate of Interest from any Excess Net Tax Increments received by the Agency within 90 days of the end of the fiscal year for which such Excess Net Tax Increments funds were received.

For purposes of this Agreement, "Excess Net Tax Increments" shall mean, in any year, the amount by which the cumulative Gross Tax Increments exceeds the cumulative Projected Gross Tax Increments, as shown in Exhibit "A" for such fiscal years.

For purposes of this Agreement, "Pooled Rate of Interest" shall mean, in any year, the interest computed quarterly at the pooled money investment rate of the County of San Diego as published in the Quarterly Earnings Report or a comparable successor publication.

Illustrative examples of various scenarios related to the implementation of this Section 2.3.C are set forth in the attached Exhibit "C". Such examples are for purposes of illustration only and in the event of a conflict between said Exhibit "C" and this Agreement, the provisions of this Agreement shall prevail.

D. Indebtedness.

The obligations of Agency (Centre City) under this Agreement shall constitute an indebtedness of Agency, which indebtedness shall be payable only out of tax increments levied by or for the benefit of taxing agencies in the Redevelopment Project Area, and allocated to Agency pursuant to Section 33670, et seq., of the California Community Redevelopment Law.

2.4 Subordination.

The indebtedness of Agency under this Agreement shall be subordinate to the rights of the holder or holders (other than if the City of San Diego or a public entity in which it is a party is the holder of the indebtedness) of any existing or future bonds, notes or other instruments of indebtedness (all referred to herein as "indebtedness") of Agency incurred or issued to finance the Redevelopment Project Area, including without limitation any pledge of tax increment revenues from the Redevelopment Project Area to pay any portion of the principal (and otherwise comply with the obligations and covenants) of any bond or bonds issued or sold by Agency with respect to the Redevelopment Project Area.

Agency shall market such bond or bonds or incur such indebtedness in a manner such that sufficient tax increment revenues remain available to pay Agency's obligations under this Agreement, after the priority pledge of tax increment revenues to the holders of the indebtedness. When Agency is contemplating the sale of bonds, Agency will provide County with a copy of its preliminary official statement which is the basis for its

bond issue, together with an explanation of how Agency intends to meet its obligations under this Agreement. The Agency shall include in the preliminary official statement appropriate references thereto. The Agency shall provide the County with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by this section, when due.

In the event Agency is unable to meet its obligation under this Agreement, such monies due to County shall be considered an indebtedness of Agency to County and shall accrue and be due and owing until such obligation is fulfilled by Agency. In such event, the obligation of Agency shall accrue interest until payment is made computed by the Pooled Rate of Interest. Until such accrued amounts are paid, with interest as applicable, such indebtedness to County shall be paid from the first available tax increment revenues not used by Agency for such priority indebtedness, and not used by Agency to administer the North Embarcadero Project Improvements in a manner comparable to its then recent experience, prorata to County and any other taxing agencies with whom Agency is obligated under a similar agreement with respect to the North Embarcadero Project Improvements.

2.5 Progress Reports.

County agrees to regularly communicate with the Agency regarding the progress of design, construction and completion of the North Embarcadero Project Improvements. County shall provide the Agency with copies of plans, specifications and estimates of progress levels consistent with work invoiced.

ARTICLE 3: INDEMNIFICATION

3.1 Indemnification.

County agrees to defend, indemnify, protect, and hold Agency and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of County, its officers, agents, or employees.

Agency agrees to defend, indemnify, protect, and hold County and all of its officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Agreement or any agreement entered into to implement this Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees. The provisions of this

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section shall survive the expiration, termination, or assignment of this Agreement.

3.2 No Joint and Several Liability.

The parties acknowledge and agree that as stated in Government Code section 895, this Agreement is an agreement between public entities designed to implement the disbursement or subvention of public funds from one entity to the other and, as such, is not subject to the joint and several liability provisions of Government Code sections 895 to 895.8.

ARTICLE 4: GENERAL PROVISIONS

4.1 Default.

If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder; provided, however, that if such obligation cannot reasonably be performed within said 30 day period, no default shall have occurred if the nonperforming party commences to cure within said 30 day period and thereafter diligently pursues the cure to completion. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party. All notices of defaults shall clearly indicate a notice of default under this Agreement.

Copies of all notices of defaults shall be sent as follows:

County:

Chief Administrative Office, County of San Diego
County Administration Center
1600 Pacific Coast Highway, Room 209
San Diego, California 92101

With a copy to:

County Counsel, County of San Diego
County Administration Center
1600 Pacific Highway, Room 355
San Diego, CA 92101

Agency:

The Redevelopment Agency of the City of San Diego
1200 Third Avenue, 14th Floor, MS 56D
San Diego, CA 92101
Attention: Grantville Redevelopment Project Area Manager

AND

Centre City Development Corporation
225 Broadway, Suite 1100
San Diego, CA 92101

With a copy to:

Office of the City Attorney
1200 Third Avenue, Suite 1100
San Diego, California 92101-4100

4.2 Representation.

County and Agency represent and warrant that in agreeing to the terms of this Agreement they have read the Agreement, have had the Agreement explained to them by County's and Agency's counsel, are aware of the content and legal effect of this Agreement, are acting on the advice of County's and Agency's counsel and are not relying on any representation made by County, Agency or City or any of the employees, agents, representatives or attorneys of County, Agency or City, or any of them, except as expressly set forth in this Agreement.

4.3 No Waiver.

No failure of either County or Agency to insist upon strict performance by the other of any covenant, term or condition of the Agreement, nor any failure to exercise any right or remedy consequent upon a breach, shall constitute a waiver of any such breach of such covenant, term or condition.

4.4 No Third Party Beneficiary.

The parties agree that this Agreement is made solely for the benefit of Agency and County, and no third person or entity shall be deemed to have any rights or remedies hereunder.

4.5 Amendments.

All amendments or modifications to the Agreement shall be in writing and executed by both parties.

4.6 California Law.

The laws of the State of California shall govern and control the terms and conditions of this Agreement.

4.7 Institution of Legal Actions.

In addition to any other legal rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in a court of competent jurisdiction in the County of San Diego, California.

4.8 Counterparts.

This Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

4.9 Signing Authority.

The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director, or designee, and this Agreement is executed by the County of San Diego by its authorized signatory, County Counsel.

REDEVELOPMENT AGENCY
OF CITY OF SAN DIEGO

Date: _____

By: _____

APPROVED AS TO FORM AND LEGALITY:
MICHAEL J. AGUIRRE, General Counsel

By: _____

KANE, BALLMER & BERKMAN

By: _____
Murray O. Kane
Agency Special Counsel

COUNTY OF SAN DIEGO

Date: _____

By: _____
John J. Sansone
County Counsel

DRAFT

EXHIBIT "A"

Schedule of Annual Payments

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the North Embarcadero Project Improvements
2011-2012	\$1,722,066	\$129,666
2012-2013	\$2,026,775	\$152,610
2013-2014	\$2,349,766	\$176,930
2014-2015	\$2,692,136	\$202,709
2015-2016	\$3,055,049	\$230,036
2016-2017	\$3,439,736	\$249,916
2017-2018	\$3,847,505	\$270,990
2018-2019	\$4,279,740	\$293,328
2019-2020	\$4,737,909	\$317,006
2020-2021	\$5,223,568	\$342,105
2021-2022	\$5,738,367	\$368,709
2022-2023	\$6,284,053	\$396,910
2023-2024	\$6,862,481	\$426,803
2024-2025	\$7,475,615	\$458,490
2025-2026	\$8,125,536	\$492,078
2026-2027	\$8,814,453	\$527,681
2027-2028	\$9,544,704	\$565,420
2028-2029	\$10,318,771	\$605,424
2029-2030	\$11,139,282	\$647,828
2030-2031	\$12,009,024	\$692,776
2031-2032	\$12,930,950	\$740,421
2032-2033	\$13,908,191	\$790,925
2033-2034	\$14,944,067	\$844,459
2034-2035	\$16,042,096	\$901,205

Annual installments beginning in the sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Schedules	
	Projected Gross Tax Increment (Grantville Redevelopment Plan)	Anticipated Annual Payments for the North Embarcadero Project Improvements
2035-2036	\$17,206,006	\$961,356
2036-2037	\$18,439,751	\$1,005,691
2037-2038	\$19,747,521	\$1,052,686
2038-2039	\$21,133,757	\$1,102,500
2039-2040	\$22,603,167	\$1,155,304
2040-2041	\$24,160,741	\$1,211,276
2041-2042	\$25,811,770	\$1,270,606
2042-2043	\$27,561,861	\$1,333,496
2043-2044	\$29,416,957	\$1,400,159
2044-2045	\$31,383,359	\$1,470,822
2045-2046	\$33,467,745	\$1,545,725
2046-2047	\$35,677,195	\$1,625,122
2047-2048	\$38,019,211	\$1,709,283
2048-2049	\$40,501,748	\$1,798,494
2049-2050	\$43,133,238	\$1,893,057
TOTAL		\$31,360,000

EXHIBIT "B"

Description of Improvements and Facilities

(North Embarcadero Project Improvements)

"North Embarcadero Project Improvements" shall include projects consistent with the County "Waterfront Park" Plan and the California Community Redevelopment Law, as they may be amended from time to time. These projects include, but are not limited to, parking improvements, traffic improvements, utility infrastructure, parks, open space improvements, transit improvements, pedestrian and bike improvements, lighting and landscape improvements and other public infrastructure improvements to current or future County-owned parcels in the Waterfront Park Plan area, including the County-owned property at Cedar and Kettner Streets that supports the County "Waterfront Park" Plan. These projects also include the related planning, administrative, financial, legal, design, and environmental review costs. In addition, and subject to the prior consent of the Agency which will not be unreasonably withheld, North Embarcadero Project Improvements may include improvements to the County owned parcel at Union and A Streets and any other parcels outside of the above-referenced area.

North Embarcadero Project Improvements made to adjacent City public rights of way shall be consistent with the guidelines set forth in the North Embarcadero Visionary Plan, as it may be amended from time to time. "Improvements made to adjacent City public rights of way" means improvements to streets, curbs, gutters, sidewalks, street trees, and street lights.

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EXHIBIT "C"

Illustrative Examples Regarding Limitation on Payments

North Embarcadero Improvements

Formula: If in the specific year,

Cumulative Actual Gross Tax Increments for all prior years [CAGTI] < Cumulative Projected Gross Tax Increments for all prior years [CPGTI]

AND

Actual Gross Tax Increments for the specific year [AGTI] < Projected Gross Tax Increments for the specific year [PGTI],

then the annual payment owed for that year may be deferred to the extent and in proportion to the amount by which the Actual Gross Tax Increments (AGTI) received by the Agency for the specific year is less than the amount of the Projected Gross Tax Increment (PGTI) for the specific year until Excess Net Tax Increment exists in the following year(s).

"Excess Net Tax Increment" exists when, in any year, the Cumulative Actual Gross Tax Increment (CAGTI) exceeds the Cumulative Projected Gross Tax Increments (CPGTI), as shown in Exhibit "A," for such fiscal years.

Examples: Assume in the year 2013-2014, the AGTI is \$2,000,000 --\$349,766 less than the PGTI of \$2,349,766. Assuming AGTI = PGTI for all prior years, the CAGTI is \$5,748,841 compared to the CPGTI of \$6,098,607. Thus, in the year 2013-2014, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$26,336), until Excess Net Tax Increment exists in the following year(s). The deferred amount of \$26,336 is a result of the following calculations:

- (1) Divide AGTI by PGTI to get the proportionate percentage ("X")
- (2) Multiply the Anticipated Annual Payment by X to get the Actual Annual Payment, and
- (3) Subtract the Actual Annual Payment from the Anticipated Annual Payment to calculate the amount to be deferred.

In the assumed year 2013-2014 set forth above,

- (1) Divide \$2,000,000 (AGTI) by \$2,349,766 (PGTI), resulting in the proportionate percentage of 0.851148 ("X")
- (2) Multiply \$176,930 (Anticipated Annual Payment) by 0.851148 ("X") to get \$150,594 (Actual Annual Payment), and

- (3) Subtract \$150,594 (Actual Annual Payment) with \$176,930 (Anticipated Annual Payment) to get the deferred amount of \$26,336.

Assume in the year 2014-2015, the AGTI is \$3,692,136 -- \$1,000,000 over the PGTI of \$2,692,136. Therefore, the CAGTI is \$9,440,977 compared to the CPGTI of \$8,790,743. Since in the year 2014-2015, CAGTI > CPGTI, the Agency has Excess Net Tax Increment and is obligated to repay all deferred amounts plus interest. Assuming the average pooled rate of interest for the previous 12 months was 5%, the amount owing for the deferred payment in 2013-2014 is $\$26,336 + \$1,317 (5\%) = \$27,653$. Therefore, the Agency owes the County the total amount of \$230,362 [$\$202,709 + \$27,653$] as the annual payment owed to the County because the Excess Net Tax Increment exists.

Assume in the year 2015-2016, the AGTI is \$2,405,049 -- \$650,000 less than the PGTI of \$3,055,049. Therefore, the CAGTI is \$11,846,026 compared to the CPGTI of \$11,845,792. Thus, in the year 2015-2016, the AGTI < PGTI, however CAGTI > CPGTI. Therefore, the Agency still owes the County an amount of \$230,036 as the scheduled annual payment.

Finally, assume in the year 2016-2017, the AGTI is \$3,430,000 -- \$9,736 less than the PGTI of \$3,439,736. Therefore, the CAGTI is \$15,276,026 compared to the CPGTI of \$15,285,528. Thus, in the year 2016-2017, the AGTI < PGTI and CAGTI < CPGTI. Therefore, the Agency may elect to defer an amount proportionate to the amount by which AGTI is less than PGTI (\$9,736), until the Excess Net Tax Increment exists in the following year(s).

For illustrative purposes, see the table below for the years 2013-2017 in support of the examples set forth herewith.

Sixth (6) year of the Grantville Redevelopment Plan prorated over the remaining thirty-nine (39) plan years	Cumulative Projected Gross Tax Increment [CPGTI]	Cumulative Actual Gross Tax Increment Collected, Allocated and Received by the Agency [CAGTI]	Projected Gross Tax Increment [PGTI]	Actual Gross Tax Increment Collected, Allocated and Received by the Agency [AGTI]	Anticipated Annual Payments for the North Embarcadero Project	Actual Annual Payments to the North Embarcadero Project
2011-2012	\$1,722,066	\$1,722,066	\$1,722,066	\$1,722,066	\$129,666	\$129,666
2012-2013	\$3,748,841	\$3,748,841	\$2,026,775	\$2,026,775	\$152,610	\$152,610
2013-2014	\$6,098,607	\$5,748,841	\$2,349,766	\$2,000,000 <i>[loss of \$349,766 from PGTI]</i>	\$176,930	\$150,594 [\$26,336 deferred]
2014-2015	\$8,790,743	\$9,440,977	\$2,692,136	\$3,692,136 <i>[increase of \$1,000,000 from PGTI]</i>	\$202,709	\$230,372 [\$202,709 + \$26,336 + \$1,317 (5%)]
2015-2016	\$11,845,792	\$11,846,026	\$3,055,049	\$2,405,049 <i>[loss of \$650,000 from PGTI]</i>	\$230,036	\$230,036
2016-2017	\$15,285,528	\$15,276,026	\$3,439,736	\$3,430,000 <i>[loss of \$9,736 from PGTI]</i>	\$249,916	\$249,284 [\$632 deferred]

Etc...

Such examples set forth herein are for purposes of illustration only and in the event of a conflict between said Exhibit "C" and this Agreement, the provisions of this Agreement shall prevail.

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE CITY OF SAN DIEGO APPROVING A COOPERATION AGREEMENT RELATING TO THE AFFORDABLE HOUSING CREDIT AND ALLOCATION TRANSFER BY AND BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, THE CITY OF SAN DIEGO, AND THE COUNTY OF SAN DIEGO PERTAINING TO THE TRANSFER OF AFFORDABLE HOUSING CREDITS BY THE CITY OF SAN DIEGO TO THE COUNTY OF SAN DIEGO IN AN AFFORDABLE HOUSING CREDIT AMOUNT NOT TO EXCEED \$9,800,000 TO SATISFY THE REGIONAL HOUSING NEEDS ALLOCATION OF THE COUNTY OF SAN DIEGO.

WHEREAS, the Redevelopment Agency of the City of San Diego [Agency] is engaged in activities necessary to execute and implement the Redevelopment Plan, as amended and supplemented from time to time, for the Grantville Redevelopment Project Area [Grantville Project]; and

WHEREAS, pursuant to Section 33334.2 of the California Community Redevelopment Law (Cal. Health & Safety Code §33000 et seq.) [Redevelopment Law], the Agency is obligated to set aside twenty percent (20%) of the tax increment generated from the Grantville Project for Low- and Moderate-Income Housing; and

WHEREAS the Agency is obligated to deposit that twenty percent (20%) set aside of tax increment from the Grantville Project allocated to it pursuant to Section 33670(b) of the Redevelopment Law into a special Low- and Moderate-Income Housing Fund of the Agency [Housing Fund]; and

WHEREAS, between 2007-2008 and 2049-2050 fiscal years, the City of San Diego [City] and County of San Diego [County] are required to satisfy that certain regional housing

needs allocation [RHNA] currently established every five years by the San Diego Association of Governments [SANDAG] and pursuant to California Government Code sections 65584, 65584.04, 65584.05, 65584.07, 65585.1 [Law]; and

WHEREAS, pursuant to the procedures established by SANDAG and the Law, the City is entitled to credit to the RHNA of the City new affordable housing units constructed in whole or in part with assistance of the Agency from the Agency's Housing Fund; and

WHEREAS, pursuant to a proposed Cooperation Agreement (Attachment A) [Cooperation Agreement] among the Agency, the City, and the County, for the period between 2007-2008 and 2049-2050, the City proposes to allocate its RHNA affordable housing credit received from dwelling units that may be constructed with \$9,800,000 from the Housing Fund to the County to satisfy a portion of the County's RHNA [County Housing Set-Aside Credit]; and

WHEREAS, the City and the County may submit to SANDAG a written proposal related to the County Housing Set-Aside Credit or proceed to transfer the County Housing Set-Aside Credit under Law; and

WHEREAS, the Cooperation Agreement contains, among other provisions, procedures in which the City and County submit a written proposal to SANDAG to effectuate the transfer of the County Housing Set-Aside Credit, or proceed to effectuate said transfer by Law; and

WHEREAS, the Agency, the City and the County are requested to approve the Cooperation Agreement that governs the allocation and transfer of such City RHNA affordable housing credits from the Housing Fund; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED, by the City, as follows:

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1. The City is entitled to effectuate the transfer of the County Housing Set-Aside Credit by Law; and
2. The City authorizes the County Housing Set-Aside Credit under the terms set forth in the Cooperation Agreement; and
3. The Agency approves the Cooperation Agreement among the Agency, the City and the County; and
4. The City hereby finds and determines that:
 - a. the City agrees to reduce its share of the RHNA by the amount of the County Housing Set-Aside Credit; and
 - b. the County Housing Set-Aside Credit is permissible under California Government Code section 65584.07(a)(2) because the City is within the territorial limits of the County; and
 - c. the City agrees, to the extent possible under the terms of the Cooperation Agreement, to assist the County in assuring the County's share of low-income and very low income housing is reduced in proportion to the amount by which the County's share of moderate- and above moderate-income housing is reduced in compliance with California Government Code section 65584.07(a)(3);
5. The Mayor, or his designee, is authorized to execute the Cooperation Agreement on behalf of the City and take any action and execute any and all documents and agreements necessary to implement this Resolution.

BE IT FURTHER RESOLVED, that these activities are covered under the 2006 Final Environmental Impact Report (FEIR) prepared for all developments in the Centre City Redevelopment Project Area, or the 2005 Program Environmental Impact Report (PEIR)

prepared for all developments in the Grantville Redevelopment Project Area. These activities are adequately addressed in the environmental documents and there is no change in circumstances, additional information, or project changes to warrant additional environmental review. Because these prior environmental documents adequately cover these activities as part of a previously approved project, these activities are not a separate project for purposes of CEQA review per CEQA Guidelines Sections §15060(c)(3) and §15378(c).

MICHAEL J. AGUIRRE, City Attorney

By _____
Deputy City Attorney

XX:xxx
07/12/08
Or.Dept:R.A.
R-2009-67
Companion: RA-2009-6, 2009-7, 2009-8, 2009-9, 2009-10
MMS#6503

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

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ATTACHMENT A

[Behind this page]

**COOPERATION AGREEMENT RELATING TO THE AFFORDABLE
HOUSING CREDIT AND ALLOCATION TRANSFER BY AND BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, THE CITY OF
SAN DIEGO AND THE COUNTY OF SAN DIEGO**

THIS COOPERATION AGREEMENT ("Cooperation Agreement") is entered into this _____ day of _____, 2008, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (the "Agency"), the CITY OF SAN DIEGO, a municipal corporation (the "City"), and the COUNTY OF SAN DIEGO (the "County"), with reference to the following:

A. Pursuant to the requirements of Health and Safety Code section 33334.2, the Agency is obligated to deposit twenty percent (20%) of the tax increments allocated to it pursuant to Health and Safety Code section 33670(b) into a Low- and Moderate-Income Housing Fund (the "Housing Fund").

B. The Agency, the City and the County (the "parties") agree that a certain portion of the new affordable housing units constructed in whole or in part with up to \$9,800,000 of the Housing Fund shall be used to satisfy the County's share of the regional housing needs allocation ("RHNA") established by the San Diego Association of Governments ("SANDAG") in accordance with the provisions of this Cooperation Agreement.

In consideration of the above recitals and the mutual covenants and conditions set forth in this Cooperation Agreement, and for good and valuable consideration of the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1: SCOPE OF COOPERATION AGREEMENT

1.1 Parties' Participation.

A. The parties agree that a certain portion of the new affordable housing units constructed in whole or in part, with monies from the Housing Fund shall be used to satisfy the County's share of the RHNA as follows:

1. Commencing with the 2007-08 fiscal year and continuing until the earlier of (a) the 2049-50 fiscal year and (b) the date on which the cumulative total of the County Housing Set-Aside Credit (defined below) equals \$9,800,000, the Agency shall annually calculate the County Housing Set-Aside Credit as provided in Section 1.1.A.2, below.

For purposes of this Cooperation Agreement, "Grantville Gross Tax Increments" shall mean tax increments allocated and paid to and actually received by the Agency for the Redevelopment Plan for the Grantville Redevelopment Project Area ("Grantville Redevelopment Plan") that was approved and adopted

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by the City Council by Ordinance Number 0-19380 (New Series) on May 17, 2005 pursuant to Section 33670 of the California Community Redevelopment Law (Health & Safety Code 33000, et seq.) and the Grantville Redevelopment Plan.

For purposes of this Cooperation Agreement, "Agency Housing Set-Aside" shall mean twenty percent (20%) of the Grantville Gross Tax Increments.

For purposes of this Cooperation Agreement, "County Housing Set-Aside Credit" shall mean eight and one-tenth percent (8.1%) of the Agency Housing Set-Aside. The County Housing Set-Aside Credit shall be maintained in a separate account within the Housing Fund and shall be used to satisfy the County's share of the RHNA.

2. Within forty-five (45) days after the end of each fiscal year, the Agency shall calculate the County Housing Set-Aside Credit for the previous fiscal year and shall provide the County with a written statement of such calculation.

B. Within forty-five (45) days after the end of each RHNA period as contemplated under Government Code section 65584 or under self certification procedures at section 65585.1 or other applicable law (the "Period"), the County and the Agency shall meet to do the following:

1. Determine the number of new affordable housing units constructed, rehabilitated or preserved ("New Units") during the previous Period with the assistance, in whole or in part, of the County Housing Set-Aside Credit, which number of units should be transferred from the County to the City ("County Transfer Units") for purposes of the RHNA.

2. If the number of County Transfer Units includes a fractional amount, the parties shall: (A) round up to the nearest whole number if the fractional unit is .5 or more; and (B) round down to the nearest whole number if the fractional unit is .5 or less.

C. Within sixty (60) days after the end of each Period, the City and the County shall jointly submit to SANDAG a written proposal to transfer from the County to the City a number of units equal to the number of County Transfer Units for purposes of the parties' respective RHNA shares. The parties agree to cooperate in good faith to obtain SANDAG's approval of the transfer proposal.

D. If SANDAG does not approve the City's and County's transfer proposal, the County, City and Agency may agree to effect the transfer pursuant to the procedures set forth either in Government Code section 65584.07 (which permits a transfer between the date on which SANDAG releases its final RHNA and the due date of the housing element update) or Government Code section 65584.05, whichever the County elects.

E. The Agency shall have the option in any year to elect to pay all or any part of the County Housing Set-Aside Credit to the County so long as the County uses the allocation in accordance with Health and Safety Code sections 33413 (b), 33334.2, and 33334.3 and timely reports its compliance, and so long as a proportional number of dwelling units are deducted from the number of County Transfer Units.

F. Agency agrees to diligently and timely expend funds in accordance with Health and Safety Code sections 33413(b), 33334.2, and 33334.3.

ARTICLE 2: INDEMNIFICATION

2.1 Indemnification. County agrees to defend, indemnify, protect, and hold Agency and City and all of their officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of County, its officers, agents, or employees.

Agency agrees to defend, indemnify, protect, and hold County and City and all of their officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees.

City agrees to defend, indemnify, protect, and hold County and Agency and all of their officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, loss, expense (including all expenses of investigation and defending against same), and all claims for injury or damages to any person, arising out of the performance of this Cooperation Agreement or any agreement entered into to implement this Cooperation Agreement, but only in proportion to and to the extent such actions, suits, proceedings, liability, loss, expense or claims for injury or damages are caused by, or result from, the negligent or intentional acts or omissions of Agency, its officers, agents, or employees.

If any transfer of a portion of the County's RHNA to the City pursuant to this Agreement is challenged by a third party, the County and the Agency shall cooperate and jointly defend against such challenge. The provisions of this section shall survive the expiration, termination, or assignment of this Cooperation Agreement.

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2.2 No Joint and Several Liability. The parties acknowledge and agree that as stated in Government Code section 895, this Cooperation Agreement is an agreement between public entities designed to implement the disbursement or subvention of public funds from one entity to the other and, as such, is not subject to the joint and several liability provisions of Government Code sections 895 to 895.8.

ARTICLE 3: GENERAL PROVISIONS

3.1 Costs During the Transfer Process. County, City, and Agency shall each bear their own costs incurred during the transfer process.

3.2 Agency's Obligations Under the Community Redevelopment Law. Nothing in this Cooperation Agreement is intended to affect the Agency's ability to include all affordable housing units created or assisted, in whole or in part, with the County Share of the Housing Set-Aside, towards satisfying the Agency's obligations under Health and Safety Code sections 33413 (b), 33334.2, and 33334.3.

3.3 Default. If any party fails to perform or adequately perform an obligation required by this Cooperation Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder; provided, however, that if such obligation cannot reasonably be performed within said 30 day period, no default shall have occurred if the nonperforming party commences to cure within said 30 day period and thereafter diligently pursues the cure to completion. In the event of default, the non defaulting party will have all the rights and remedies available to it at law or in equity.

3.4 Entire Cooperation Agreement. This Cooperation Agreement constitutes the entire Cooperation Agreement between the Agency, the County and the City.

3.5 No Waiver. No failure of the Agency, the County or the City to insist upon strict performance by the other of any covenant, term or condition of the Cooperation Agreement, nor any failure to exercise any right or remedy consequent upon a breach, shall constitute a waiver of any such breach of such covenant, term or condition.

3.6 No Third Party Beneficiary. The parties agree that this Cooperation Agreement is made solely for the benefit of the Agency, the County and the City, and no third person or entity shall be deemed to have any rights or remedies hereunder.

3.7 Amendments. All amendments or modifications to the Cooperation Agreement shall be in writing and executed by both parties.

3.8 California Law. The laws of the State of California shall govern and control the terms and conditions of this Cooperation Agreement.

3.9 Institution of Legal Actions. In addition to any other legal rights or remedies,

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either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Cooperation Agreement. Such legal actions must be instituted in a court of competent jurisdiction in the County of San Diego, California.

3.10 Counterparts. This Cooperation Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

3.11 Signing Authority. The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

[INTENTIONALLY LEFT BLANK]

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IN WITNESS WHEREOF, this Cooperation Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director, or designee, and this Cooperation Agreement is executed by the City of San Diego by its Mayor, or designee.

COUNTY OF SAN DIEGO

Date: _____

By: _____

John J. Sansone
County Counsel

[Signatures Continue on Following Page]

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REDEVELOPMENT AGENCY
OF CITY OF SAN DIEGO

Date: _____ By: _____

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. AGUIRRE, General Counsel

By: _____
Glenn Spitzer, Deputy General Counsel
Attorneys for Defendant Redevelopment
Agency of the City of San Diego

KANE, BALLMER & BERKMAN

By: _____
Murray O. Kane
Agency Special Counsel
Attorneys for Defendant Redevelopment
Agency of the City of San Diego

CITY OF SAN DIEGO AND THE COUNCIL OF
THE CITY OF SAN DIEGO

Date: _____ By: _____

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. AGUIRRE, City Attorney

By: _____
Glenn Spitzer, Deputy City Attorney
Attorneys for Defendants City of San Diego
and Council of the City of San Diego