

**LOAN AGREEMENT RELATED TO CERTAIN DESIGN AND
PLANNING COSTS FOR SAN DIEGO CONVENTION CENTER PHASE III**

This Loan Agreement Related to Certain Design and Planning Costs for San Diego Convention Center Phase III (this "Agreement") is entered into as of March ____, 2011, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic ("Lender"), and SAN DIEGO CONVENTION CENTER CORPORATION, INC., a California nonprofit public benefit corporation ("Borrower").

RECITALS

A. Lender and the Centre City Development Corporation, Inc. administer the implementation of redevelopment activities within the Centre City Redevelopment Project Area ("Project Area") located in the downtown area of the City of San Diego. Borrower is presently exploring the feasibility of future construction of the proposed Phase III expansion of the San Diego Convention Center ("Phase III Expansion"), which is within the Project Area. Borrower's future completion of the Phase III Expansion will assist Lender in carrying out the redevelopment goals and objectives of the Redevelopment Plan and the current Five-Year Implementation Plan pertaining to the Project Area.

B. Borrower has undertaken, and will continue to undertake, certain design and planning work (including, but not limited to, all work undertaken to comply with the California Environmental Quality Act, and all work necessary to secure any approvals from the California Coastal Commission) related to the Phase III Expansion. Borrower has requested an unsecured loan ("Loan") from Lender in the amount of Three Million Dollars (\$3,000,000) ("Loan Amount") to finance a portion of the costs of such design and planning work. Lender is willing to issue the Loan to Borrower subject to the provisions of this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Disbursement. Subject to and conditioned upon all the terms, covenants and conditions of this Agreement, Lender agrees to issue the Loan to Borrower, and Lender shall disburse the Loan Amount to Borrower in two installments, as follows: (i) \$750,000 on or before April 1, 2011; and (ii) \$2,250,000 on or before July 1, 2011. The parties may mutually agree to extend the time for Lender's disbursement of either installment of the Loan Amount. As to Lender, any time extension of up to one hundred eighty (180) days, in the aggregate, may be approved by Lender's Executive Director or designee.

2. Promissory Note. As a condition to Lender's disbursement to Borrower of the first installment of the Loan Amount, Borrower shall execute and deliver to Lender that certain Promissory Note in substantially the same form as Exhibit A attached hereto and incorporated herein by this reference (the "Note"). Borrower acknowledges and agrees that the Loan Amount, including all accrued interest thereon, must be repaid to Lender in accordance with the Note.

3. Restriction on Use of Loan Amount. The Loan Amount shall be used exclusively for the payment of, or reimbursement for, costs incurred or to be incurred by Borrower in connection with design and planning work on the proposed Phase III Expansion performed by one or more engineers, planners, architects or other professional consultants retained by Borrower. Upon Lender's request from time to time, Borrower shall promptly furnish Lender with a copy of documents, including paid invoices, negotiated checks and the like, substantiating that Borrower has used the Loan Amount exclusively for the purpose contemplated by this Agreement. No portion of the Loan Amount shall be used to pay or reimburse the cost of any of the following items: (i) the salaries, wages or benefits of Borrower's employees, officers or directors; (ii) any of Borrower's overhead, operational or administrative expenses; or (iii) any services, work or expenses related to any aspect of the proposed Phase III Expansion other than design and planning work.

4. Third Party Financing. Borrower shall, in good faith, seek to obtain third party financing for the proposed Phase III Expansion, whether such financing takes the form of a private loan, an institutional loan, bond proceeds, or any other financing (the "Third Party Financing"), that will allow Borrower to repay the outstanding principal balance and accrued interest on the Loan Amount on or before June 30, 2018. Borrower acknowledges and agrees that, regardless of the future availability of Third Party Financing, Borrower shall be obligated to repay the outstanding principal balance and accrued interest on the Loan Amount in accordance with the Note.

5. Material Default. At Lender's sole election, the entire outstanding principal balance of the Loan Amount and any accrued but unpaid interest shall become due and payable immediately if there is a material default by Borrower under the terms of this Agreement or the Note. Either of the following circumstances shall be deemed a material default by Borrower under this Agreement: (a) any failure or delay by Borrower to perform any material term or provision of this Agreement or the Note; or (b) any transfer or assignment of any obligations under this Agreement or the Note by Borrower to any other person or entity without Lender's prior written consent, which consent may be withheld in Lender's reasonable discretion. Notwithstanding the immediately preceding sentence, Borrower may assign to the City of San Diego ("City") all or part of Borrower's obligations under this Agreement and the Note, without obtaining Lender's prior written consent, so long as (i) the City agrees in writing to assume all such assigned obligations pursuant to an assignment and assumption agreement and (ii) Borrower provides Lender with written notice of such assignment, together with a copy of the fully-executed assignment and assumption agreement. In addition to Lender's right to cause acceleration of the Loan Amount under this Section, Lender may pursue any right or remedy available at law or in equity upon Borrower's material default under this Agreement.

6. Severability. If the rights created by this Agreement shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid.

7. Binding Effect. The obligations under this Agreement shall be binding on and shall benefit the parties hereto and their respective successors and assigns. Nonetheless, any attempted transfer or assignment by Borrower of its obligations under this Agreement or the

Note, without Lender's prior written consent (except as otherwise expressly provided in Section 5 above), shall be deemed null and void.

8. Counterparts. This Agreement may be executed by each party hereto on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument with the same effect as if all signatories had executed the same instrument.

9. Governing Law. This Agreement has been negotiated and entered into in the State of California and shall be governed by, construed and enforced in accordance with the internal laws of the State of California.

10. Interpretation. No provision in this Agreement is to be interpreted for or against any party hereto on the basis that a certain party or its legal representatives drafted such provision.

11. No Waiver; Amendments. No default under any provision hereof may be waived unless in writing. Waiver of any one default under any provision hereof shall not be deemed to be a waiver of any other default under the same or any other provision hereof. This Agreement may be amended only by a written agreement executed by the parties in interest at the time of the amendment.

12. Further Assurances. The parties agree to execute and deliver such other documents and to take such other actions as may be reasonably necessary in order to effectuate the purposes of this Agreement.

13. Independent Legal Advice. The parties represent and declare that, in executing this Agreement, they rely solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, concerning the nature, extent and duration of their rights and claims, and that they have not been improperly influenced to any extent in executing the same by the other party or by any person representing such party.

14. Attorneys' Fees. If either party initiates any legal action or other proceeding seeking to interpret or enforce any provision of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover its reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, from the other party.

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IN WITNESS WHEREOF, Lender and Borrower have executed this Agreement as of the date first set forth above.

LENDER:

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO,
a public body, corporate and politic

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

JAN I. GOLDSMITH, General Counsel

By: _____
Kevin Reisch
Deputy General Counsel

BORROWER:

SAN DIEGO CONVENTION CENTER CORPORATION, INC.,
a California nonprofit public benefit corporation

Carol Wallace
President & CEO

APPROVED AS TO FORM:

Theresa C. McAteer
General Counsel

EXHIBIT A

FORM OF PROMISSORY NOTE

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ATTACHMENT B

PROMISSORY NOTE

\$3,000,000.00
3% simple interest

_____, 2011
San Diego, California

FOR VALUE RECEIVED, San Diego Convention Center Corporation, Inc., a California nonprofit public benefit corporation (“Maker”), promises to pay to the Redevelopment Agency of the City of San Diego, a public body, corporate and politic (“Payee”) or order, the principal amount of Three Million Dollars (\$3,000,000.00) (“Loan Amount”), together with accrued interest thereon, pursuant to the terms and conditions of this Promissory Note (“Note”).

1. Disbursement. In accordance with that certain Loan Agreement entered into by and between Payee (as “Lender”) and Maker (as “Borrower”) dated _____, 2011 (“Loan Agreement”), pertaining to a loan in the maximum principal amount of \$3,000,000.00 (“Loan”) to be issued by Payee to Maker, it is anticipated that Payee will disburse the Loan Amount to Maker in multiple installments. Maker shall use the Loan Amount solely to pay the costs incurred by Maker with respect to design and planning for the proposed Phase III expansion of the San Diego Convention Center (“Phase III Expansion”). The provisions of the Loan Agreement are incorporated by reference fully into this Note.

2. Accrual of Interest. Interest shall accrue on the principal balance of the Loan Amount, or any disbursed portion thereof, commencing as of the date of Payee’s disbursement to Maker of the Loan Amount, or applicable portion thereof. Interest shall continue to accrue on the outstanding balance of the Loan Amount until Maker has repaid the Loan Amount, including principal and accrued interest, in full to Payee. The interest rate on the Loan Amount shall be three percent (3%) per annum, simple interest (i.e., no compounding).

3. Payment of Principal and Interest. Maker shall repay the Loan Amount, including all outstanding principal and accrued interest thereon, to Payee through the preferred payment arrangement described in paragraph (a) below or, if applicable, through the alternative payment arrangement described in paragraph (b) below, or, if applicable, through a combination of the preferred payment arrangement and the alternative payment arrangement.

(a) Under the preferred payment arrangement, no payments of principal or interest on the Loan shall be due from Maker until Maker has obtained, directly or indirectly, sufficient financing for the design and construction of the proposed Phase III Expansion, whether such financing takes the form of a private loan, an institutional loan, bond proceeds, or any other financing (the “Third Party Financing”). As soon as practicable after the Third Party Financing has been obtained, but no later than ninety (90) days after the date on which the proceeds of the Third Party Financing are disbursed to Maker, Maker shall pay to Payee all of the outstanding principal balance and accrued interest on the Loan, or as much of such outstanding amount as can be paid by Maker based on the actual proceeds of the Third Party Financing.

(b) If Maker has not paid to Payee all of the outstanding principal balance and accrued interest on the Loan under the preferred payment arrangement as of June 30, 2018, then

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ATTACHMENT B

under the alternative payment arrangement, Maker shall pay to Payee equal installments on July 1, 2018, and on July 1 of each calendar year thereafter, amortized over a period of ten (10) years commencing July 1, 2018 (the “Deferred Amortization Period”), such that all of the outstanding principal balance and accrued interest on the Loan will be fully paid to Payee upon the conclusion of the Deferred Amortization Period. If Maker has not paid any of the principal or interest on the Loan under the preferred payment arrangement, then each annual payment owed under the alternative payment arrangement during the Deferred Amortization Period shall be \$404,060.96, as set forth in the amortization schedule attached as Exhibit 1 hereto and incorporated herein by this reference (the “Deferred Amortization Schedule”). If Maker has paid a portion, but not all, of the Loan Amount as of June 30, 2018, then Payee shall provide Maker with a revised version of the Deferred Amortization Schedule reflecting the adjusted annual payments to be made under the alternative payment arrangement, after Maker has been credited for payments made under the preferred payment arrangement. In such event, Maker shall make annual payments to Payee in accordance with the Deferred Amortization Schedule, as revised.

4. No Usurious Interest. Notwithstanding any provision of this Note or the Loan Agreement to the contrary, Payee and Maker agree that none of the terms and provisions contained herein or in the Loan Agreement shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by applicable usury laws. If, for any reason, the interest rate provided in this Note is in excess of the maximum interest rate permitted by law, Payee shall adjust the interest rate so that the law is not violated. Additionally, if Payee receives as interest any amounts in excess of the applicable usury laws, then Payee shall apply the excess amount toward the outstanding principal balance of the Loan; if the excess interest exceeds the outstanding principal balance, Payee shall refund such excess to Maker.

5. Prepayment Privilege. Maker shall have the right to prepay principal or interest, or both, in whole or in part at any time without penalty or premium.

6. Acceleration upon Material Default. At Payee’s sole election, the entire outstanding principal balance of the Loan Amount and any accrued but unpaid interest shall become due and payable immediately if there is a material default by Maker under the terms of this Note or the Loan Agreement. Either of the following circumstances shall be deemed a material default by Maker under this Note: (a) any failure or delay by Maker to perform any material term or provision of this Note or the Loan Agreement; or (b) any transfer or assignment of any obligations under this Note or the Loan Agreement by Maker to any other person or entity without Payee’s prior written consent, which consent may be withheld in Payee’s reasonable discretion. Notwithstanding the immediately preceding sentence, Maker may assign to the City of San Diego (“City”) all or part of Maker’s obligations under this Note and the Loan Agreement, without obtaining Payee’s prior written consent, so long as (i) the City agrees in writing to assume all such assigned obligations pursuant to an assignment and assumption agreement and (ii) Maker provides Payee with written notice of such assignment, together with a copy of the fully-executed assignment and assumption agreement. In addition to Payee’s right to cause acceleration of the Loan Amount under this Section, Payee may pursue any right or remedy available at law or in equity upon Maker’s material default under this Note.

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7. Limited Recourse. Subject to the provisions and limitations of this Section, the obligation to repay the Loan Amount is a nonrecourse obligation of Maker. Maker shall be liable for payment and performance of the debts, obligations, covenants and agreements set forth in this Note and the Loan Agreement, in the manner and to the extent set forth herein and in the Loan Agreement. Nothing in this Section shall (a) constitute a waiver of any obligation evidenced by this Note; (b) limit the right of Payee to name Maker as a party defendant in any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Maker; (c) release or impair this Note; or (d) prevent or in any way hinder Payee from exercising, or constitute a defense, an affirmative defense, a counterclaim, or other basis for relief in respect of the exercise of, any other remedy or any other instrument securing this Note or as prescribed by law or in equity in case of default. Notwithstanding the first sentence of this Section, Payee may recover directly from Maker or from any other party:

(a) Any damages, costs and expenses incurred by Payee as a result of fraud or any criminal act or acts of Maker or any member, shareholder, agent, officer, director or employee of Maker;

(b) Any damages, costs and expenses incurred by Payee as a result of any misappropriation of funds by Maker; and

(c) All court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions (provided that Payee shall pay to Maker the reasonable court costs and attorneys' fees incurred by Maker if Maker is the prevailing party in any such enforcement or collection action).

8. Waivers. Maker waives all of the following: (i) presentment for payment, demand, protest, and notices of dishonor and of protest; (ii) the benefits of all waivable exemptions; and (iii) all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Maker hereby agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by Payee, in the enforcement of this Note, the Loan Agreement or any term or provision thereof.

9. Severability. If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid.

10. Binding Effect. The obligations under this Note shall be binding on Maker and its successors and assigns, and the benefits under this Note shall accrue in favor of Payee and its successors and assigns. Nonetheless, any attempted transfer or assignment by Maker of its obligations under this Note or the Loan Agreement, without Payee's prior written consent (except as otherwise expressly provided in Section 6 above), shall be deemed null and void.

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IN WITNESS WHEREOF, Maker has executed this Note in Payee's favor as of the day and year first set forth above.

SAN DIEGO CONVENTION CENTER CORPORATION, INC.

Dated: _____

Carol Wallace
President & CEO

APPROVED AS TO FORM AND LEGALITY:

Theresa C. McAteer
General Counsel

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ATTACHMENT B