

**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 25 day of August, 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. R-304016

R-304016

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 City Treasurer 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. Deferment 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: 8-25-08

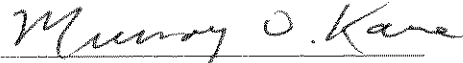
By:   
Jerry Sanders  
Executive Director

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]



CITY OF SAN DIEGO

Date: 8.25.08

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
<b>Total</b>	<b>12,807,279</b>		<b>31,360,002</b>	

## 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.