

ORIGINAL

Amended and Restated Operating Agreement
Between the Redevelopment Agency of the City of San
Diego and Centre City Development Corporation, Inc.

This Amended and Restated Operating Agreement (“Agreement”) is made by the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, organized and existing under Chapter 2 of the Community Redevelopment Law of the laws of the State of California, (“Agency”) and CENTRE CITY DEVELOPMENT CORPORATION, INC., a California nonprofit public benefit corporation , organized and existing under Division 2, Part 2 of the Corporation’s Code of the laws of the State of California, (“Corporation”).

Recitals

A. The original Operating Agreement between the Agency and the Corporation was executed on January 22, 1982 (“1982 Agreement”) and an amendment to the 1982 Agreement was executed by the Agency and the Corporation on October 14, 1986 (“1986 Agreement”). The 1982 Agreement together with the 1986 Agreement are collectively referred to as the “Original Agreement.” This Agreement amends and restates the Original Agreement in its entirety and accordingly, upon execution of this Agreement, the Original Agreement shall have no legal force or effect.

B. This Agreement sets forth the amended and restated terms and conditions upon which Agency hires Corporation to provide certain services as described herein and sets forth the amended and restated representations, warranties, covenants and conditions of the Corporation and Agency in connection with their respective rights and obligations herein.

C. Agency has determined that the interests of the inhabitants of the City of San Diego (“City”) are served by an arrangement under which a corporation assumes responsibility for the development of and the implementation of the Project, as defined herein.

D. Corporation is a nonprofit public benefit corporation formed under the California Nonprofit Corporation Law (“California Nonprofit Law”). The City of San Diego is the sole member of the Corporation under the California Nonprofit Law. The corporate documents of Corporation include a provision that the City is the sole member of the Corporation and has the power to elect and to remove the Board of Directors (“Board”).

E. As stated in the California Community Redevelopment Law, at California Health and Safety Code Sections 33070 and 33071, it is the policy of the State of California that (a) decent housing and genuine employment opportunities for all the people of the State are vital to the State’s future peace and prosperity for the reasons stated including that lack of employment opportunity creates despair and frustration which may precipitate violence; and (b) that a fundamental purpose of redevelopment, in addition to others stated, is to expand employment opportunities for jobless, underemployed and low-income persons.

NOW, THEREFORE, in consideration of the recitals and the mutual rights and obligations of the parties hereto as hereinafter expressed, Agency and Corporation agree as follows:

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DEFINITIONS

Section 1.01 Agency

“Agency” means the Redevelopment Agency of the City of San Diego.

Section 1.02 Chairman

“Chairman” shall mean the Chairman of the Board of the Corporation.

Section 1.03 Project

“Project” shall mean implementation and furtherance of the Centre City and Horton Plaza Redevelopment Plan(s) for the redevelopment, rehabilitation and revitalization of the Centre City area as defined in that certain map attached hereto as Exhibit “A” as amended from time to time which is incorporated herein by this reference.

Section 1.04 Project Funds

Project Funds shall mean the funds established by Agency to account for the Project cash, other financing resources, related liabilities, residual equities or balances and changes therein.

Section 1.05 Corporation Budget

“Corporation Budget” means a statement prepared by Corporation that i) is based on reasonable assumptions in connection with an appropriate due diligence review which has been approved by the Board, ii) contains its best estimate of the revenues and expenditures of the Corporation for the next succeeding fiscal year, iii) is in complete and final form, and iv) is submitted to the Agency at the time requested by, to the person or persons designated by the Agency Executive Director and in form and content acceptable to the Agency Executive Director or designee and in accordance with the administrative budget policies and procedures of the City and the Agency. In addition, prior to approval by the Board in accordance with subsection i) in the preceding sentence, the Corporation Budget shall first be prepared, reviewed and approved by management of the Corporation, then submitted to the Chief Financial Officer (“CFO”) of the

