

**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 25 day of August, 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. R-304017

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:

R-304017

DOCUMENT NO. D-04317/R-04317  
FILED SEP 17 2008  
OFFICE OF THE REDEVELOPMENT AGENCY  
SAN DIEGO, CALIF.

## 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 Aug. 29 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

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.

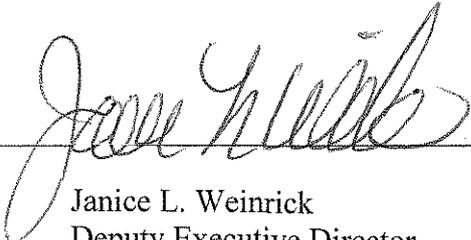
**4.10 Signing Authority.** The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

[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

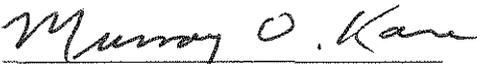
Date: 08/25/08

By:   
Janice L. Weinrick  
Deputy Executive Director

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

By: \_\_\_\_\_

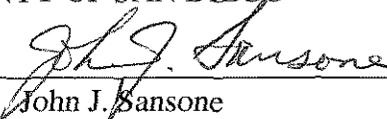
KANE, BALLMER & BERKMAN

By:   
Murray O. Kane  
Agency Special Counsel

[Signatures Continue on Following Page]

COUNTY OF SAN DIEGO

Date: August 28, 2008

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

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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
<b>Total</b>		<b>\$7,840,000</b>

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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.

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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.

Joint Projects Cooperation Agreement (6-19-8)