

FIFTH IMPLEMENTATION AGREEMENT

This Fifth Implementation Agreement (the "**Fifth Implementation Agreement**") is made and entered into as of November 22, 2004 by and among the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO (the "**Agency**"), INTERNATIONAL GATEWAY ASSOCIATES, LLC, a Delaware limited liability company (the "**Developer**" or "**IGA**"), and INTERNATIONAL GATEWAY I, LLC, a Delaware limited liability company ("**B/C Developer**").

Recitals

A. *Existing DDA.* The Developer and the B/C Developer are successors (with respect to their respective real properties) to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**") under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998, as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**") and (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**" and, collectively, the "**Existing DDA**"). The terms of the Existing DDA have been further clarified by (a) a letter dated March 10, 2000, by and between the Agency and the Developer, (b) a letter dated September 21, 2001, among the Agency, the Developer and certain entities affiliated with the Developer, including the B/C Developer (the "**Clarification Letters**"). Copies of the Clarification Letters are attached hereto as Exhibit A.

B. *Site; Development Parcels.* The portions of the "Site" referenced in the Existing DDA that are owned by the Developer are referred to in the Existing DDA as Development Parcels A-1, A-2, A-3 and D, and the E Property, and the portions of the Site owned by the B/C Developer are referred to in the Existing DDA as Development Parcels B and C.

C. *Reciprocal Easement Agreements.* As per the requirements of the Existing DDA, and with the approval of the Agency, the Site (or portions thereof, as applicable) has been subjected to certain reciprocal easement agreements, including without limitation: (i) that certain Overall Reciprocal Easement Agreement and Cost Sharing Agreement – International Gateway of the Americas (San Diego, California) dated as of October 1, 2001 and recorded in the official records of the San Diego County Recorder on October 17, 2001 as Document No. 2001-0751836, as amended by an Amendment to Overall Reciprocal Easement and Cost Sharing Agreement dated as of June 12, 2002 and recorded in the official records of the San Diego County Recorder on June 13, 2002 as Document No. 2002-0503988 (the "**Existing Overall REA**"); (ii) that certain Subsequent B/C/D Declaration of Covenants Conditions and Restrictions and Grant and Reservation of Rights and Easements for Gateway Project (Initial Shopping

Center Parcel and Parcel D) – International Gateway of the Americas (San Diego, California) dated as of October 1, 2001 and recorded in the official records of the San Diego County Recorder on October 17, 2001 as Document No. 2001-0751838 (the “**Existing Parcel B/C/D Subsequent REA**”); and (iii) that certain Subsequent Parcel A Reciprocal Easement and Cost Sharing Agreement (Second Phase Shopping Center Property and Library Phase Property) dated as of June 13, 2002 and recorded in the official records of the San Diego County Recorder on June 13, 2002 as Document No. 2002-0503517 (the “**Previous Parcel A Subsequent REA**”), the latter of which has been terminated.

D. Purpose. The Existing DDA contemplates that the redevelopment of the Site will be effected on the various Development Parcels in various phases, and that the Agency and the pertinent developing parties may enter into subsequent implementation agreements from time to time as appropriate in order to further facilitate such redevelopment. The parties now desire to enter into this Fifth Implementation Agreement in order, among other things and subject to the terms and conditions of this Fifth Implementation Agreement, to modify certain boundaries pertaining to the various Development Parcels (and to clarify references to those Development Parcels in the various documents and instruments entered into pursuant to the DDA); to facilitate and clarify the redevelopment contemplated for the phase involving Development Parcels A-1, A-3 and the E Property, to provide for the conveyance by the Developer to the City of a portion of the Site identified herein as the “Civic Parcel” so as to provide for the potential development by the City of San Diego of a library on the Civic Parcel, and to effect certain additional changes to the nature and schedule for construction of the redevelopment within the Site.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein set forth, the Agency, the Developer and the B/C Developer hereby agree as follows:

1. Amendment; Defined Terms. The parties hereby amend the Existing DDA as set forth herein. Henceforth, all references to the “**Agreement**” or the “**DDA**” in the Existing DDA shall be deemed to refer to the Existing DDA as further implemented hereby. In the event of any conflict between the provisions of the Existing DDA or the Clarification Letters and the provisions of this Fifth Implementation Agreement, the provisions of this Fifth Implementation Agreement shall control, and as clarified and implemented hereby (and by any subsequent amendment or implementation agreement entered into in accordance with the provisions of the DDA), the DDA shall continue in full force and effect. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Existing DDA.

2. Remapping

2.1 Amended Site Map. The parties hereby agree that the Amended Site Map serving as Attachment No. 1 to the Existing DDA (as the same has been amended from time to time, including without limitation by Section 1 to the Fourth Implementation Agreement) is

hereby deleted, and the Amended Site Map attached hereto as Exhibit B-1 is hereby inserted in its place and henceforth shall constitute the “Amended Site Map” for purposes of the DDA.

2.2 Revised Boundaries of Development Parcels. With the encouragement of the Agency and the City, the Developer and the B/C Developer are in the process of pursuing final approval and recordation of:

(a) a Parcel Map prepared by Parsons Engineering for International Gateway of the Americas Phase IA under City of San Diego Project Tracking System (PTS) No. 28040, submittal dated November 22, 2004, a copy of which is attached hereto as Exhibit B-2 (said map, as the same may be modified prior to recordation with the approval of the B/C Developer and the Agency, sometimes is referred to herein as the “**2004 East Side Map**”); and

(b) a parcel map prepared by Parsons Engineering for International Gateway of the Americas Phase IB under City of San Diego Project Tracking System (PTS) No. 28049, submittal dated November 3, 2004, a copy of which is attached hereto as Exhibit B-3 (said map, as the same may be modified prior to recordation with the approval of the Developer, the B/C Developer and the Agency, sometimes is referred to herein as the “**2004 West Side Map**”).

In connection with the approval of said maps, the Developer and/or the B/C Developer further shall execute, deliver and record, as appropriate, each of the following:

(c) [Intentionally Deleted];

(d) [Intentionally Deleted];

(e) An amendment to that certain Grant Deed – Building Restricted Easement dated October 1, 2001 and recorded in the Official Records of the San Diego County Recorder on October 17, 2001 as Instrument No. 2001-0751848, which amendment shall be in a form satisfactory to the City Manager of the City so as to modify the “Restricted Area” under said easement so as to consist of the real property described in Exhibit B-6 attached hereto;

(f) a Deferred Improvement Agreement [Dairy Mart Road Improvements] substantially in the form of Exhibit B-7 attached hereto executed by IGA, as the owner of Development Parcel A-1, in favor of the City of San Diego, as grantee, pertaining to certain improvements described therein (the “**Dairy Mart DIA**”);

(g) a Deferred Improvement Agreement [Traffic Signal Improvements] substantially in the form of Exhibit B-8 attached hereto executed by IGA, as the owner of Development Parcel A-1, in favor of the City of San Diego, as grantee, pertaining to

certain improvements described therein (the “Traffic Signal DIA”, and together with the Dairy Mart DIA, the “Deferred Improvement Agreements”);

(h) a quitclaim deed in the form attached hereto as Exhibit B-9 executed by the Developer in favor of the B/C Developer; and

(i) a quitclaim deed in the form attached hereto as Exhibit B-10 executed by the B/C Developer in favor of the Developer.

The Agency, the Developer and the B/C Developer shall cooperate in good faith to achieve the execution and delivery of the foregoing documents and the recordation of the foregoing maps and deeds as soon as reasonably possible (it being agreed that the Agency shall not unreasonably withhold approval of any modifications to the maps or documents that may be reasonably necessary or appropriate to achieve approval of the maps from the City, so long as such changes do not change, in a material manner, the size or location of the boundaries of the lots located thereon). The first date upon which all such documents have been executed and delivered and the maps and deeds have been recorded in the San Diego County Recorder’s office sometimes shall be referred to herein as the “**2004 Boundaries Adjustment Date**”. The parties further agree that for all purposes under the DDA (and specifically superseding the provisions of Section 2 of the Fourth Implementation Agreement, except as otherwise noted below), effective as of the 2004 Boundaries Adjustment Date, the boundaries of the Development Parcels henceforth shall be deemed to consist of the following Lots identified on: (i) Map 14259 recorded on August 15, 2001 in the Official Records of the San Diego County Recorder’s Office as File No. 2001-0581338 (the “**2001 Subdivision Map**”); (ii) Map 14406 recorded on June 13, 2002 in the Official Records of the San Diego County Recorder’s Office as File No. 2002-0503512 (the “**2002 Subdivision Map**”); (iii) the 2004 East Side Map; or (iv) the 2004 West Side Map:

Development Parcel(s)	Lot
A-1	Parcel 2 as shown on the 2004 West Side Map
Civic Parcel	Parcel 3 as shown on the 2004 West Side Map
A-3	Each of the following: (i) Parcel 1 as shown on the 2004 West Side Map; and (ii) Lots 1 and 2 as shown on the 2002 Subdivision Map
B and C	Each of the following: (i) Lots 6, 8, 11 through 14 and 16 as shown on the 2001 Subdivision Map; (ii) Parcel 1 as shown on the 2004 East Side Map; and (iii) Parcel 4 as shown on the 2004 West Side Map.
D, F and G and the Development Parcels	These Development Parcels shall continue to have the boundaries assigned to such Development Parcels in the Fourth Implementation Agreement, as the same may be further adjusted from time to time in

within the E Property	accordance with the provisions of the DDA (see, e.g., the authority of the Executive Director of the Agency set forth in Section 2 of the Fourth Implementation Agreement to approve certain adjustments to the internal boundaries of the Development Parcels within the E Property).
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Note: Former Development Parcel A-2 has been eliminated.

2.3 Quitclaim Deed re Former Library Parcel and Former Building Restricted Easement Area. The Agency further agrees to endeavor in good faith, upon request therefor from the Developer, to cause the City to deliver to the Developer a Quitclaim Deed in the form attached hereto as Exhibit B-11 in order to confirm the termination of any rights of the City under that certain Grant Deed recorded June 13, 2002 as Document No. 2002-0503516 in the Official Records of the San Diego County Recorder.

3. Phased Development of Development Parcel A-1, Civic Parcel and Development Parcel A-3; Related Changes to E Property. The views of the Agency and the Developer as to the appropriate development of Development Parcel A-1, the Civic Parcel, Development Parcel A-3 and the E Property have evolved, and as a result the provisions of Sections 4 through 7 of the Fourth Implementation Agreement are outdated. Accordingly, said provisions are hereby deleted and shall have no further force or effect, and in their place the parties hereby adopt the following alternative provisions with respect to the respective Development Parcels:

3.1 Development Parcel A-1.

3.1.1 Scope of Development. Section A.1.a of the Scope of Development (attached to the DDA as Attachment No. 4) is hereby amended and restated to read in its entirety as follows:

“a-1. Development Parcel A-1 – Retail. Development Parcel A-1 consists of approximately 13.042 acres of gross land area and is situated immediately to the west of Development Parcels B and C, to the south and east of the Civic Parcel, and to the east of Development Parcel A-3. Development Parcel A-1 shall be developed with improvements substantially consistent with the buildings identified as A, B, D-1 and D-2 on the Amended Site Map (as approved in accordance with the Fifth Implementation Agreement). Said buildings shall have an aggregate gross leaseable area of approximately 188,272 square feet (exclusive of any open air restaurant improvements located outside of any building improvements) and shall be developed for retail, office, entertainment and/or food uses. The Developer with respect to Development Parcel A-1 further shall have the right, but not the obligation, to develop within Development Parcel A-1 approximately 3,631 square feet of improvements for retail, office, entertainment and/or food uses within an expansion of Building “D-2” identified on the Amended Site Map as Building D-3 (it being understood, however, that the

Developer shall be entitled to obtain the Certificate of Completion for Development Parcel A-1 contemplated by Section 324 of the DDA upon completion of the approximately 188,272 square feet of improvements identified as buildings A, B, D-1 and D-2, and without having to complete the optional additional improvements described in this Section). It shall be a condition to the foregoing development of Development Parcel A-1 that the plans therefor shall call for at least 454 parking spaces (a portion of which shall be susceptible to being used in order to permit the Developer to satisfy any parking rights granted in favor of the owner of the Civic Parcel under the Subsequent A-1/Civic Parcel/A-3 REA).”

3.1.2 Offsite Improvements. The parties agree that by execution and delivery of the Deferred Improvement Agreements, the owner of Development Parcel A-3 has satisfied the requirements of Section A.6.b of the Scope of Development (attached to the DDA as Attachment No. 4, as the same has been amended through the date hereof, including amendments effected through the Second Implementation Agreement), which requirements related to certain improvements contemplated by Conditions 58 and 59 of the Coastal Development Permit/Site Development Permit No. 40-0338 (which permit is applicable to a portion of the Gateway Project) (the “**Development Permit**”). Accordingly, the completion of the improvements referenced in the Deferred Improvement Agreements shall not be a condition precedent to the issuance of a Certificate of Completion for Development Parcel A-1 or a certificate of occupancy for any of the improvements constructed on Development Parcel A-1. The obligation to construct and pay for said improvements, however, shall be borne by Development Parcel A-1 and shall be a burden running with the land, and nothing herein is intended to relieve the owner of Development Parcel A-1 from its obligations under the Deferred Improvement Agreements. In the event that fee title to Development Parcel A-1 is transferred prior to completion of the improvements covered by the Deferred Improvement Agreements, the transferee of Development Parcel A-1 shall execute and deliver to the City new Deferred Improvement Agreements substantially in the form of the Deferred Improvement Agreements delivered by IGA (together with the financial assurances contemplated therein), in which case IGA shall be relieved from further obligation with respect to such improvements and the Deferred Improvement Agreements (and IGA shall be entitled to obtain a return of the financial assurances provided under the Deferred Improvement Agreements with respect to such improvements).

3.1.3 Certain Fees. The Agency shall endeavor in good faith to cause the City to (a) accept the grant of title to the Civic Parcel, as required by Section 3.3 of this Fifth Implementation Agreement, and (b) in connection therewith, to deem any obligation of the Developer of Development Parcel A-1 to pay any development impact fees or housing trust fund fees in connection with the development of Development Parcel A-1, to have been satisfied in full, and to provide such further evidence thereof as the Developer of Development Parcel A-1 reasonably may request. The Agency and the City shall enter into a Cooperation Agreement in order to further memorialize such obligations.

3.1.4 Amendments Regarding Improvements and Rent Contemplated Under the Parcel A Public Use Lease. Numbered paragraph 1 of Section 718 of the Existing DDA is hereby amended in its entirety to read as follows:

- “1. Parcel A-1 - Parking Area: At least 454 parking spaces.

Initial A and Supplemental A Improvements: Development Parcel A-1 shall be developed with improvements substantially consistent with the buildings identified as A, B, D-1 and D-2 on the Amended Site Map (as approved in accordance with the Fifth Implementation Agreement). Said buildings shall have an aggregate gross leaseable area of approximately 188, 272 square feet and shall be developed for retail, office, entertainment and/or food uses.

Optional Additional Improvements: The Developer with respect to Development Parcel A-1 further shall have the right, but not the obligation, to develop within Development Parcel A-1 approximately 3,631 square feet of improvements for retail, office, entertainment and/or food uses within an expansion of Building “D-2” identified on the Amended Site Map as Building “D-3” (it being understood that neither the undertaking nor the completion of such improvements shall constitute a condition to the payment of any portion of the Rent payable under the Public Use Lease).

Base Rent A: \$6,306,000

First Tier Base Rent A: \$1,145,000

Second Tier Base Rent A: \$5,161,000.”

3.2 Civic Parcel. As noted in Section 4.3 below, the parties intend for the Developer to grant the Civic Parcel to the City upon satisfaction of the conditions set forth in said section, and the owners of Development Parcels A-1 and A-3 thereafter shall have no further rights or obligations with respect to the Civic Parcel under the DDA (it being understood that said owners shall continue to possess certain rights and obligations with respect to the Civic Parcel under the Subsequent A-1/Civic Parcel/A-3 REA). The City thereafter shall have the right to develop upon the Civic Parcel a library and/or other improvements designed for civic and public uses, subject to and in accordance with the terms of the Subsequent A-1/Civic Parcel/A-3 REA. The Developer shall have no obligation to bear any expense for the development of any improvements contemplated for the Civic Parcel, it being understood that the City shall bear all such expenses. If the Developer (or a successor) shall succeed to the ownership of fee title to the Civic Parcel in accordance with the terms of the Subsequent A-1/Civic Parcel/A-3 REA, the Agency agrees that said party shall have the right to develop, encumber, sell and otherwise handle said property free and clear of any limitations or other

restrictions set forth in the DDA (other than the obligations set forth in Section 403 of the DDA regarding a commitment to refrain from discrimination).

3.3 Development Parcel A-3.

3.3.1. Scope of Development. The following new section "a-3" is hereby inserted into Section A.1 of the Scope of Development (attached to the DDA as Attachment No. 4) immediately following Section A.1.a-1 (as amended per Section 2.1 of this Fifth Implementation Agreement) (*note that there is no section A.1.a-2*):

"a-3. Development Parcel A-3. Development Parcel A-3 consists of approximately 8.415 acres of gross land area and is situated immediately to the west of Development Parcel A-1 and to the south and west of the Civic Parcel. The Developer shall have the right to develop such Development Parcel with any improvements permitted by applicable law. The Developer presently intends to seek all appropriate governmental approvals (e.g., re-zoning, amendment to any applicable development permit or coastal development permit (including without limitation the Development Permit), etc.) to develop Development Parcel A-3 with residential condominiums or apartments and related improvements. Provided that the proposed development meets the "Acceptable Parcel A-3 Development Parameters" described below, the Agency agrees that it will support all such applications and shall take steps reasonably requested and appropriate (without cost to the Agency) in order to facilitate the issuance of said approvals without any requirement that the Developer bear any further "Exactions" as a condition to the issuance of said approvals of the implementation of the development contemplated thereby. For purposes of the foregoing:

(1) The term "**Acceptable Parcel A-3 Development Parameters**" shall mean residential condominium or apartment development so long as (A) the density does not exceed 350 units or more than 400,000 square feet of aggregate building improvements within Development Parcel A-3, exclusive of building improvements for parking purposes, (B) the plans for such improvements call for at least 20% of the contemplated residential housing units to be reasonably affordable to residents with low to moderate levels of income (as contemplated by the San Ysidro Pilot Village Proposal dated November 3, 2003), (C) the plans for such improvements call for not less than 5,000 square feet of retail improvements ancillary to the residential uses, and not more than 75,000 square feet of such retail, and (D) the plans for such improvements call for sufficient parking, when added to any other "Eligible Parking Spaces" (as such term is used in the Overall REA) for the Gateway Project, so that upon completion of such development there shall be a sufficient number of Eligible Parking Spaces to satisfy the requirements of Section 2.13 of the Overall REA, as the same may be amended from time to time.

(2) The term “**Exactions**” shall mean any requirement that, as a condition to the issuance of a governmental approval necessary or appropriate for the development, or as a condition to the development of the improvements or work contemplated thereby, the Developer

(A) must provide any further consideration of any type whatsoever, directly or indirectly, to the Agency (and that the term “Sales Parcel” under the DDA henceforth shall not be deemed to include any portion of Development Parcel A-3, which means, accordingly, that the owner of Development Parcel A-3 henceforth shall be deemed relieved from any obligation (i) to disgorge any profits, or to pay to the Agency any share of any proceeds or value, arising from the development, mortgaging or sale of Development Parcel A-3 (whether such obligation may arise under the DDA (including without limitation any such obligation arising under Section 316, 512 or 703 of the DDA) or otherwise), or (ii) to otherwise pay any increased or additional purchase price or other consideration to the Agency in connection with any such development, mortgaging or sale (whether such obligation may arise under the DDA (including without limitation any such obligation arising under Section 316, 512 or 703 of the DDA) or otherwise)); or

(B) must bear any other further governmental fees or exactions of any other type whatsoever (other than fees or requirements reasonably and customarily imposed by governmental authorities, other than the Agency, in connection with the processing of permit applications).”

3.3.2. Offsite Improvements. As provided in the Deferred Improvement Agreements, the Phase IB Public Improvements referenced in Section A.6.b(1) and (2) of the Scope of Development (Attachment No. 4 to the Existing DDA, as modified to date, including the modifications effected pursuant to the Second Implementation Agreement) shall be the responsibility of the owner of Development Parcel A-1. Accordingly, the parties hereby agree that notwithstanding any provisions of the DDA to the contrary, neither the undertaking nor the completion of said improvements shall be considered an obligation of the owner of Development Parcel A-3, nor shall the undertaking or the completion of said improvements be required in order for the Developer of Development Parcel A-3 to obtain a Certificate of Completion for Development Parcel A-3 or a certificate of occupancy for any of the improvements constructed on Development Parcel A-3.

3.3.3 Schedule for Performance. For purposes of clarification, the following subsections of Section IV of the Schedule of Performance (Attachment No. 3 to the Existing DDA, as amended to date, including amendments effected pursuant to the Third Implementation Agreement or the Fourth Implementation Agreement) are hereby amended as follows:

(a) Subsection IV.3 (re the schedule for submission of Schematic/Design Development Drawings and Preliminary Landscaping and Grading Plans for the various Development Parcels) is hereby amended: (i) to delete the sentences of the second paragraph thereof pertaining to former Development Parcel A-2; and (ii) to change the date referenced in the last sentence of the second paragraph within said Section (as set forth on page 4 of the Fourth Implementation Agreement, pertaining to Development Parcel A-3) from April 30, 2004 to April 30, 2007.

(b) Subsection IV.6 (re the schedule for submission of 50% Construction Drawings for the various Development Parcels) is hereby amended: (i) to delete the sentences thereof pertaining to former Development Parcel A-2; and (ii) to change the date referenced in the last sentence of the first paragraph of said Section (as set forth on page 5 of the Fourth Implementation Agreement, pertaining to Development Parcel A-3) from November 30, 2004 to January 31, 2006.

(c) Subsection IV.22 (re the schedule for the closing of the development financings for the various Development Parcels) is hereby amended: (i) to delete the third paragraph thereof pertaining to former Development Parcel A-2; and (ii) to restate clause (2) of the fourth paragraph thereof (as set forth on page 8 of the Fourth Implementation Agreement, pertaining to Development Parcel A-3) to read in its entirety as follows: “(2) May 31, 2007.”

3.4 E Property.

3.4.1 Development Parcel E-3. By virtue of the amendments set forth herein to the Scope of Development with respect to Development Parcel A-1, the prospect of the exercise of a “Building X Option” (as such term is used in the Fourth Implementation Agreement) with respect to Development Parcel A-1 has been eliminated. Accordingly, in order to delete the outdated references to the Building X Option in Section A.1.g of the Scope of Development, said Section A.1.g (as set forth on pages 12 and 13 of the Fourth Implementation Agreement) is hereby amended to read in its entirety as follows:

“g. Development Parcel E-3 – Hotel and Conference Center

Development Parcel E-3 represents a gross land area of approximately 2.3 acres, and is situated at the northeast quadrant of Development Parcel E, along Virginia Avenue. It is an irregular parcel bounded by Development Parcel E-4 to the south and Development Parcels E-1 and E-2 to the west.

Development Parcel E-3 will be developed with a business and tourist-oriented hotel and conference center with approximately 200 to 300 rooms and associated meeting and conference space. It is anticipated that the hotel and conference center will include sufficient on-site parking to meet code requirements for on-site guest parking.

Development Parcel E-3 will be connected to other Development Parcels by way of a pedestrian esplanade.

3.4.2 Development Parcel E-4. The parties have discovered that the map attached as Exhibit B-2 to the Fourth Implementation Agreement inaccurately portrays the southern boundary of Development Parcel E-4. In order to correct such error, the parties hereby replace said map with the map attached hereto as Exhibit O. The Agency further has agreed that in connection with the grant of the Civic Parcel to the City, the Scope of Development for Development Parcel E-4 shall be revised to delete any requirement that the Developer thereof develop any portion of said Development Parcel for cultural or institutional uses. Accordingly, Section A.1.h of the Scope of Development (as set forth on pages 13 and 14 of the Fourth Implementation Agreement) is hereby amended to read in its entirety as follows:

“h. Development Parcel E-4 - University/Cultural

Development Parcel E-4 represents a gross land area of 1.4 acres, and is situated south of Development Parcel E-3. It is an irregularly shaped parcel. Development Parcel E-4 is generally bounded by Development Parcel E-3 on the north; Development Parcel E-1 on the west; the United States and Mexico International Border on the south; and the Tijuana River levee on the southwest.

Development Parcel E-4 will be developed with retail, entertainment, food and office uses aggregating up to 50,000 square feet. At the option of the Developer, such uses also may include cultural and institutional uses (e.g., centers for advanced studies, facilities for major cultural exchanges and exhibits, and public functions to celebrate the diversity of cultures that interact along the common border).

Proposed parking for Development Parcel E-4 will be furnished in the Development Parcel F parking garage, and may also be served by arrangement with existing parking lots within the Gateway Project.

Development Parcel E-4 will face a wide pedestrian esplanade to the northwest. This esplanade is part of a project-wide pedestrian circulation program.

It is envisioned that the esplanade will link the FISA building, multimodal transit center, and retail uses in the project.”

3.4.3 Interim Surface Parking Use of Portions of the E Property. The Scope of Development is hereby further amended to insert the following additional section immediately following Section A.1.h of the Scope of Development (i.e., immediately following

said section as amended and restated per Section 3.4.2 above of this Fifth Implementation Agreement):

- “h-1. Temporary Use of E Property Pending Construction Per Paragraphs A.1.e-h of the Scope of Development. In addition to the right of the Developer to construct the building improvements described above for Development Parcels E-1, E-2, E-3 or E-4, the owner(s) of any such Development Parcel shall have the right, until such time as the respective improvements described above for such Development Parcel have been constructed, to improve such Development Parcel (or any portion thereof) with surface parking improvements (and such owner shall have the right to permit the owner of Development Parcels B, C, A-1, A-3 and the Civic Parcel, and the owner of any other Development Parcel within the E Property, to use such surface parking in connection with development and operation of the improvements on their respective properties, and the execution and delivery of lease, license, easement or other similar type documents reasonably evidencing such usage rights, and other documents reasonably related thereto, shall not constitute a violation of any restrictions under the DDA that may be applicable to transfers of interests in the E Property).”

3.4.4 Schedule for Performance. For purposes of clarification, the following subsections of Section IV of the Schedule of Performance (Attachment No. 3 to the Existing DDA, as amended to date, including amendments effected pursuant to the Third Implementation Agreement or the Fourth Implementation Agreement) are hereby amended as follows:

(a) All references to the “Third Implementation Agreement” in the 6th, 7th, 8th and 9th paragraphs of Section IV.22 of the Scope of Development (Attachment No. 3 to the Existing DDA, as amended to date, including amendments effected pursuant to the Fourth Implementation Agreement) are hereby amended to refer to this Fifth Implementation Agreement.

(b) Section II.1 of the Schedule of Performance (Attachment No. 3 to the Existing DDA, as amended to date, including amendments effected pursuant to the Fourth Implementation Agreement) is hereby amended to change the outside date referenced therein to June 30, 2005.

3.5 Additional Points of Clarification.

3.5.1 Distinct Development Parcels. Notwithstanding any provisions of the DDA to the contrary, each of Development Parcel A-1 and A-3 henceforth shall be considered a distinct Development Parcel under the DDA. Accordingly:

(a) No default under the DDA with respect to a particular Development Parcel (or under an “Agreement to be Recorded Affecting Real Property”, “Loan Agreement” or “Public Use Lease” that has been executed and recorded with respect to such Development Parcel, as the same may be amended) shall affect the rights of any other owner of any other Development Parcel under the DDA (or the rights of any such other owner under any Agreement to be Recorded Affecting Real Property, Loan Agreement or Public Use Lease provided with respect to such owner’s Development Parcel), and

(b) The Agency agrees that it shall provide a “Certificate of Completion” (commonly referred to as a Release of Construction Covenants) for a Development Parcel upon completion of the development required with respect to such Development Parcel, independent of whether the development required with respect to another Development Parcel (or with respect to the Civic Parcel) has been completed. Further, from and after the date hereof, the DDA (and any “Loan Agreement”, “Public Use Lease” or “Agreement to be Recorded Affecting Real Property” that has been executed and recorded with respect to a Development Parcel) may be amended with respect to a particular Development Parcel through execution of an amendment executed by the Agency and the owner of said Development Parcel, and without any requirement that the owner of any other Development Parcel (or the Civic Parcel) must join in or otherwise approve said Amendment.

(c) In order to illustrate the intended effect of the foregoing, the parties acknowledge and agree that this Agreement may be amended, for example, with respect to Development Parcel A-1 or any Development Parcel within the E Property without any requirement that the owner of the Initial Shopping Center Parcel, Development Parcel A-3 or the Civic Parcel must join in or approve said amendment. Similarly, this Agreement may be amended with respect to the Initial Shopping Center Parcel, Development Parcel A-3 or the Civic Parcel without any requirement that the owner of the Development Parcel A-1 or any Development Parcel within the E Property must join in or approve said amendment.

(d) The provisions of this Section 3.5.1 are intended to supplement the provisions of the DDA regarding the separateness and independence of each of the Development Parcels under the DDA. The foregoing is not intended, however, to limit the effect of any separate agreements between owners of Development Parcels (or portions thereof) with respect to amendments to the DDA or to the various documents executed and delivered to implement the DDA (e.g., any such agreements set forth in the Overall REA).

3.5.2 *Clarification of Loan Amounts.* In order to clarify the amounts payable under the Loan Agreements contemplated by Section II.A.2 of the Method of Financing (Attachment No. 2 to the Existing DDA), the parties hereby amend and restate the table included in said section to read in its entirety as follows (it being agreed that the following shall replace the deleted provisions of Section 5.d of the Fourth Implementation Agreement):

Development Parcel	Loan Amount
B and C	\$1,876,000
A-1	\$1,246,758
A-3	Zero
Civic Parcel	Zero
D	\$70,000
E-1	\$720,000
E-2	\$455,000
E-3	\$990,000
F	\$1,160,000

The parties further acknowledge and agree that to the extent that any portion of the "Agreed Sales Parcel" previously designated with respect to Development Parcel D, E-1, E-2, E-3 or F is not located within said Development Parcel, the Loan Agreement with respect to said Development Parcel shall be provided by the Agency to the owner of Development Parcel A-3.

3.5.3 *Agency Cooperation.* The Agency further agrees to cooperate with and assist the Developer (or its successor owners as to any particular Development Parcel) in obtaining in an expeditious and cost effective manner any further governmental authorizations, or any amendments to any existing governmental authorizations, that may be necessary or appropriate for the development of the above described improvements.

4 *Implementing Documentation.* Following the 2004 Boundaries Adjustment Date, the Agency, Developer and the B/C Developer, as appropriate, shall take the following actions in order to further implement the transactions and development contemplated by this Fifth Implementation Agreement:

4.1 *Exchange of Documents Upon 2004 Boundaries Adjustment Date.* Promptly following the 2004 Boundaries Adjustment Date, the Agency, Developer and the B/C Developer, as appropriate, shall execute, deliver and, as appropriate, record the following documents in the following order (and to the extent that said documents contemplate the execution thereof by the City, the Agency further shall cause the City to execute and deliver said documents):

4.1.1 An amendment to that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel A) dated October 1, 2001 and recorded in the San Diego County recorder's Office on October 17, 2001 as document No. 2001-0751841, as amended by a First Amendment thereto dated as of August 17, 2004 and substantially in the form of Exhibit C-1 attached hereto.

4.1.2 An Amendment to that certain Loan Agreement (Parcel A-1) dated as of August 16, 2004 and filed in the Office of the City Clerk for the City of San Diego on October 7, 2004 as Document No. D-02842-a/R-02842. Said amendment shall be substantially consistent with the form thereof attached hereto as Exhibit C-2.

4.1.3 A new San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel A-3) substantially in the form of Exhibit D attached hereto.

4.1.4 An amendment to that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel E-1) dated October 1, 2001 and recorded in the San Diego County recorder's Office on October 17, 2001 as document No. 2001-0751843. Said amendment shall be substantially in the form of Exhibit E-1 attached hereto.

4.1.5 An amendment to that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel E-2) dated October 1, 2001 and recorded in the San Diego County recorder's Office on October 17, 2001 as document No. 2001-0751844. Said amendment shall be substantially in the form of Exhibit E-2 attached hereto.

4.1.6 An amendment to that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel E-3) dated October 1, 2001 and recorded in the San Diego County recorder's Office on October 17, 2001 as document No. 2001-0751845. Said amendment shall be substantially in the form of Exhibit E-3 attached hereto.

4.1.7 An amendment to that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel E-4) dated October 1, 2001 and recorded in the San Diego County recorder's Office on October 17, 2001 as document No. 2001-0751846. Said amendment shall be substantially in the form of Exhibit E-4 attached hereto.

4.1.8 An amendment to that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel B/C) dated October 1, 2001 and recorded in the San Diego County recorder's Office on October 17, 2001 as document No. 2001-0751837. Said amendment shall be substantially in the form of Exhibit F attached hereto.

4.1.9 An amendment to that certain Loan Agreement (Parcel B/C) dated October 1, 2001 and recorded on October 17, 2001 in the San Diego County recorder's office as

Document No. 2001-0751840. Said amendment shall be substantially consistent with the form thereof attached hereto as Exhibit G.

4.1.10 An amendment (the “**First Amendment to Parcel B/C Public Use Lease**”) to that certain Public Use Lease (Parcel B/C) dated March 20, 2001 and filed in the City Clerk’s Office for the City of San Diego on March 20, 2001 as Document No. 00-18933. The First Amendment to Parcel B/C Public Use Lease shall be substantially consistent with the form thereof attached hereto as Exhibit H.

4.1.11 A second amendment to the Existing Overall REA in the form attached hereto as Exhibit I (the “**Second Amendment to the Overall REA**”). The Agency hereby approves the form of the Second Amendment to the Overall REA. The term “**Overall REA**” as used in the DDA henceforth shall mean the Existing Overall REA as the same may be amended in accordance with the terms of this Fifth Implementation Agreement (and as the same may be further amended from time to time in accordance with the terms of the Overall REA and with the approval of the Executive Director of the Agency, it being understood that the Executive Director shall be authorized to enter into such amendments as may be reasonably necessary or appropriate in order to achieve, generally, the overall objectives of the DDA).

4.1.12 An amendment to that certain Subsequent B/C/D Declaration of Covenants, Conditions and Restrictions and Grant and Reservation of Rights and Easements for Gateway Project (Initial Shopping Center Parcel and Parcel D) dated as of October 1, 2001 and recorded on October 17, 2001 in the San Diego County recorder’s office as Document No. 2001-0751838. Said amendment shall be substantially consistent with the form thereof attached hereto as Exhibit J.

4.2 Approval of Amendment to Parcel A-1 Public Use Lease. The Agency further shall seek the approval by ordinance by the City of San Diego, as expeditiously as possible, of an amendment (the “**Amended and Restated Second Amendment to Parcel A-1 Public Use Lease**”) to that certain Public Use Lease dated March 20, 2001 and filed in the City Clerk’s Office for the City of San Diego on March 20, 2001 as Document No. 00-18932, as amended by an Amendment to Public Use Lease dated November 18, 2003 and filed in the City Clerk’s Office for the City of San Diego on January 13, 2004 as Document No. 00-19252 and by a Second Amendment thereto dated August 17, 2004 and filed in the City Clerk’s Office for the City of San Diego on September 14, 2004 as Document No. 00-18932-1. The Amended and Restated Second Amendment to Parcel A-1 Public Use Lease shall be substantially consistent with the form thereof attached hereto as Exhibit K.

4.3 Grant of Civic Parcel to City. Upon expiration of any applicable appeal or protest periods with respect to the City’s approval by ordinance of the Amended and Restated Second Amendment to Parcel A-1 Public Use Lease, the parties shall execute, deliver and record the following additional documents:

4.3.1 A grant deed to the Civic Parcel in the form of Exhibit L (the “**Civic Parcel Grant Deed**”), pursuant to which the Developer shall grant to the City fee title to the Civic Parcel. Said title shall be conveyed free and clear of all exceptions to title other than (i) exceptions to title of record as of the date hereof (excluding the Existing Subsequent Parcel A REA, which the Agency agrees the Developer shall have the right to terminate prior to said conveyance); (ii) exceptions to title created pursuant to the documents executed and delivered as contemplated by this Fifth Implementation Agreement (including without limitation documents executed and delivered in accordance with Section 2.2 or Section 4 of this Fifth Implementation Agreement); and (iii) such additional exceptions to title as may be created by the City or otherwise approved by the City.

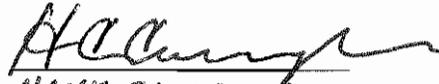
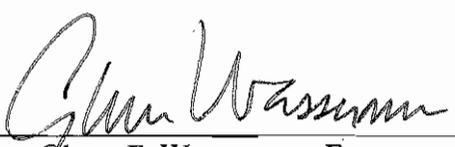
4.3.2 A Subsequent Reciprocal Easement Agreement and Cost Sharing Agreement (Parcel A-1, Civic Parcel and Parcel A-3) substantially in the form of Exhibit M attached hereto (as the same may be amended from time to time, the “**Subsequent A-1/Civic Parcel/A-3 REA**”).

4.4 Approval as to Form of Documents; Implementing Authority of Executive Director. The Agency hereby approves the form of all of the foregoing documents (as the same may be modified in the reasonable discretion of the Executive Director and the other parties thereto in order to implement the transactions contemplated by this Fifth Implementation Agreement), and the Agency authorizes the Executive Director to execute, deliver and, as appropriate, record all such documents (as the same may be so modified, as appropriate). The Executive Director further shall be authorized from time to time following execution, delivery and recordation of said documents to enter into such amendments, modifications or supplements to the DDA or said documents as the Executive Director may determine to be reasonably appropriate in order to further implement or facilitate the transactions contemplated by this Fifth Implementation Agreement.

5. Time for Acceptance of This Fifth Implementation Agreement by the Agency; Date of This Fifth Implementation Agreement. This Fifth Implementation Agreement when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency within forty-five (45) days after this Fifth Implementation Agreement is signed by the Developer or this Fifth Implementation Agreement may be terminated by the Developer on written notice to the Agency. This Fifth Implementation agreement is executed in five (5) duplicate originals, each of which is deemed to be an original. The effective date of this Fifth Implemental Agreement shall be the date first set forth above.

THE BALANCE OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

IN WITNESS WHEREOF, the Agency, the Developer and the B/C Developer have signed this Fifth Implementation Agreement as of the effective date set forth above.

<p>INTERNATIONAL GATEWAY ASSOCIATES, LLC, a Delaware limited liability company</p> <p>By:  Name: <u>JAMES C. RICHARDS</u> Title: <u>VICE PRESIDENT</u></p> <p>INTERNATIONAL GATEWAY I LLC, a Delaware limited liability company</p> <p>By:  Name: <u>JAMES C. RICHARDS</u> Title: <u>VICE PRESIDENT</u></p>	<p>THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO</p> <p>By:  Name: <u>HANK CUNNINGHAM</u> Title: <u>ASST.</u> Executive Director</p> <p>APPROVED AS TO FORM AND LEGALITY ON THIS <u>13</u> day of <u>December</u>, 2004.</p> <p>Agency General Counsel</p> <p>By:  Name: <u>Douglas Humphrey</u></p> <p>APPROVED: KANE, BALLMER & BERKMAN Agency Special Counsel</p> <p>By:  <u>Glenn F. Wasserman, Esq.</u></p>
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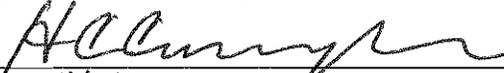
APPROVAL OF THE CITY OF SAN DIEGO

The City acknowledges that it has reviewed the foregoing Fifth Implementation Agreement and agrees that the City will take all actions reasonably necessary or appropriate in order to implement the transactions contemplated by said Fifth Implementation Agreement. The City of San Diego further hereby:

- (a) approves of the actions required by the DDA, as amended through the foregoing Fifth Implementation Agreement (including (i) Sections 3.1.1 and 3.3.1 of the Fifth Implementation Agreement regarding the allocation of parking space construction obligations among the applicable Development Parcels and (ii) the Deferred Improvement Agreements regarding the allocation to Development Parcel A-1 of the obligation to construct the "Phase IB" offsite improvements, and the provisions of Section 3.1.2 of the Fifth Implementation Agreement pertaining thereto), as a reasonable implementation of the requirements imposed by Coastal Development Permit/Site Development Permit No. 40-0338 (which permit is applicable to a portion of the Gateway Project), and the City further confirms that development of Development Parcel A-1 as contemplated by the Fifth Implementation Agreement shall be deemed to satisfy any such requirements of said permit to the extent that they apply to Development Parcel A-1,
- (b) confirms that, as contemplated by Sections 3.1.3, upon acceptance by the City of the Civic Parcel Grant Deed, any obligation of the Developer of Development Parcel A-1 to pay any development impact fees or housing trust fund fees in connection with the development of Development Parcel A-1, shall be deemed satisfied in full, and
- (c) approves of the development of parking on the E Property in accordance with Section 3.4.3 of the Fifth Implementation Agreement.

The City further acknowledges and agrees that the B/C Developer, the Developer and their respective successors and assigns (including without limitation their respective present and future lenders) may rely upon the provisions of this Approval in proceeding with the financing and redevelopment contemplated by, or otherwise reasonably necessary or appropriate to achieve the redevelopment contemplated by, the DDA, and in acquiring interests in the properties covered by the DDA.

THE CITY OF SAN DIEGO

By: 
Name: HANK CUNNINGHAM
Title: DIR. CPED ~~City Manager~~

APPROVED AS TO FORM AND
LEGALITY ON THIS 13 day
of Dec, 2004.

City Attorney of the City of San Diego

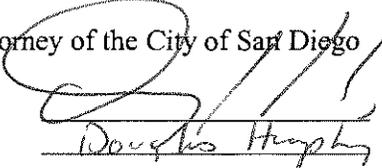
By: 
Name: Douglas M. Humphrey

EXHIBIT "A"

CLARIFICATION LETTERS DATED
MARCH 10, 2000 AND SEPTEMBER 21, 2001

See Attached

Note: [This is a clean copy of the version signed by the parties.
The signed copy is attached.]

LANDGRANT DEVELOPMENT UNLIMITED
12625 High Bluff Drive, Suite 212
San Diego, CA 92130

March 10, 2000

Redevelopment Agency
of the City of San Diego
202 "C" Street, 3rd Floor
Mail Station 3A
San Diego, CA 92101
Attn: Patricia K. Hightman

Re: International Gateway – Assignment of "Developer" Interest and Transfers of Funds and Property under First Implementation Agreement

Dear Pat:

As we have discussed on the telephone, LandGrant Development Unlimited ("LandGrant") is close to finalizing its arrangements with the J.E. Robert Company with respect to International Gateway Associates, LLC ("IGA"). In order to complete these arrangements, we would like to confirm with you certain mechanics by which LandGrant proposes to assign to IGA the rights of the "Developer" under the Disposition and Development Agreement for the Gateway project dated May 22, 1998 (the "Original DDA", and together with the First Implementation Agreement executed by LandGrant on February 7, 2000 and by the Agency on February 23, 2000 (the "First Implementation Agreement"), the "DDA"). More specifically, we propose to undertake the following transactions in order to effect the assignment of the DDA to IGA (capitalized terms not defined herein have the meanings given in the DDA):

(a) Concurrently herewith, IGA will be formed with the following two members:

(i) Gateway Retail Group, LLC, a California limited liability company ("Gateway Retail Group"), shall be the managing member of IGA. The managing member of Gateway Retail Group in turn is LandGrant.

(ii) JER International Gateway, LLC, a Delaware limited liability company ("JER Gateway") shall be the other member of IGA. JER Gateway is an investing affiliate of the J. E. Robert Companies. We previously have provided you with financial information demonstrating the considerable financial wherewithal of the J.E. Robert Companies.

(b) Shortly following the formation of IGA (and in any event before the June 1, 2000 date established in Section 300 of the First Implementation Agreement), IGA expects to acquire fee title to the real properties described in Exhibit "A" to this letter (the "Simons Participating Parcels"). These Participating Parcels will include the "Agreed Sales Parcels" to be identified by the Developer pursuant to the second, third, fourth and fifth paragraphs of Section III.C of the Method of Financing attached to the First Implementation Agreement as Attachment No. 2. In accordance with that Section and subject to the relevant conditions thereto set forth in the DDA, at such time as the respective mortgage loans and/or other financings are closed for the development of Development Parcels A, D, E-1, E-3, F and E-2, respectively, the Agency will provide the Developer with an agreement in the form of Attachment No. 14 to the DDA (referred to in the DDA as a "Loan Agreement", and sometimes referred to herein as a

"Contingent Purchase Price Reimbursement Agreement") for the applicable Development Parcel in order to evidence the Agency's obligation (which obligation itself is subject to certain conditions set forth in the DDA) to reimburse the Developer for the purchase price paid for the Agreed Sales Parcels identified pursuant to said paragraphs of Section III C and otherwise acquired by the Developer as part of the Participating Parcels.

(c) Concurrently with the purchase by IGA of the Simons Participating Parcels, Border Prospects, LLC, a Delaware limited liability company ("Border Prospects"), will acquire the Agreed Sales Parcels identified pursuant to the first paragraph of Section III.C of the Method of Financing. Border Prospects has entered into a purchase agreement with IGA pursuant to which IGA has the right to acquire such properties from Border Prospects and/or to cause Border Prospects to convey such properties to the Agency as Agreed Sales Parcels pursuant to a Purchase Agreement in the form of Attachment No. 12 to the DDA.

(d) Concurrently with the purchase by IGA of the Simons Participating Parcels, LandGrant shall assign to IGA its rights under existing purchase agreements to acquire all of the Added Sales Parcels. LandGrant now has entered into purchase agreements giving it the right to acquire all of the Added Sales Parcels. In accordance with Section III.B of the Method of Financing, IGA will inform the Agency on or before June 1, 2000 as to such Parcels, if any, that IGA will be unable to acquire through private transactions, in which event the Agency shall acquire such Parcels in accordance with (but subject to) the provisions of said Section III.B.

(e) Concurrently with the purchase by IGA of the Simons Participating Parcels, LandGrant will cause to be assigned to IGA an undivided interest in the DDA. As a consequence of said assignment, IGA and LandGrant have agreed that (i) IGA and LandGrant thereafter each shall act as "Co-Developers" under the DDA, with IGA having the right to direct all actions of the "Developer" thereunder, and (ii) LandGrant will not have the right to exercise rights as "Developer" under the DDA, except with the written consent of IGA. In connection therewith, and as contemplated by Section 300 of the First Implementation Agreement, the Guarantor concurrently shall be released from any further obligations with respect to the DDA. Since LandGrant will be continuing as a Co-Developer, however, LandGrant will not receive a release from DDA obligations (as contemplated by Section 300 of the First Implementation Agreement) until such time as LandGrant causes its interest as Co-Developer to be assigned to IGA in connection with the steps described in paragraphs (f) and (g) below.

(f) In accordance with Item IV.13 of the Schedule of Performance attached to the First Implementation Agreement as Attachment No. 3, the Agency shall purchase the Agreed Sales Parcels referenced in paragraph (c) above at or before the earlier of (1) thirty (30) days after approval by the Agency of the Final Construction Drawings and Specifications and Final Landscaping and Finish Grading Plans for Development Parcels B and C, or (2) November 23, 2001 (which date is twenty-one (21) months after execution of the First Implementation Agreement by the Agency). The funds for the acquisition of such Agreed Sales Parcels shall be provided by LandGrant making an advance to the Agency of the costs of acquiring such property, and in exchange (as contemplated by Section III.A of the Method of Financing) the Agency shall deliver to LandGrant the Contingent Purchase Price Reimbursement Agreement for Development Parcels B and C.

(g) Concurrently with the acquisition by the Agency of the Agreed Sales Parcels referenced in paragraphs (c) and (f) above, the Agency shall sell such Agreed Sales Parcels to LandGrant for the Purchase Price determined pursuant to Section I.A of the Method of Financing. Concurrently therewith, LandGrant (i) shall cause such Agreed Sales Parcels to be contributed to IGA (ii) shall cause to be contributed to IGA all of LandGrant's rights under the DDA to reimbursement of, or other payments with respect to, the advance made by LandGrant to the Agency to cover the purchase price for the

acquisition of such Agreed Sales Parcels, including without limitation any documents theretofore delivered to evidence such reimbursement obligation (e.g., the Contingent Purchase Price Reimbursement Agreement for Development Parcels B and C), and (iii) shall cause its interest as a Co-Developer under the DDA to be assigned to IGA, thereby leaving IGA as the sole "Developer" under the DDA. Concurrently therewith, LandGrant also shall be relieved of all further obligations under the DDA.

We believe that the above transactions are consistent in all material respects with the DDA and comply with the conditions of Section 300 of the DDA pertaining to an assignment of the rights of the Developer under the DDA to IGA. In order to confirm the Agency's agreement with these understandings, and in particular to confirm the Agency's agreement that it will not honor any exercise by LandGrant of any rights of the "Developer" under the DDA during the time period that LandGrant is serving as a Co-Developer with IGA (in accordance with paragraph (c) above) unless such exercise has been approved in writing by IGA, we would appreciate it if you would sign this letter in the place indicated below and return it to me. I then will provide a copy of this letter to IGA as well.

In connection with the foregoing, please review the following documents attached to this letter: (i) a form of the Assignment Document pursuant to which LandGrant will assign its rights as Developer under the DDA to IGA, and (ii) a form of estoppel that JER Gateway has requested that the Agency execute on or before the acquisition by IGA of the Simons Participating Parcels (as contemplated by paragraph (b) above). We also are asking you, by signing and returning this letter, to confirm the acceptability to the Agency of these forms of documents.

Thank you very much for your assistance with this matter. If you have any questions, please do not hesitate to give me a call.

Sincerely,

/s/

C. Samuel Marasco III
President

LANDGRANT DEVELOPMENT UNLIMITED

By my signature below, I hereby confirm the agreement of the Agency to the understandings set forth above in this letter.

/s/

Patricia K. Hightman
Deputy Executive Director
REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO
Date: March 10, 2000

EXHIBIT "A"

Simons' Participating Parcels



BAROB
ORDER NO. 1170746-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 33, 34, 35, 36, 39 AND 40 IN BLOCK 11; LOT 33 IN BLOCK 12; LOTS 33 AND 34 IN BLOCK 13; LOTS 19, 20, 21, 22, 23, 33, 34 AND 37 IN BLOCK 14; LOTS 4, 5, 10, 11, 12, 19, 20, 40, THE SOUTH 1/2 OF LOTS 1, 2, 3; THE SOUTH 1/2 OF LOTS 6, 7, AND 8 IN BLOCK 27; LOTS 8, 9 AND 46 IN BLOCK 28; LOT 48 IN BLOCK 29; ALL OF TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY AUGUST 29, 1888.

EXCEPTING THEREFROM ALL OIL, GAS AND MINERAL RIGHTS IN AND UNDER SAID LAND, AS RESERVED AND EXCEPTED BY PREVIOUS DEEDS OF RECORD.

ALSO EXCEPTING THEREFROM THOSE PORTIONS OF SAID BLOCK 27, LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE INTERSECTION OF THE QUARTER SECTION LINE OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 2 WEST WITH A POINT ON THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF MEXICO; THENCE NORTHEASTERLY ALONG SAID BOUNDARY LINE 1276.93 FEET TO THE TRUE POINT OF BEGINNING, HAVING COORDINATES OF 137,393.11782 NORTH AND 1,757,790.86772 EAST, ZONE 6, SAID POINT BEING ALSO A POINT ON THE ARC OF A 3,225.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY, A RADIAL TO SAID POINT BEARS NORTH 26°10'50" EAST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 19°50'50", A DISTANCE OF 1,117.14 FEET, A RADIAL TO SAID POINT BEARS NORTH 06°20'00" EAST; THENCE NORTH 00°34'24" EAST, 21.23 FEET; THENCE NORTH 89°25'36" WEST, 621.92 FEET, DISTANT THEREON NORTH 89°25'36" WEST, 68.54 FEET FROM THE EASTERLY LINE OF LOT 18 OF TIA JUANA CITY, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY; THENCE NORTH 83°08'58" WEST, 2,515.06 FEET; AS PER FINAL ORDER OF CONDEMNATION RECORDED AUGUST 29, 1979, AS FILE NO. 363927 OF OFFICIAL RECORDS.

TOGETHER WITH THAT PORTION OF ST. LOUIS AVENUE ADJOINING SAID LOTS 32, 33, 34, 35, 36, 39 AND 40, BLOCK 11 ON THE EAST AS VACATED AND CLOSED TO PUBLIC USE BY INSTRUMENT RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 15, 1949 IN BOOK 3319, PAGE 343 OF OFFICIAL RECORDS.



PARCEL 2:

THE WEST HALF OF THE WEST HALF OF LOT 4 IN SECTION 1, TOWNSHIP 19 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY.

EXCEPTING THEREFROM AN UNDIVIDED 50 PERCENT INTEREST IN THE WELL SITES, AS SAID WELLS WERE LOCATED ON FEBRUARY 20, 1959.

ALSO EXCEPTING THEREFROM ALL THAT PORTION LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE INTERSECTION OF THE QUARTER SECTION LINE OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 2 WEST WITH A POINT ON THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF MEXICO; THENCE NORTHEASTERLY ALONG SAID BOUNDARY LINE 1276.93 FEET TO THE TRUE POINT OF BEGINNING, HAVING COORDINATES OF 137,393.11782 NORTH AND 1,757,790.86772 EAST, ZONE 6, SAID POINT BEING ALSO A POINT ON THE ARC OF A 3,225.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY, A RADIAL TO SAID POINT BEARS NORTH 26°10'50" EAST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 19°50'50", A DISTANCE OF 1,117.14 FEET, A RADIAL TO SAID POINT BEARS NORTH 06°20'00" EAST; THENCE NORTH 00°34'24" EAST, 21.23 FEET; THENCE NORTH 89°25'36" WEST, 621.92 FEET; DISTANT THEREON NORTH 89°25'36" WEST, 68.54 FEET FROM THE EASTERLY LINE OF LOT 18 OF TIA JUANA CITY, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY; THENCE NORTH 83°08'58" WEST, 2,515.06 FEET; THENCE NORTH 89°25'36" WEST, 1,075.34 FEET TO A POINT ON THE WESTERLY LINE OF LOT 1 OF SECTION 2, TOWNSHIP 19 SOUTH, RANGE 2 WEST, SAN BERNARDINO BASE AND MERIDIAN; THENCE CONTINUING NORTH 89°25'36" WEST, 82.17 FEET TO THE BEGINNING OF A TANGENT 150.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 85°31'28", A DISTANCE OF 223.91 FEET; THENCE SOUTH 86°05'52" 10.00 FEET; THENCE NORTH 03°54'08" WEST, 1,786.70 FEET TO THE BEGINNING OF A TANGENT 1,840.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 56°34'28", A DISTANCE OF 1,816.84 FEET TO A POINT TO WHICH A RADIAL BEARS NORTH 29°31'24" EAST, BEING A POINT ON THE WESTERLY LINE OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 19 SOUTH, RANGE 2 WEST, S.B.B.M.; THENCE NORTH 00°36'00" EAST ALONG SAID WESTERLY LINE, 24.17 FEET; THENCE NORTH 62°53'01" WEST, 1,347.74 FEET TO A POINT ON THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 2; THENCE NORTH 89°34'16" WEST, 123.36 FEET TO A POINT OF TERMINUS ON THE CENTERLINE OF DAIRY MART ROAD AS SAID STREET IS LOCATED AND ESTABLISHED ON SEPTEMBER 22, 1977.



PARCEL 3:

THAT PORTION OF THE EAST HALF OF THE WEST HALF OF LOT 4, SECTION 1, TOWNSHIP 19 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID EAST HALF OF THE WEST HALF OF LOT 4; THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID LOT A DISTANCE OF 208.71 FEET; THENCE SOUTHERLY PARALLEL WITH THE WESTERLY LINE OF SAID EAST HALF A DISTANCE OF 208.71 FEET; THENCE WESTERLY PARALLEL WITH THE NORTHERLY LINE OF SAID LOT A DISTANCE OF 208.71 FEET TO A POINT ON THE WESTERLY LINE OF SAID EAST HALF; THENCE NORTHERLY ALONG THE WESTERLY LINE OF SAID EAST HALF, 208.71 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM, AN UNDIVIDED 50 PERCENT INTEREST IN THE WELL SITES, AS SAID WELLS WERE LOCATED ON FEBRUARY 20, 1959.

ALSO EXCEPTING THEREFROM ALL THAT PORTION LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE INTERSECTION OF THE QUARTER SECTION LINE OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 2 WEST WITH A POINT ON THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF MEXICO; THENCE NORTHEASTERLY ALONG SAID BOUNDARY LINE 1276.93 FEET TO THE TRUE POINT OF BEGINNING, HAVING COORDINATES OF 137393.11782 NORTH AND 1,757,790.86772 EAST, ZONE 6, SAID POINT BEING ALSO A POINT ON THE ARC OF A 3,225.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY, A RADIAL TO SAID POINT BEARS NORTH 26°10'50" EAST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 19°50'50", A DISTANCE OF 1,117.14 FEET, A RADIAL TO SAID POINT BEARS NORTH 06°20'00" EAST; THENCE NORTH 00°34'24" EAST, 21.23 FEET; THENCE NORTH 89°25'36" WEST, 621.92 FEET, DISTANT THEREON NORTH 89°25'36" WEST, 68.54 FEET FROM THE EASTERLY LINE OF LOT 18 OF TIA JUANA CITY, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY; THENCE NORTH 83°08'58" WEST, 2,515.06 FEET; THENCE NORTH 89°25'36" WEST, 1,075.34 FEET TO A POINT ON THE WESTERLY LINE OF LOT 1 OF SECTION 2, TOWNSHIP 19 SOUTH, RANGE 2 WEST, SAN BERNARDINO BASE AND MERIDIAN; THENCE CONTINUING NORTH 89°25'36" WEST, 82.17 FEET TO THE BEGINNING OF A TANGENT 150.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 85°31'28", A DISTANCE OF 223.91 FEET; THENCE SOUTH 86°05'52" 10.00 FEET; THENCE NORTH 03°54'08" WEST, 1,786.70 FEET TO THE BEGINNING OF A TANGENT 1,840.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 56°34'28", A DISTANCE OF 1,816.84 FEET TO A POINT TO WHICH A RADIAL BEARS NORTH 29°31'24" EAST, BEING A POINT ON THE WESTERLY LINE OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 19 SOUTH, RANGE 2 WEST, S.B.B.M.; THENCE NORTH 00°36'00" EAST ALONG SAID WESTERLY LINE, 24.17 FEET; THENCE NORTH 62°53'01" WEST, 1,347.74 FEET TO A POINT ON THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 2; THENCE NORTH 89°34'16" WEST, 123.36 FEET TO



ORDER NO. 1170746-20

A POINT OF TERMINUS ON THE CENTERLINE OF DAIRY MART ROAD AS SAID STREET IS LOCATED AND ESTABLISHED ON SEPTEMBER 22, 1977.

PARCEL 4:

THE EAST HALF OF LOT 4, IN SECTION 1, AND THE EAST HALF OF THE WEST HALF OF LOT 4, IN SECTION 1, ALL IN TOWNSHIP 19 SOUTH, RANGE 2 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY.

EXCEPTING FROM SAID EAST HALF OF THE WEST HALF OF LOT 4 THE NORTHERLY 208.71 FEET OF THE WESTERLY 208.71 FEET THEREOF.

ALSO EXCEPTING THEREFROM AN UNDIVIDED 50 PERCENT INTEREST IN THE WELL SITES, AS SAID WELLS WERE LOCATED ON FEBRUARY 20, 1959.

ALSO EXCEPTING THEREFROM ALL THAT PORTION LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE INTERSECTION OF THE QUARTER SECTION LINE OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 2 WEST WITH A POINT ON THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF MEXICO; THENCE NORTHEASTERLY ALONG SAID BOUNDARY LINE 1276.93 FEET TO THE TRUE POINT OF BEGINNING, HAVING COORDINATES OF 137,393.11782 NORTH AND 1,757,790.86772 EAST, ZONE 6, SAID POINT BEING ALSO A POINT ON THE ARC OF A 3,225.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY, A RADIAL TO SAID POINT BEARS NORTH 26°10'50" EAST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 19°50'50", A DISTANCE OF 1,117.14 FEET, A RADIAL TO SAID POINT BEARS NORTH 06°20'00" EAST; THENCE NORTH 00°34'24" EAST, 21.23 FEET; THENCE NORTH 89°25'36" WEST, 621.92 FEET, DISTANT THEREON NORTH 89°25'36" WEST, 68.54 FEET FROM THE EASTERLY LINE OF LOT 18 OF TIA JUANA CITY, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY; THENCE NORTH 83°08'58" WEST, 2,515.06 FEET; THENCE NORTH 89°25'36" WEST, 1,075.34 FEET TO A POINT ON THE WESTERLY LINE OF LOT 1 OF SECTION 2, TOWNSHIP 19 SOUTH, RANGE 2 WEST, SAN BERNARDINO BASE AND MERIDIAN; THENCE CONTINUING NORTH 89°25'36" WEST, 82.17 FEET TO THE BEGINNING OF A TANGENT 150.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 85°31'28", A DISTANCE OF 223.91 FEET; THENCE SOUTH 86°05'52" 10.00 FEET; THENCE NORTH 03°54'08" WEST, 1,786.70 FEET TO THE BEGINNING OF A TANGENT 1,840.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 56°34'28", A DISTANCE OF 1,816.84 FEET TO A POINT TO WHICH A RADIAL BEARS NORTH 29°31'24" EAST, BEING A POINT ON THE WESTERLY LINE OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 19 SOUTH, RANGE 2 WEST, S.B.B.M.; THENCE NORTH 00°36'00" EAST ALONG SAID WESTERLY LINE, 24.17 FEET; THENCE NORTH 62°53'01" WEST, 1,347.74 FEET TO A POINT ON THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 2; THENCE NORTH 89°34'16" WEST, 123.36 FEET TO A POINT OF TERMINUS ON THE CENTERLINE OF DAIRY MART ROAD AS SAID STREET IS LOCATED AND ESTABLISHED ON SEPTEMBER 22, 1977.



BAROB
~~ESTATE~~
ORDER NO. 1170755-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

LOTS 1 THROUGH 5 INCLUSIVE, BLOCK 29 AND LOTS 1, 2, 10, 11 AND 12, BLOCK 30, TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 29, 1888.

PARCEL B:

LOT 10, BLOCK 29, TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 29, 1888.



64208
ORDER NO. 1170757-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

LOTS 35, 36, 37 AND 38, BLOCK 15 OF TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 29, 1888.



BAROB
ORDER NO. 1170758-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

LOTS 19 THROUGH 24 INCLUSIVE IN BLOCK 16 OF TIA JUANA CITY TRACT, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON AUGUST 29, 1888.

PARCEL B:

LOTS 10 THROUGH 18 INCLUSIVE IN BLOCK 15 OF TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 29, 1888.

THE EAST HALF OF THE EAST HALF OF LOT 1 IN SECTION 2, TOWNSHIP 19 SOUTH,
RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF SAN DIEGO, COUNTY
OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT WHEREOF.

(also known as A.P.N. 666-220-14)



BARCO/BAROB
ORDER NO. 1175812-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

LOTS 31 TO 34, INCLUSIVE, IN BLOCK 15 OF TIA JUANA, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 29, 1888.



BARCO/BAROB
ORDER NO. 1175811-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

LOTS 1 AND 2 IN BLOCK 15 OF MIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCEPTING THAT PORTION DESCRIBED IN DEED TO THE STATE OF CALIFORNIA, RECORDED JULY 22, 1969, AS DOCUMENT NO. 130751 OF OFFICIAL RECORDS AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1 IN BLOCK 15, ACCORDING TO SAID MAP NO. 562, THENCE ALONG THE WESTERLY LINE OF SAID LOT 1, SOUTH $0^{\circ}28'53''$ WEST 0.81 FEET, THENCE LEAVING SAID WESTERLY LINE FROM A TANGENT BEARING SOUTH $85^{\circ}51'33''$ EAST ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 470.00 FEET THROUGH A CENTRAL ANGLE OF $17^{\circ}30'13''$ A DISTANCE OF 143.58 FEET TO THE EASTERLY LINE OF LOT 2 IN SAID BLOCK 15; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 2 AND 1, NORTH $0^{\circ}28'53''$ EAST 30.81 FEET TO THE NORTHEASTERLY CORNER OF SAID LOT 1, THENCE ALONG THE NORTHERLY LINE OF SAID LOT 1, NORTH $89^{\circ}12'55''$ WEST 139.69 FEET TO THE POINT OF BEGINNING.

THE BEARING AND DISTANCES USED IN THE ABOVE DESCRIPTION ARE ON THE CALIFORNIA COORDINATE SYSTEM, ZONE 6, MULTIPLY ALL DISTANCES USED IN THE ABOVE DESCRIPTION BY 0.9999565 TO OBTAIN GROUND LEVEL DISTANCES.



BARCO/BAROB
ORDER NO. 1170758-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

PARCEL C:

LOTS 39 AND 40 IN BLOCK 15 OF TIA JUANA CITY TRACT, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 29, 1888.

PARCEL D:

LOTS 43 AND 44 IN BLOCK 15 OF TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 29, 1888.

EXCEPTING THEREFROM THAT PORTION DESCRIBED IN DEED TO THE STATE OF CALIFORNIA, RECORDED APRIL 9, 1969 AS DOCUMENT NO. 60587 OF OFFICIAL RECORDS AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 44 IN BLOCK 15 OF TIA JUANA CITY, ACCORDING TO SAID MAP NO. 562; THENCE ALONG THE EASTERLY LINE OF SAID LOTS 44 AND 43, SOUTH $0^{\circ}28'53''$ WEST 30.69 FEET; THENCE LEAVING SAID EASTERLY LINE FROM A TANGENT BEARING NORTH $45^{\circ}1'46''$ WEST ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 470.00 FEET THROUGH A CENTRAL ANGLE OF $05^{\circ}39'55''$ A DISTANCE OF 46.47 FEET TO THE NORTHERLY LINE OF SAID LOT 44; THENCE ALONG SAID NORTHERLY LINE SOUTH $89^{\circ}12'55''$ EAST 34.71 FEET TO THE POINT OF BEGINNING.



WESTPORT
ORDER NO. 1170751-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

LOTS 1 THROUGH 28 INCLUSIVE AND 33 THROUGH 48 INCLUSIVE IN BLOCK 25 OF TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 29, 1888.

EXCEPTING THEREFROM THAT PORTION THEREOF CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED MARCH 29, 1971 AS FILE NO. 59313 OF OFFICIAL RECORDS, BEING A STRIP OF LAND 60 FEET IN WIDTH, THE NORTHERLY LINE THEREOF BEING PARALLEL WITH AND 60 FEET NORTHERLY FROM THE INTERNATIONAL BOUNDARY LINE BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF MEXICO.

ALSO EXCEPTING THEREFROM THAT PORTION CONDEMNED BY FINAL ORDER OF CONDEMNATION, RECORDED DECEMBER 18, 1979 AS FILE NO. 79-527564 AND AS FILE NO. 79-527565, BOTH OF OFFICIAL RECORDS LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE INTERSECTION OF THE QUARTER SECTION LINE OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 2 WEST, WITH A POINT ON THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF MEXICO; THENCE NORTHEASTERLY ALONG SAID BOUNDARY LINE 1276.93 FEET TO THE TRUE POINT OF BEGINNING, HAVING COORDINATES OF 137,393.11782 NORTH AND 1,757,790.86772 EAST, ZONE 6, SAID POINT BEING ALSO A POINT ON THE ARC OF A 3,225.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY, A RADIAL TO SAID POINT BEARS NORTH 26°10'50" EAST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 19°50'50" A DISTANCE OF 1,117.14 FEET, A RADIAL TO SAID POINT BEARS NORTH 06°20'00" EAST.

PARCEL B:

LOTS 1 THROUGH 23 INCLUSIVE AND 36 THROUGH 48 INCLUSIVE, IN BLOCK 26 OF TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 29, 1888.

EXCEPTING THEREFROM THAT PORTION CONDEMNED BY FINAL ORDER OF CONDEMNATION, RECORDED DECEMBER 18, 1979 AS FILE NO. 79-527564 AND AS FILE NO. 79-527565, BOTH OF OFFICIAL RECORDS, LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:



ORDER NO. 1170751-20

COMMENCING AT THE INTERSECTION OF THE QUARTER SECTION LINE OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 2 WEST, WITH A POINT ON THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF MEXICO; THENCE NORTHEASTERLY ALONG SAID BOUNDARY LINE 1276.93 FEET TO THE TRUE POINT OF BEGINNING, HAVING COORDINATES 137,393.11782 NORTH AND 1,757,790.86772 EAST, ZONE 6. SAID POINT BEING ALSO A POINT ON THE ARC OF A 3,225.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY, A RADIAL TO SAID POINT BEARS NORTH 26°10'50" EAST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 19°50'50", A DISTANCE OF 1,117.14 FEET, A RADIAL TO SAID POINT BEARS NORTH 06°20'00" EAST.



B-R GROUP | LEONARD
ORDER NO. 1170747-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

LOTS 23, 24, 25, 26, 27, 28, 29 AND 30 IN BLOCK 11, OF TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AS PER MAP #562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SAN DIEGO, CALIF.

TOGETHER WITH THAT PORTION OF ST. LOUIS AVENUE ADJOINING SAID LOT 30 ON THE EAST AS VACATED AND CLOSED TO PUBLIC USE BY RESOLUTION, RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 15, 1949 IN BOOK 3319, PAGE 343 OF OFFICIAL RECORDS.



Simco
ORDER NO. 1170750-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

LOTS 1 THROUGH 32 AND 34 THROUGH 48 IN BLOCK 12; LOTS 1 THROUGH 32 AND 35 THROUGH 48 IN BLOCK 13; LOTS 1 THROUGH 18, LOTS 31, 32, 35, 36, 38, 39, 41, 42, 43, 44, 46, 47 AND 48 IN BLOCK 14; LOTS 3 THROUGH 9, 13 THROUGH 16, AND 44 THROUGH 48 IN BLOCK 30; LOTS 11 THROUGH 18 AND 43 THROUGH 47 IN BLOCK 29; LOTS 1 THROUGH 7, LOTS 10 THROUGH 18, LOTS 43, 44 AND 45, LOTS 47 AND 48 IN BLOCK 28; THENCE NORTH HALF OF LOTS 1, 2 AND 3, THE NORTH HALF OF LOTS 6, 7 AND 8, LOT 9, LOTS 13 THROUGH 18; LOT 41 THROUGH 48 IN BLOCK 27 ALL OF TIA JUANA CITY, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY AUGUST 29, 1888.

EXCEPTING THEREFROM ALL OIL, GAS AND MINERAL RIGHTS IN AND UNDER SAID LAND, AS RESERVED AND EXCEPTED BY PREVIOUS DEEDS OF RECORD.

ALSO EXCEPTING THEREFROM THOSE PORTIONS OF SAID BLOCKS 27, 28, 29 AND 30, LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE INTERSECTION OF THE QUARTER SECTION LINE OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 2 WEST WITH A POINT ON THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF MEXICO; THENCE NORTHEASTERLY ALONG SAID BOUNDARY LINE 1276.93 FEET TO THE TRUE POINT OF BEGINNING, HAVING COORDINATES OF 137393.11782 NORTH AND 1,757,790.86772 EAST, ZONE 6, SAID POINT BEING ALSO A POINT ON THE ARC OF A 3,225.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY, A RADIAL TO SAID POINT BEARS NORTH 26°10'50" EAST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 19°50'50", A DISTANCE OF 1,117.14 FEET, A RADIAL TO SAID POINT BEARS NORTH 06°20'00" EAST; THENCE NORTH 00°34'24" EAST, 21.23 FEET; THENCE NORTH 89°25'36" WEST, 621.92 FEET, DISTANT THEREON NORTH 89°25'36" WEST, 68.54 FEET FROM THE EASTERLY LINE OF LOT 18 OF TIA JUANA CITY, ACCORDING TO MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY; THENCE NORTH 83°08'58" WEST, 2,515.06 FEET; AS PER FINAL ORDER OF CONDEMNATION RECORDED AUGUST 29, 1979, AS FILE NO. 363927 OF OFFICIAL RECORDS.

TOGETHER WITH THAT PORTION OF ST. LOUIS AVENUE ADJOINING SAID LOTS 1 THROUGH 19, BLOCK 12 ON THE WEST VACATED AND CLOSED TO PUBLIC USE BY INSTRUMENT RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 15, 1949 IN BOOK 3319, PAGE 343 OF OFFICIAL RECORDS.



SIMCD
ORDER NO. 1170767-20

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO, AND IS DESCRIBED AS FOLLOWS:

LOTS 41 AND 42 IN BLOCK 15 OF TIA JUANA CITY TRACT, ACCORDING TO THE MAP THEREOF NO. 562, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY, AUGUST 29, 1888.

INTERNATIONAL GATEWAY ASSOCIATES
12625 High Bluff Drive, Suite 212
San Diego, CA 92130

September 21, 2001

Redevelopment Agency
of the City of San Diego
600 "B" Street, Fourth Floor
MS 904
San Diego, CA 92101-4506
Attn: Patricia K. Hightman

Re: International Gateway – Acquisition by Developer of Participating Parcels

Dear Pat:

As we have discussed, International Gateway Associates, LLC ("IGA") is working towards the recordation of a new subdivision map with respect to, as well as a closing of the initial mortgage loan financing for, the portion of the International Gateway project defined as "Development Parcels B and C" under the Disposition and Development Agreement between LandGrant Development Unlimited ("LDU") and the Redevelopment Agency of the City of San Diego (the "Agency") dated May 22, 1998 (as amended to date, the "DDA"). Said Development Parcels are referred to herein as "Development Parcel B/C."

Since the execution of the DDA and a clarifying letter dated March 10, 2000 (the "Prior Letter Agreement"), IGA (as assignee of a portion of the interest of the "Developer" under the DDA) and the Agency have determined that it will be beneficial for the timely construction of the improvements contemplated by the DDA for Development Parcel B/C for IGA to acquire the property within all Development Parcels in advance of (i) the closing of the mortgage loan and/or other financing for Development Parcel B/C contemplated by item IV.21 of the Schedule of Performance attached to the DDA and (ii) the provision by the Agency of the "Loan Agreement" (referred to in the Prior Letter Agreement as a "Contingent Purchase Price Reimbursement Agreement") for such Development Parcel. IGA intends to acquire most of such property which it does not yet own from Border Prospects, LLC ("Border Prospects") through the escrow established pursuant to the Purchase Agreement dated March 10, 2000 between Border Prospects and IGA (the "Border Prospects/IGA Purchase Agreement"). Such property shall become part of the "Participating Parcel" under the DDA within the applicable Development Parcel in which it is located.

The purpose of this letter is to confirm our understanding of the following mechanics to be followed by LDU, IGA, Border Prospects and the Agency in order to implement the transactions contemplated by the DDA in a manner consistent with the construction schedule envisioned above:

(i) Pursuant to Section III.C of the Method of Financing attached to the DDA, at or before the closing of the mortgage loan for development of Development Parcel B/C, LDU

and IGA shall designate, from within the Participating Parcel theretofore acquired by IGA from within Development Parcel B/C, the real property that (for purposes of the DDA with respect to Development Parcel B/C) shall constitute the "Agreed Sales Parcel" applicable to Development Parcel B/C. Concurrently with the foregoing, LDU and IGA shall designate, from within the Participating Parcel theretofore acquired by IGA within Development Parcel A, the real property that (for purposes of the DDA with respect to each of Development Parcels A, D, E-1, E-2, E-3 and F) shall constitute the "Agreed Sales Parcel" applicable to each such respective Development Parcel.

(ii) In lieu of the Agency acquiring any property related to Development Parcel B/C and selling the same to LDU (for further transfer to IGA), as referred to in the first paragraph of Section III.C of the Method of Financing attached to the DDA and paragraphs (e), (f) and (g) of the Prior Letter Agreement, IGA (as LDU's designee) shall acquire such property directly from Border Prospects pursuant to the Border Prospects/IGA Purchase Agreement.

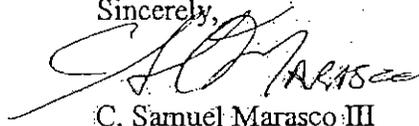
(iii) As contemplated by Section III.C of the Method of Financing attached to the DDA, concurrently with the closing of the mortgage loan and/or other financing for development of Development Parcel B/C, the Agency shall provide to IGA (as LDU's designee, or to another party designated by IGA, with the approval of the Agency, to serve thereafter as the "Developer" under the DDA with respect to Development Parcel B/C (the "B/C Developer")), a Contingent Purchase Price Reimbursement Agreement with respect to Development Parcel B/C.

(iv) Pending completion of the steps outlined in paragraph (iii) above with respect to Development Parcel B/C, LDU shall continue as a "Co-Developer" under the DDA, as contemplated by paragraph (e) of the Prior Letter Agreement. Upon completion of such step, LDU shall assign its remaining "Co-Developer" interest under the DDA with respect to Development Parcel B/C to B/C Developer, and LDU shall be relieved of all further obligations under the DDA with respect to Development Parcel B/C.

(v) As contemplated by Section III.C of the Method of Financing attached to the DDA, the Agency further shall provide to IGA (as LDU's designee), concurrently with the closing of the mortgage loan and/or other financing for development of Development Parcel A, a Contingent Purchase Price Reimbursement Agreement with respect to such Development Parcel (which IGA shall be permitted to assign to a designee that has been approved by the Agency, in accordance with the DDA, as the "Developer" with respect to such Development Parcel). Also as contemplated by Section III.C of the Method of Financing attached to the DDA, the Agency shall provide to IGA or other then owner of Development Parcel A, concurrently with the closing of the mortgage loan and/or other financing for development of Development Parcel D, E-1, E-2, E-3 or F, as applicable, a Contingent Purchase Price Reimbursement Agreement related to the Agreed Sales Parcel within Parcel A which has been designated for the respective Development Parcel, as referred to in paragraph (i) above (which IGA, if it remains the owner of Development Parcel A, shall be required to accept as the "Developer" of the applicable Development Parcel, if it does remain the Developer, or which IGA shall be required to assign to any designee that has been approved by the Agency as the "Developer" with respect to the applicable Development Parcel; or which such other then owner of Development Parcel A shall be required to assign to any designee that has been approved by the Agency as the "Developer" with respect to the applicable Development Parcel).

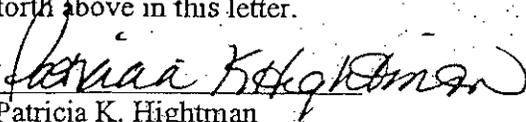
Thank you very much for your assistance with this matter. In order to confirm your agreement with these understandings, please sign in the place indicated below and return to me. If you have any questions, please do not hesitate to give me a call.

Sincerely,



C. Samuel Marasco III
President, LandGrant Development Unlimited,
as Managing Member of Gateway Retail Group, LLC,
as Managing Member of
INTERNATIONAL GATEWAY ASSOCIATES, LLC

By my signature below, I hereby confirm the agreement of the Agency to the understandings set forth above in this letter.

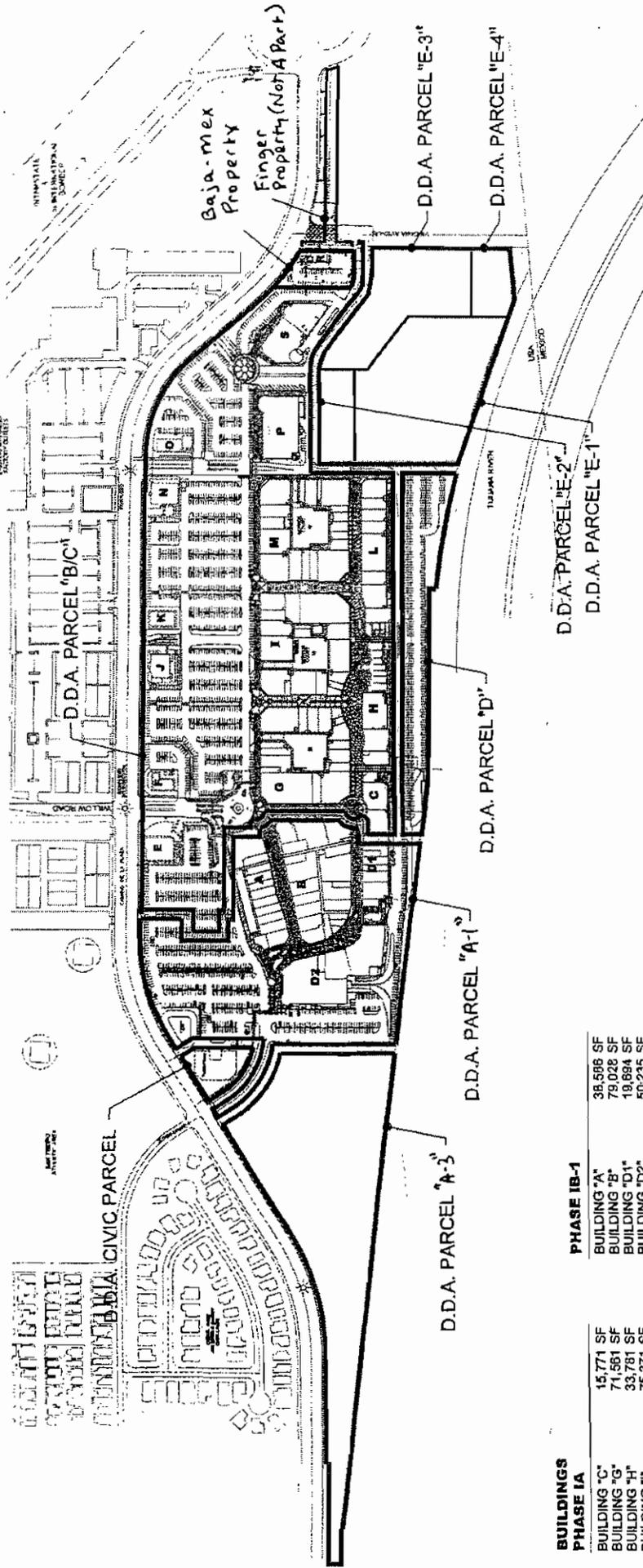


Patricia K. Hightman
Assistant Deputy Director
REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO
Date: September 21, 2001

EXHIBIT "B-1"

AMENDED SITE MAP

The attached map shall constitute the Amended Site Map for the DDA. The Amended Site Map shows the general layout of (i) Development parcels E-1, E-2, E-3, E-4, D, B/C, A-1, A-3 and the Civic Parcel, (ii) the Baja-Mex Property, (iii) the Finger Property, and (iv) the general layout of the existing and contemplated building improvements on Development Parcels B/C and A-1. Note the depicted boundaries are illustrative only; in the event of any inconsistency between the map and the boundaries of the Development Parcels as described in the DDA, the boundaries as described in the DDA shall control.



BUILDINGS PHASE 1A

BUILDING "C"	15,771 SF
BUILDING "G"	71,561 SF
BUILDING "H"	33,761 SF
BUILDING "I"	76,371 SF
BUILDING "L"	42,390 SF
BUILDING "M"	75,797 SF
BUILDING "N"	25,192 SF
BUILDING "S"	23,952 SF
SUB-TOTAL	363,855 SF
PAD "F"	4,660 SF
PAD "J"	5,000 SF
PAD "K"	5,000 SF
PAD "N"	6,005 SF
PAD "O"	4,821 SF
SUB-TOTAL	25,506 SF
TOTAL PHASE 1A	389,361 SF

PHASE 1B-1

BUILDING "A"	38,596 SF
BUILDING "B"	79,028 SF
BUILDING "D1"	19,694 SF
BUILDING "D2"	50,235 SF
SUB-TOTAL	187,543 SF
PAD "E"	8,000 SF
TOTAL GLA	195,543 SF
GRAND-TOTAL PHASE 1A & 1B-1	584,904 SF



Las Americas
La Puerta • The Gateway



Douglas Wilson Companies

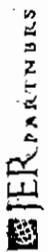


EXHIBIT 6-1
AMENDED SITE PLAN
19 OCTOBER, 2004

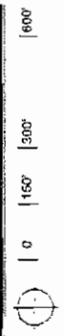


EXHIBIT "B-2"

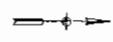
2004 EAST SIDE MAP

See Attached

PARCEL MAP NO.

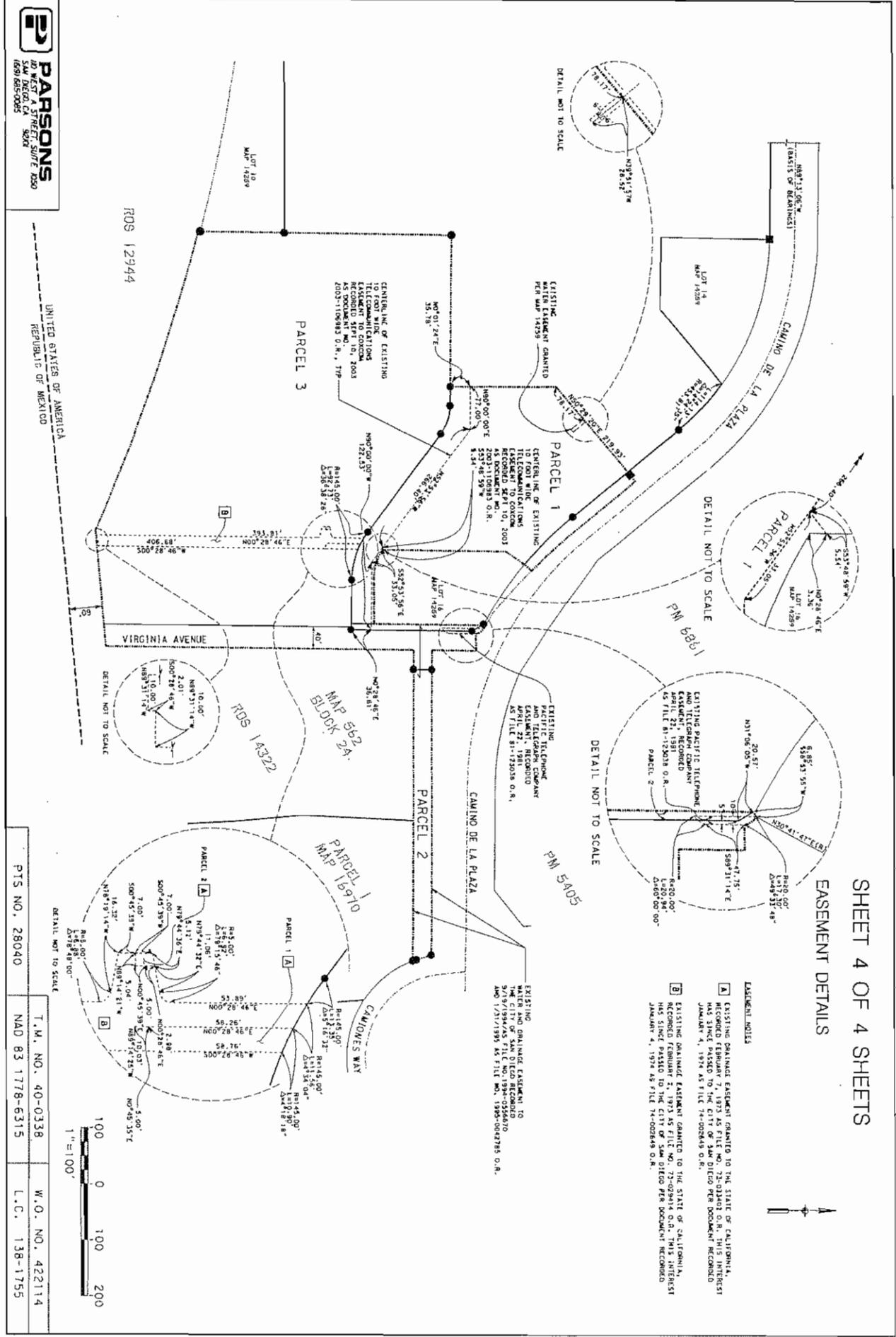
SHEET 4 OF 4 SHEETS

EASEMENT DETAILS



EASEMENT NOTES

- A** EXISTING DRAINAGE EASEMENT GRANTED TO THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO AND THE CITY OF SAN DIEGO PER DOCUMENT RECORDED JANUARY 4, 1934 AS FILE 74-028349 O.R.
- B** EXISTING DRAINAGE EASEMENT GRANTED TO THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO AND THE CITY OF SAN DIEGO PER DOCUMENT RECORDED FEBRUARY 2, 1935 AS FILE NO. 73-02914 O.R. THIS INTEREST HAS SINCE PASSED TO THE CITY OF SAN DIEGO PER DOCUMENT RECORDED JANUARY 4, 1934 AS FILE 74-028349 O.R.



PTS. NO. 28040	T.M. NO. 40-0338	W.O. NO. 422114
	NAD 83 1778-6315	L.C. 138-1755

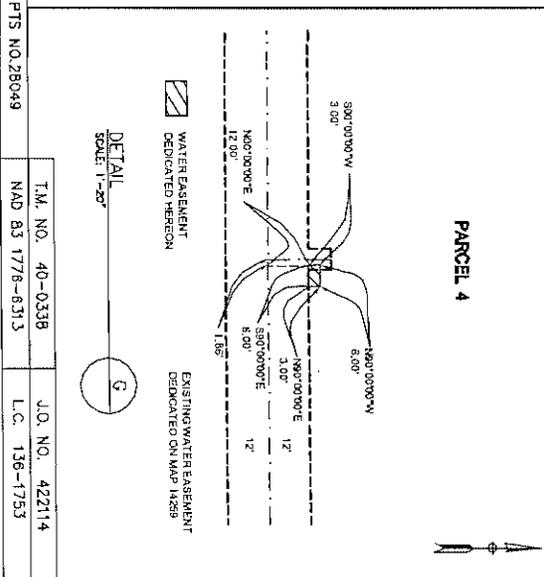
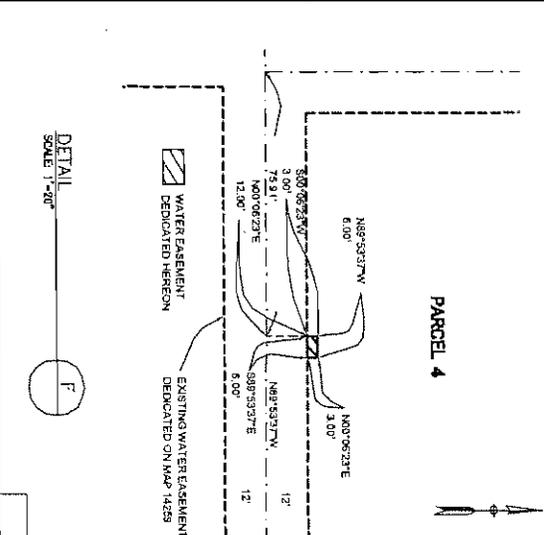
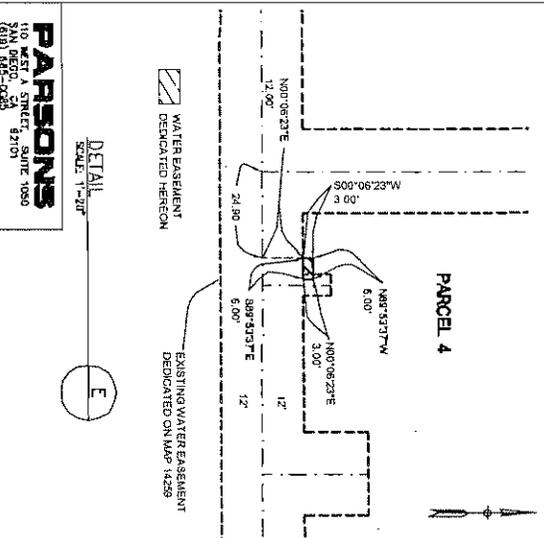
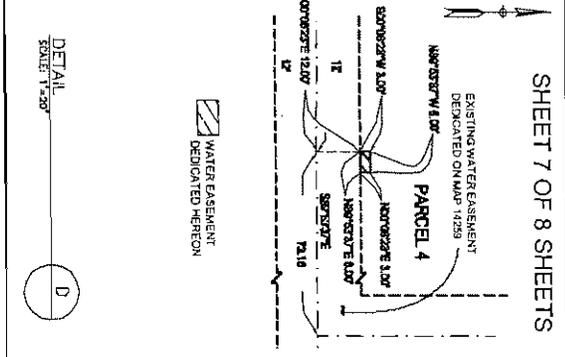
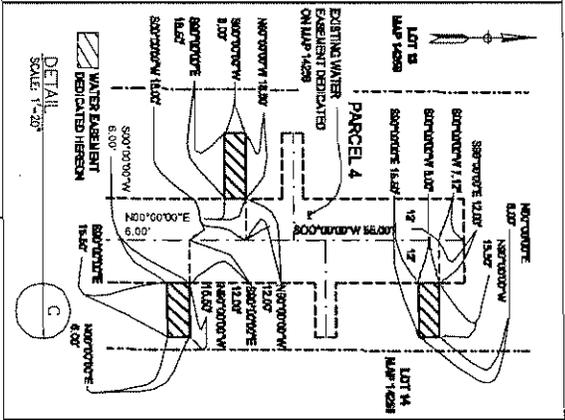
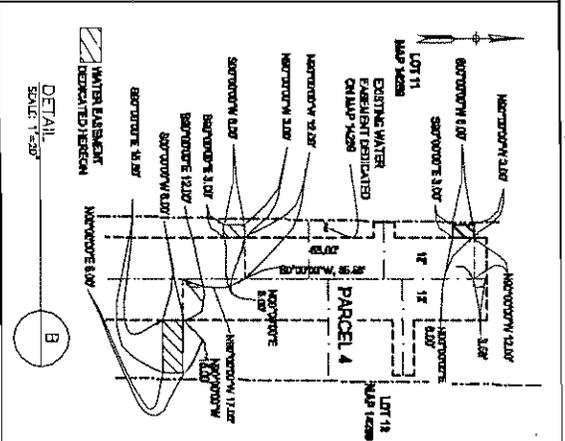
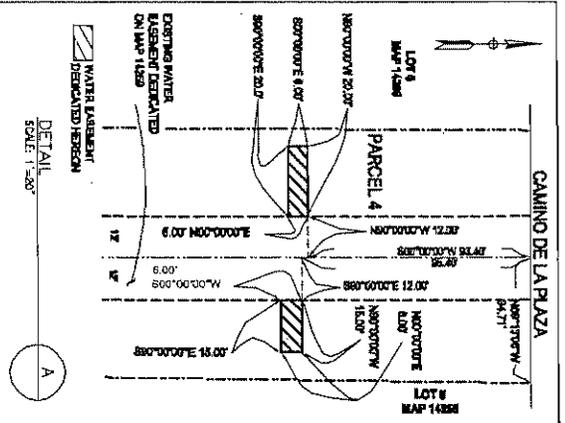
EXHIBIT "B-3"

2004 WEST SIDE MAP

See Attached

PARCEL MAP NO.

SHEET 7 OF 8 SHEETS

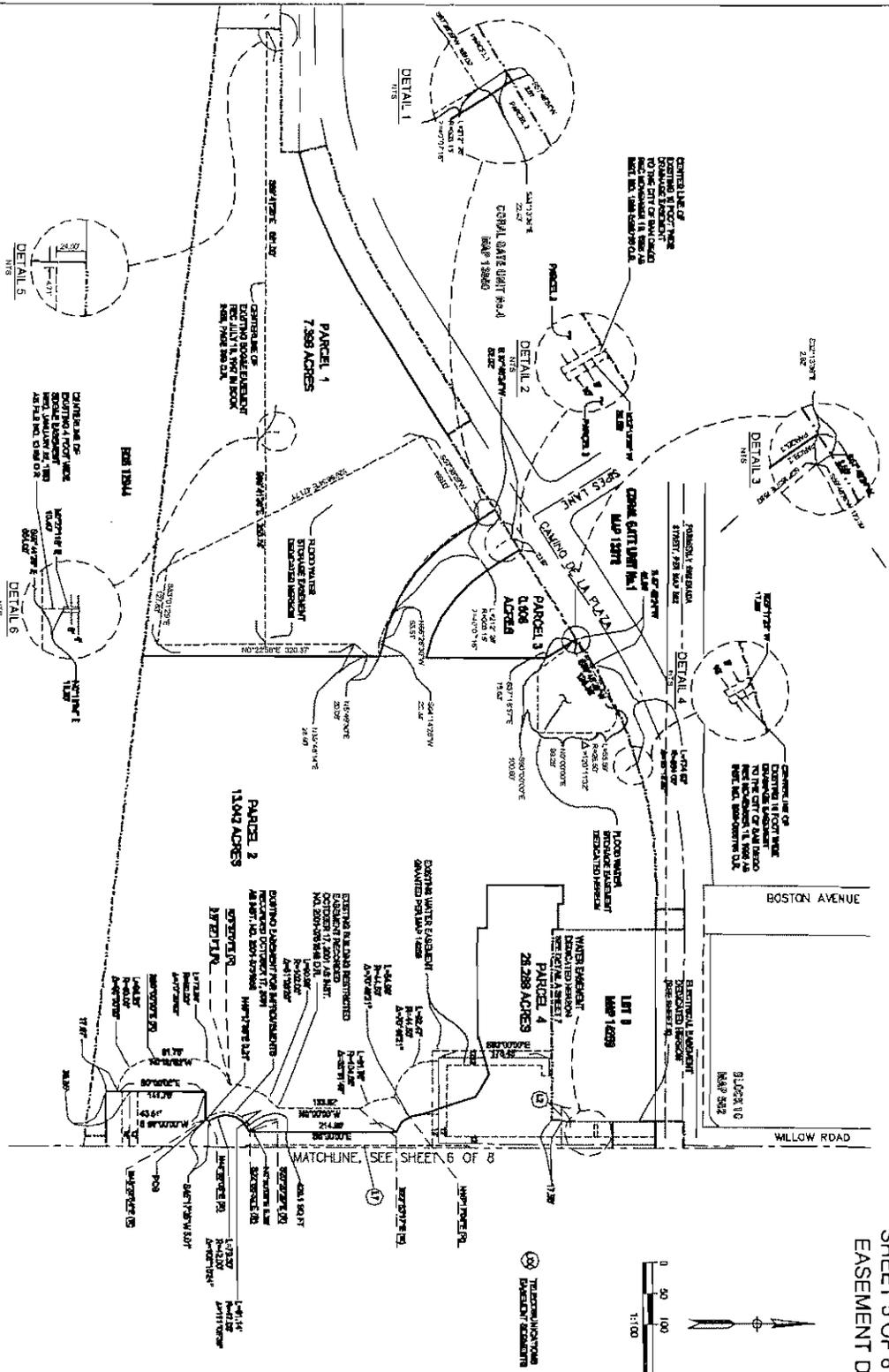


PARSONS
110 WEST A STREET, SUITE 1000
SAN DIEGO, CA 92101
(619) 885-0088

PTS. NO. 28049	T.M. NO. 40-0338	J.O. NO. 422114
	NAD 83 1778-8313	L.C. 136-1753

PARCEL MAP NO.

SHEET 5 OF 8 SHEETS
EASEMENT DETAILS



PARSONS
110 WEST A STREET, SUITE 1050
SAN DIEGO, CA 92101
(619) 592-5000

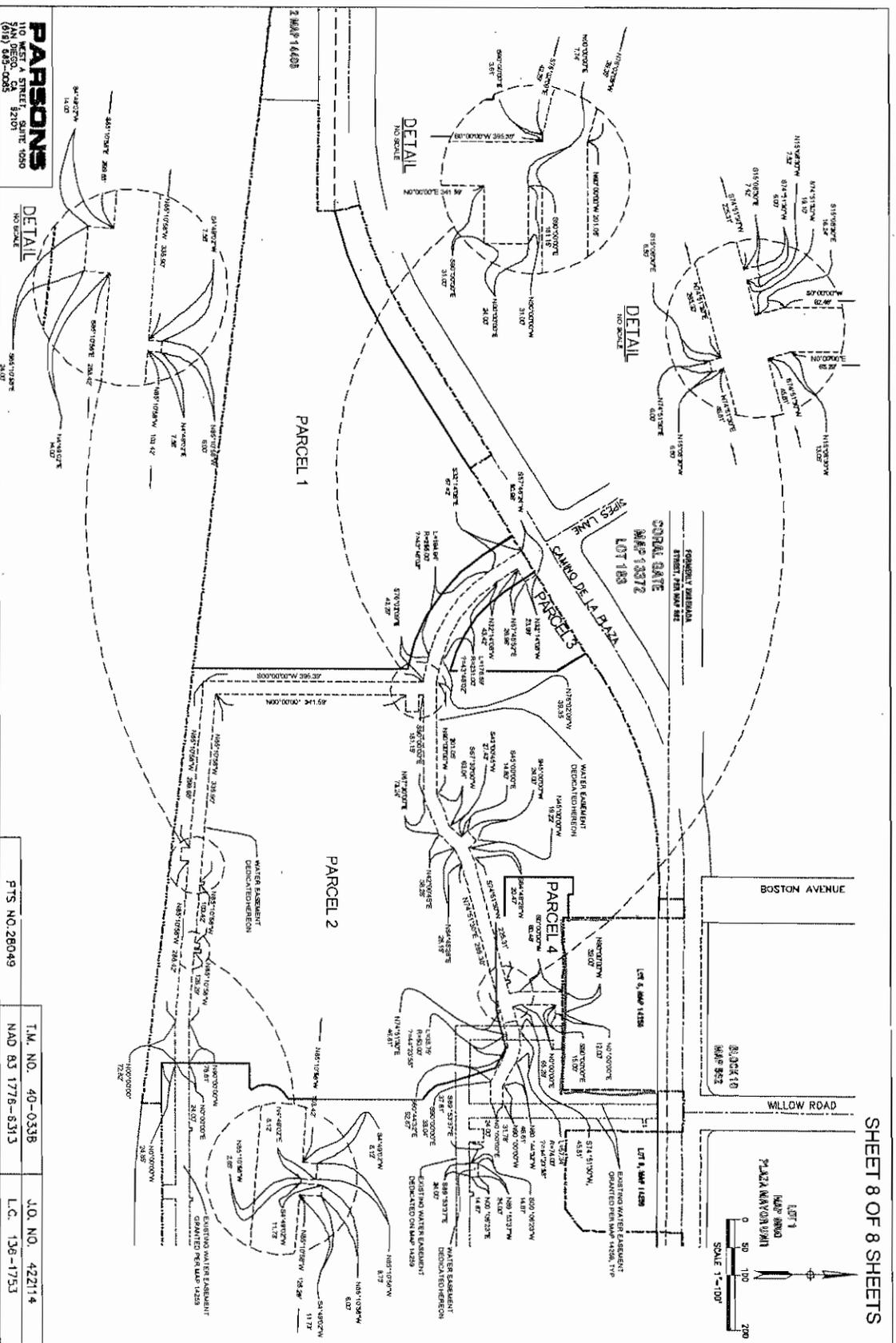
PTS. NO. 29049

T.M. NO. 40-0338
NAD 83 1776-6313

J.O. NO. 422114
L.C. 136-1753

PARCEL MAP NO.

SHEET 8 OF 8 SHEETS



PARSONS
110 WEST A STREET, SUITE 1050
DENVER, CO 80202
(303) 733-0000

DETAIL
NO SCALE

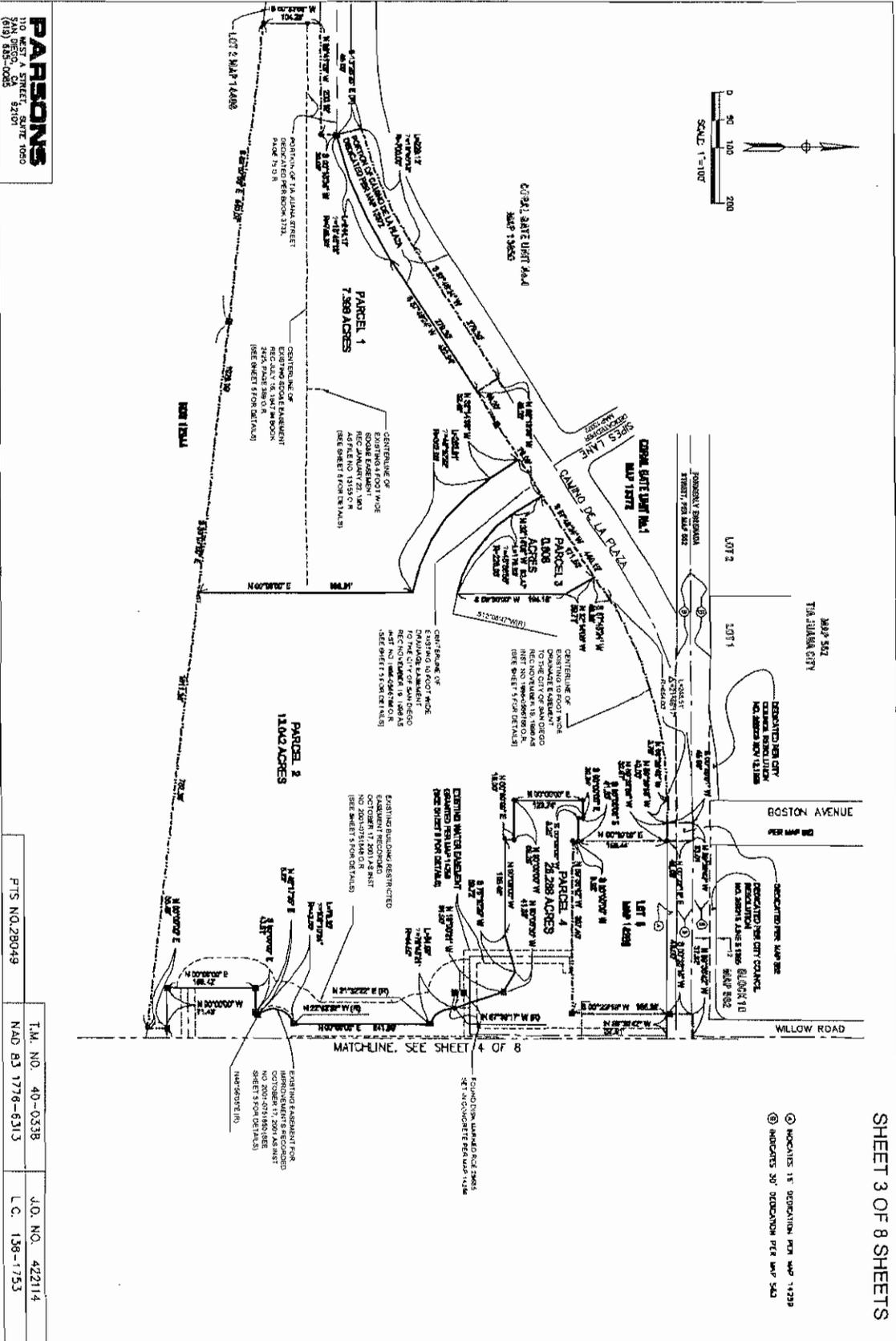
PTS. NO. 28049

T.M. NO. 40-0338
NAD 83 1778-6313

J.O. NO. 422114
L.C. 136-1753

PARCEL MAP NO.

SHEET 3 OF 8 SHEETS



- ⊙ HOOKETS 1"5' DEPRESSION FROM MAP 14239
- ⊙ INDICATES 30" DEPRESSION FROM MAP 542

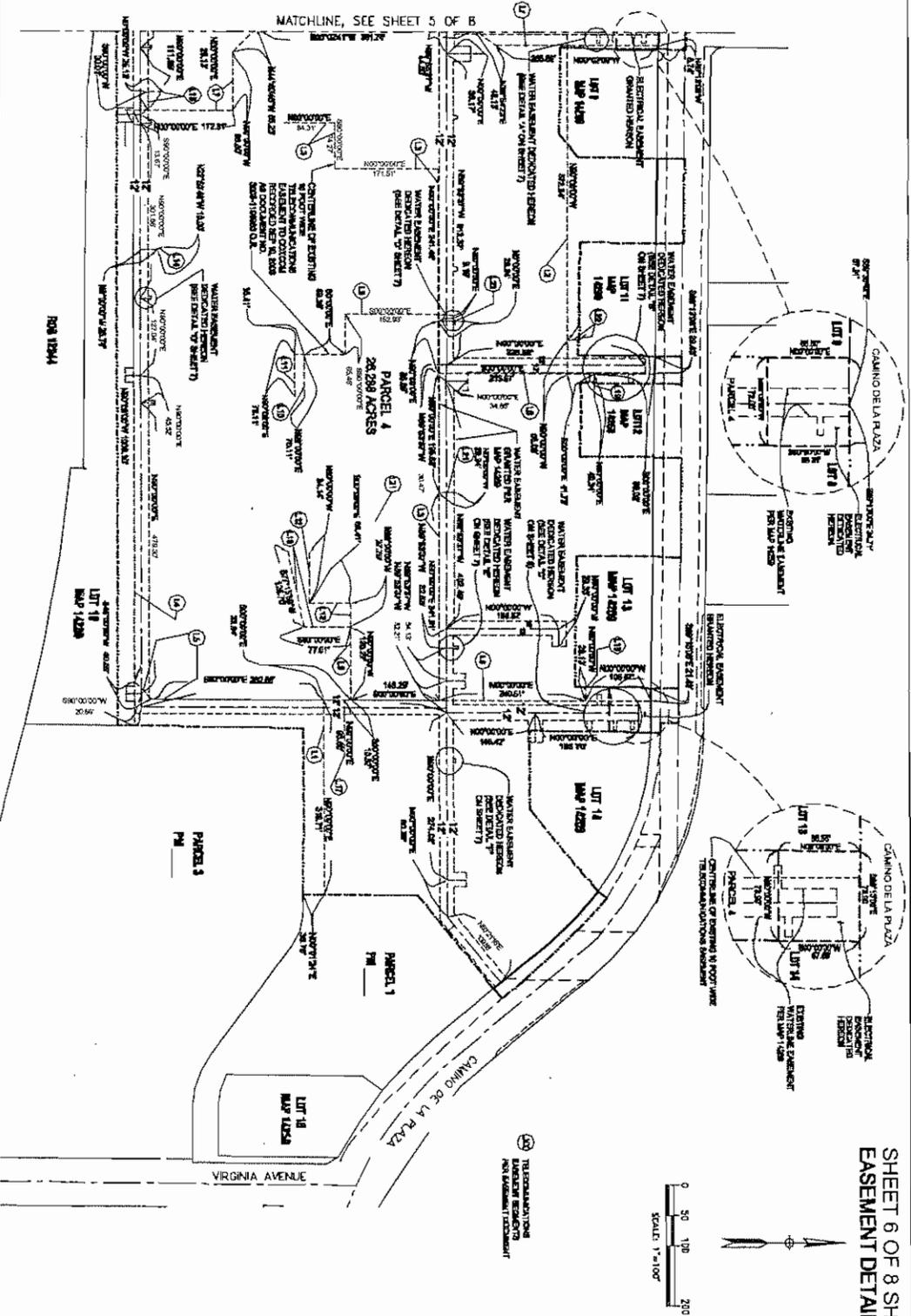
PARSONS
110 WEST A STREET, SUITE 1050
ANN ARBOR, MICHIGAN 48106

P.T.S. NO. 28049

T.M. NO. 40-0338
J.O. NO. 422114
NAD 83 1776-6313
L.C. 138-1753

PARCEL MAP NO.

SHEET 6 OF 8 SHEETS
EASEMENT DETAILS



PARSONS
110 WEST A STREET, SUITE 1080
SAN DIEGO, CA 92101
(619) 582-5000

PTS. NO. 28049

T.M. NO. 40-0338
MAD 83 1778-6313

J.O. NO. 422114
L.C. 136-1753

EXHIBIT "B-4"

[Intentionally Deleted]

EXHIBIT "B-5"

[Intentionally Deleted]

EXHIBIT "B-6"

DESCRIPTION OF REVISED "RESTRICTED AREA" TO APPLY UNDER BUILDING
RESTRICTED EASEMENT IN FAVOR OF THE CITY OF SAN DIEGO GRANTED BY
DOCUMENT 2001-0751848 RECORDED OCTOBER 17, 2001

See Attached

Las Americas Phase 1B
Building Restricted Easement

That portion of Parcel 2 of the 2004 West Side Map (as defined in the attached "Map Attachment") described as follows:

COMMENCING at the most southeast corner of Lot 10 of Map 14406, filed in the Office of County Recorder of San Diego County, June 13, 2002; thence along the west line of said lot 10, North 0°00'00" East, 6.07 feet to the POINT OF BEGINNING;

1. Thence North 89°59'59" West, 197.22 feet;
2. Thence North 83°10'49" West, 336.36 feet;
3. Thence North 0°00'00" West, 100.40 feet;
4. Thence North 90°00'00" West, 97.50 feet;
5. Thence North 0°00'00" East, 260.29 feet to a tangent curve concave to the southeast, having a radius of 80.37 feet;
6. Thence northerly, northeasterly and easterly along the said tangent curve through a central angle of 90°00'00", 126.25 feet;
7. Thence South 90°00'00" East, 97.36 feet;
8. Thence North 29°51'30" East, 100.46 feet;
9. Thence North 74°51'30" East, 140.13 feet;
10. Thence South 0°00'00" West, 6.18 feet;
11. Thence North 90°00'00" East, 168.46 feet;
12. Thence North 75°10'29" East, 69.72 feet;
13. Thence South 60°08'30" East, 41.34 feet;
14. Thence South 75°10'29" West, 69.72 feet;
15. Thence South 60°08'30" East, 41.34 feet;
16. Thence South 18°00'21" East, 91.90 feet to a non-tangent curve concave to the northeast having a radius of 44.50 feet;
17. Thence southerly along the said non-tangent curve through a central angle of 24°32'51", 19.07 feet;
18. Thence North 90°00'00" West, 18.90 feet;
19. Thence North 0°00'00" East, 20.89 feet;
20. Thence North 60°08'30" West, 33.56 feet;
21. Thence South 74°51'30" West, 341.61 feet;
22. Thence South 29°51'30" West, 110.35 feet;
23. Thence North 90°00'00" West, 132.10 feet to a tangent curve concave to the southeast, having a radius of 20.37 feet;
24. Thence westerly, southwesterly and southerly along the last said tangent curve through a central angle of 90°00'00", 32.00 feet;
25. Thence South 0°00'00" West, 200.29 feet;
26. Thence South 90°00'00" East, 97.50 feet;
27. Thence South 0°00'00" West, 107.15 feet;
28. Thence South 89°10'49" East, 279.54 feet;
29. Thence South 89°59'59" East, 193.65 feet;

30. Thence South 0°00'00" West, 60.00 feet to the POINT OF BEGINNING;

Said land contains 2.049 acres, more or less.

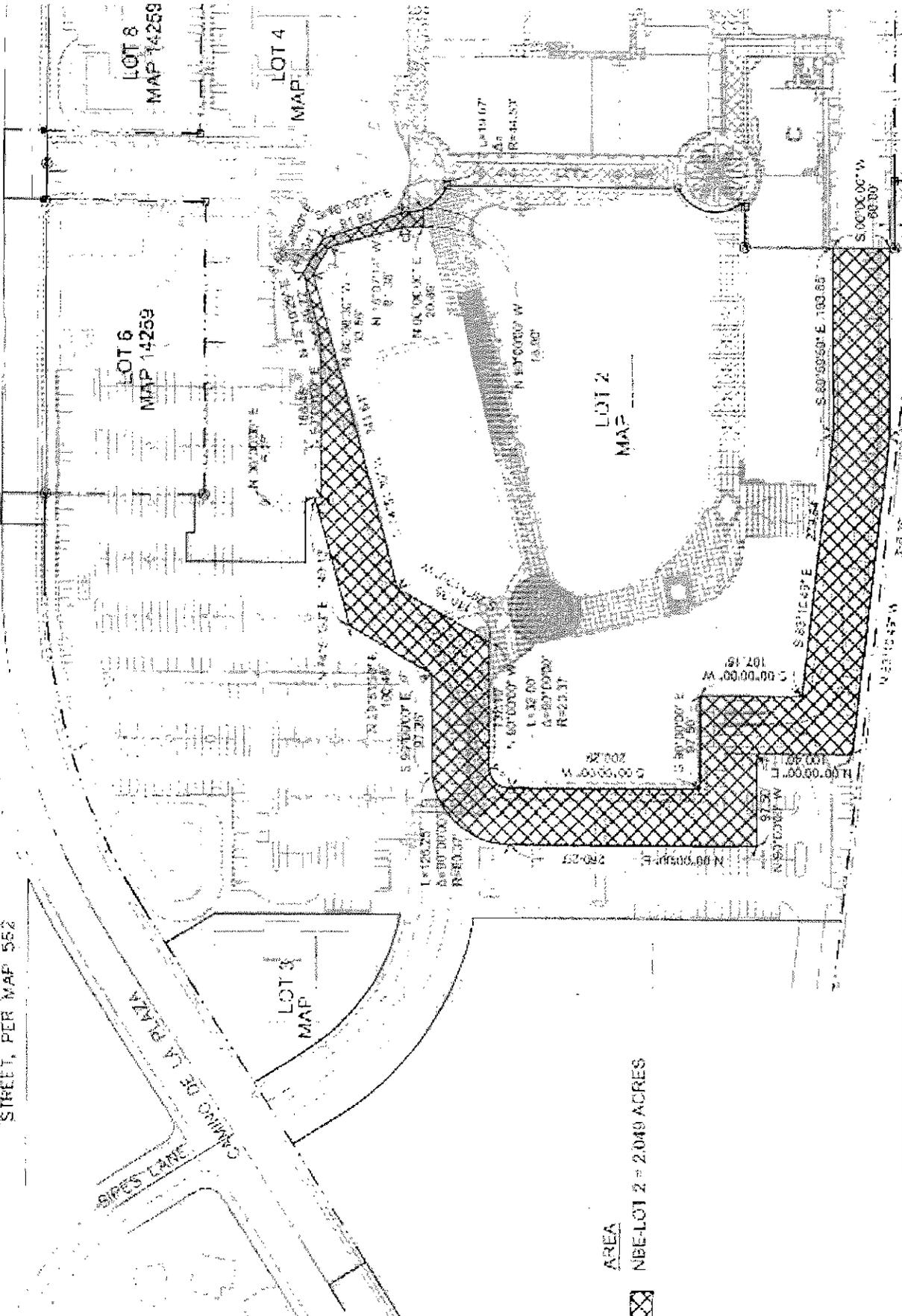
This legal description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors Act.

Signature: Robert M. Sergeant
Robert M. Sergeant; RCE 29685
License Expires 3/31/2007
Date: December 1, 2004



FORMERLY ENSENADA STREET, PER MAP 552

SIPES LANE
CAMINO DE LA PLAZA



AREA
NBE-LOT 2 - 2.049 ACRES



BUILDING RESTRICTED EASEMENT
LAS AMERICAS - PHASE 1B1

PARSONS
110 WEST STREET, SUITE 1069
SACRAMENTO, CA 95811
(916) 552-0990

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

Las Americas Phase 1A
Building Restricted Easement

That portion of Parcel 4 of the 2004 West Side Map (as defined in the attached "Map Attachment") described as follows:

COMMENCING at the most southeast corner of Lot 10 of Map 14406, filed in the Office of County Recorder of San Diego County, June 13, 2002; thence along the west line of said lot 10, North 0°00'00" East, 6.07 feet to the POINT OF BEGINNING;

1. Thence continuing along the last said line North 0°00'00" East, 60.00 feet;
2. Thence South 90°00'00" East, 419.00 feet;
3. Thence South 0°00'00" West, 8.25 feet;
4. Thence South 90°00'00" East, 755.84 feet;
5. Thence North 0°00'00" East, 108.75 feet;
6. Thence North 90°00'00" West, 2.56 feet;
7. Thence North 0°00'00" East, 309.16 feet;
8. Thence North 45°00'00" West, 24.42 feet;
9. Thence North 89°50'53" West, 1076.22 feet;
10. Thence North 90°00'00" West, 41.10 feet to a non-tangent curve concave to the northeast having a radius of 44.50 feet, said non-tangent curve also being the west line of said lot 10;
11. Thence northerly along the said non-tangent curve through a central angle of 24°32'51", 19.07 feet;
12. Thence North 18°00'21" West, 91.90 feet;
13. Thence North 60°08'30" East, 41.34 feet;
14. Thence South 75°10'29" West, 69.72 feet;
15. Thence South 0°00'00" West, 168.46 feet;
16. Thence North 0°00'00" East, 6.18 feet;
17. Thence North 74°51'30" East, 251.19 feet;
18. Thence South 60°08'30" East, 83.28 feet;
19. Thence South 15°07'14" East, 81.92 feet;
20. Thence South 89°50'53" East, 1109.56 feet;
21. Thence South 45°00'00" East, 74.03 feet;
22. Thence South 0°00'00" East, 334.01 feet;
23. Thence South 90°00'00" East, 2.56 feet;
24. Thence South 0°00'00" East, 166.75 feet;
25. Thence North 90°00'00" West, 815.84 feet;
26. Thence North 0°00'00" East, 8.25 feet;
27. Thence North 0°00'00" West, 419.00 feet to the POINT OF BEGINNING;

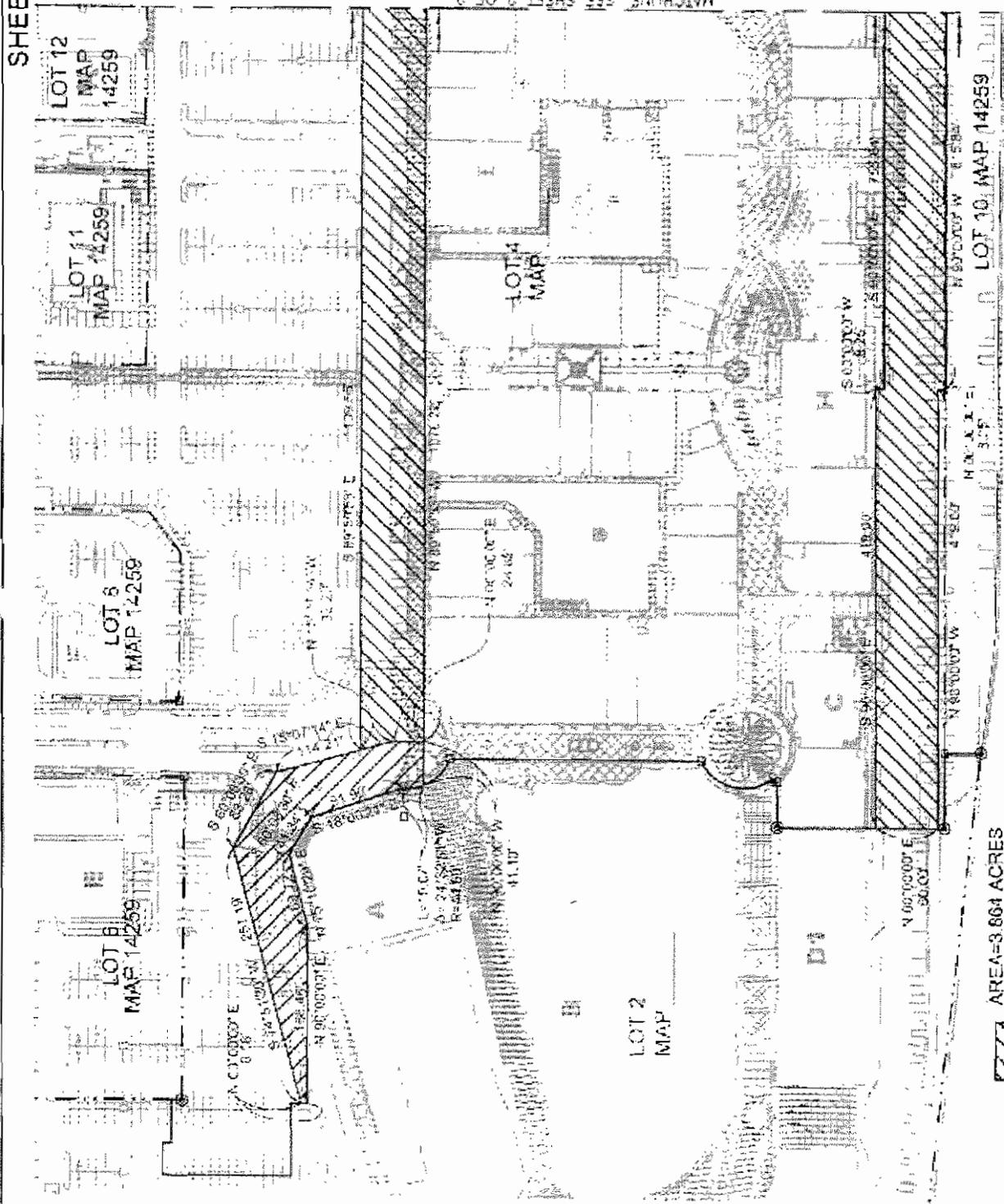
Said land contains 3.864 acres, more or less.

This legal description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors Act.

Signature: _____

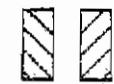
Robert M. Sergeant
Robert M. Sergeant, RZE 29685
License Expires 3/31/2007
Date: December 1, 2004





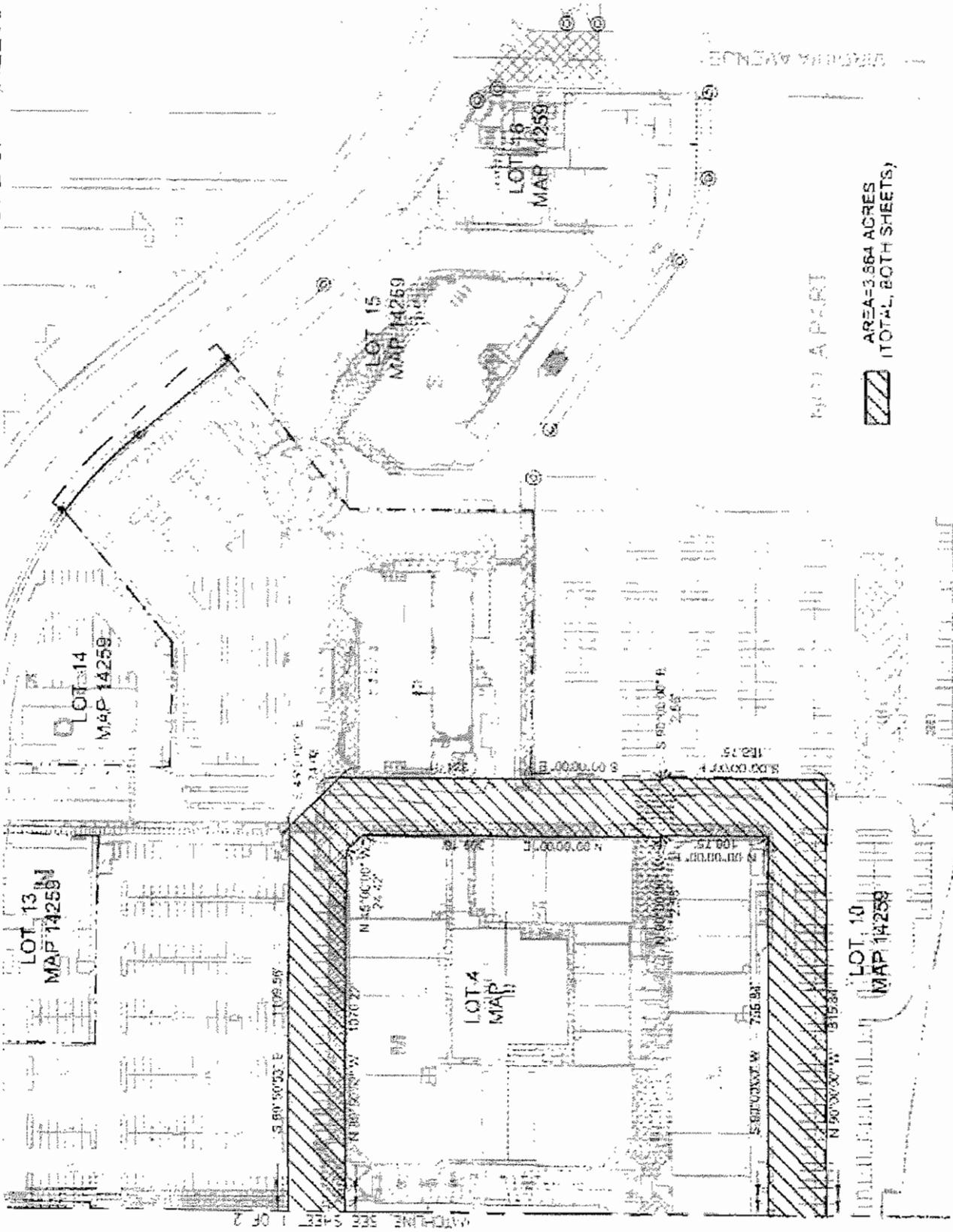
AREA=3.661 ACRES
(TOTAL, BOTH SHEETS)

NBE - LOT 4 = 0.405 ACRES



BUILDING RESTRICTED EASEMENT
LAS AMERICAS - PHASE 1A

PARSONS
110 WEST A STREET, SUITE 1050
SAN DIEGO, CA 92101
(619) 685-0885



AREA=3.864 ACRES
 (TOTAL, BOTH SHEETS)



MAP A PART

BUILDING RESTRICTED EASEMENT
 LAS AMERICAS - PHASE 1A

PARSONS
 110 WEST A STREET, SUITE 1050
 SAN MATEO, CA 92137
 (415) 863-0883

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "B-7"

FORM OF DEFERRED IMPROVEMENT AGREEMENT
[DAIRY MART ROAD IMPROVEMENTS] TO BE EXECUTED
BY IGA, AS THE OWNER OF DEVELOPMENT PARCEL A-1,
IN FAVOR OF THE CITY OF SAN DIEGO

See Attached

DEFERRED IMPROVEMENT AGREEMENT

Las Americas Phase 1B (formerly International Gateway of the Americas)

THIS AGREEMENT is made by the City of San Diego, a municipal corporation [City], and International Gateway Associates. [Developer], [Parties].

RECITALS

1. Developer holds the title to that certain real property ("Property") located in the City of San Diego, the legal description of which is set forth as Exhibit "A" attached hereto.
2. On November 21, 2000, the City Council of the City of San Diego adopted Resolution No. R-294283 approving the **International Gateway of the Americas, Tentative Map 40-0338** and Resolution No. R-294284 approving the **Coastal Development Permit/Site Development Permit, CDP/SDP No. 40-0338** for the Property subject to the conditions of approval attached to said resolution and made a part thereof. Developer is currently seeking City approval of final maps and improvement plans.
3. Pursuant to Condition No. 26, TM 40-0338 and Condition No. 58 CDP/SDP No 40-0338, Developer is required to complete the improvements to Dairy Mart Road (referred to herein as the "Improvements") in the following manner:
Dairy Mart Road between Interstate 5 southbound ramps and Camino De La Plaza is classified as a 4-lane collector roadway. Prior to the recordation of the first map/issuance of the first building permit exceeding 407,000 square feet subdivider/applicant shall assure, by permit and bond, the construction of 68 feet of pavement and AC berm on both sides of the roadway within the existing 80-foot right-of-way, satisfactory to the City Engineer
4. Consistent with Condition 26 of TM 40-0338 and Condition 58 of CDP/SDP 40-0338, Developer desires to enter into a Deferred Improvement Agreement for assuring by permit and bond the construction of 68 feet of pavement and AC berm, more particularly described in Exhibit "B", attached hereto and incorporated by reference and shown in exhibit "C", attached hereto.

The above-listed recitals are true and correct and are hereby incorporated by reference.

ARTICLE 1 - OBLIGATIONS AND DURATION

- 1.1 This Agreement shall be effective on the date it is executed by the last Party to sign the Agreement and shall be effective until all improvements to Dairy Mart Road are completed to the satisfaction of the City Engineer.
- 1.2 Owner shall construct Improvements in accordance with a public improvement permit and approved plans to the satisfaction of the City Engineer within *five (5) years* of the effective date of this Agreement or when required by the City Engineer, whichever occurs first.

1.2.1 If requiring the Improvements prior to the time set forth above, the City Engineer will provide written notice to Owner to construct the Improvements in accordance with this Agreement.

1.2.2 Owner shall design Improvements in a manner satisfactory to the City Engineer and in accordance with Condition No. 26, TM 40-0338 and Condition 58, CDP/SDP No 40-0338.

1.2.3 Owner shall obtain a public improvement permit from the City Engineer and any other necessary permitting authority prior to commencing construction.

1.2.4 Owner will complete Improvements within five (5) years from the date of the written notice from the City Engineer.

1.2.5 Owner shall prepare as-built plans for Improvements to the satisfaction and approval of the City Engineer.

1.2.6 Simultaneously, or prior to issuance of the public improvement permit for Improvement, Owner shall deliver to City, security in the form of a Performance and Payment Bond in the amount of \$338,162.50 which shall guarantee faithful performance of the construction of Improvements.

1.3 Simultaneously with the execution of this Agreement, Developer shall submit to City an approved Performance and Payment Bond in the sum of \$338,162.50 to guarantee faithful performance of this Agreement and assure payment to contractors, subcontractors, and to persons furnishing materials or equipment.

In the event the Parties agree to extend this Agreement, Developer shall upgrade the Performance and Payment Bond annually to guarantee faithful performance of the construction of 68 feet of roadway along Dairy Mart Road as shown on exhibit "B"

All costs associated with City's administration of this Agreement shall be borne by the Developer.

ARTICLE II - INSURANCE

Developer during the entire life of this Agreement, shall secure and maintain a policy or policies of public liability and property damage insurance as follows:

a. Policy Coverage

Developer shall secure general liability insurance, comprehensive form, in the amount of not less than one million dollars (\$1,000,000.00) combined single limit per occurrence. The policy shall be on an "occurrence basis" form.

In addition to the above policy of insurance, Developer also agrees to name the City as an additional insured on any excess limits general liability policies held by Developer over and above the one million dollars (\$1,000,000.00) required.

b. Policy Conditions

All insurance policies held by the Developer and required by the City pursuant to this Agreement, shall not be subject to cancellation, any change in coverage, reduction of limits or non-renewal, except after written notice to the City by certified mail, return receipt requested, not less than thirty (30) days prior to the effective date thereof.

All insurance policies shall name the City as an additional insured and protect the City against any costs, including legal fees, in defending any claim arising from performance of the obligations of this agreement. All insurance companies must be satisfactory to the City and licensed to do business in California. Certificates of Insurance, in a form that is satisfactory to the City, will remain on file with the City Engineer of the City during the entire life of this Agreement.

All insurance shall be primary, and not contributing with any other insurance maintained by the City.

All insurance policies or portions thereof, as required by City, are subject to inspection by the City, and if requested, a copy provided to the City.

ARTICLE III - INDEMNIFICATION

- 3.1 Developers agree to defend, indemnify, protect, and hold harmless the City, its agents, officers and employees, from and against all claims, demands, causes of action, liability or loss asserted or established for damages or injuries to any person or property arising out of Improvements. The indemnification and hold harmless obligation contained in this section includes claims, demands, causes of action, liability or loss asserted or established by the Developers' employees, agents or officers, or judgments arising directly or indirectly out of obligations, work or services arising out of City entering into this Agreement. Claims, demand, causes of action, liability or loss that arise from, are connected with, or are caused or claimed to be caused by the acts or omission of the Developers, the Developers' agents, officers and employees are covered. Also covered are the claims, demands, causes of action, liability or loss arising from, connected with, caused by, or claimed to be caused by the active or passive negligence acts or omissions of the City, its agents, officers, or employees which may be in combination with the negligence of the Developer, its employees, agents or officers, or any third party. Also covered are any claims, demands, causes of action, liability or loss arising from, connected with, caused by, or

claimed to be caused by the diversion of waters resulting from the design, construction or maintenance of drainage systems, streets or other improvements. The Developer's duty to defend, indemnify, protect and hold harmless shall not include any claims or liabilities arising from the established sole negligence or sole willful misconduct of the City, its agents, officers or employees.

3.2 Developers further agree that the indemnification agreement referred to in Section 3.1 and the duty to defend City require Developers to pay any costs City incurs that are associated with enforcing the indemnification provision, and defending any claims arising from deferring construction of Improvements and the subsequent construction of Improvements and any other work performed under this Agreement. If City chooses, at its own election, to conduct its own defense, participate in its own defense or obtain independent legal counsel in defense on any claim related to work provided under this Agreement, Developers agree to pay the reasonable value of attorneys' fees and all of City's reasonable costs.

Acceptance by City of the improvements shall not constitute an assumption by City of any responsibility for such damage or taking. City shall not be an insurer or surety for the design or construction of the Improvements pursuant to the approved improvement plans.

This Article shall remain in full force and effect for ten (10) years following acceptance of the Improvements by the City, except that the obligation to maintain drainage systems shall terminate upon acceptance of such improvements by the City.

ARTICLE IV - MISCELLANEOUS

4.1 Notices

In all cases where written notice is required under this Agreement, service shall be deemed sufficient if the notice is deposited in the United States mail, postage paid. Proper notice shall be effective on the date it is mailed, unless provided otherwise in this Agreement. For the purpose of this Agreement, unless otherwise agreed in writing, notice to the City shall be addressed to:

City of San Diego
Land Development Review
Attn: Kelly Broughton
1222 First Avenue, 5th Floor
San Diego, California 92101

and notice to the Developer shall be addressed to:

International Gateway Associates, LLC
c/o JER Partners International Gateway LLC
JER Partners (Attn: J.C. Richards)

1650 Tysons Blvd, Suite 1600
McLean, VA 22102

With copy to:

International Gateway Associates, LLC
c/o JER Partners International Gateway LLC
JER Partners (Attn: Legal Notices)
1650 Tysons Blvd, Suite 1600
McLean, VA 22102

Headings

All article headings are for convenience only and shall not affect the interpretation of this Agreement.

4.3 Non-Assignment

The Developer shall not assign the obligations under this Agreement, whether by express assignment or by sale of the Company or the Property, nor any monies due or to become due, without the City's prior written approval. Any assignment in violation of this paragraph shall constitute a Default and is grounds for immediate termination of this Agreement, at the sole discretion of the City. In no event shall any putative assignment create a contractual relationship between the City and any putative assignee.

Covenants and Conditions

All provisions of this Agreement expressed as either covenants or conditions on the part of the City or the Developer, shall be deemed to be both covenants and conditions.

Compliance with Controlling Law

The Developer shall comply with all laws, ordinances, regulations, and policies of the federal, state, and local governments applicable to this Agreement. In addition the Developer shall comply immediately with all directives issued by the City or its authorized representatives under authority of any laws, statutes, ordinances, rules or regulations. The laws of the State of California shall govern and control the terms and conditions of this Agreement.

Jurisdiction, Venue and Attorney's Fees

The venue for any suit or proceeding concerning this Agreement, the interpretation or application of any of its terms, or any related disputes shall be in the County of San Diego, State of California. The prevailing Party in any such suit or proceeding shall be entitled to a reasonable award of attorney's fees in addition to any other award made in such suit or proceeding.

Successors in Interest

This Agreement and all rights and obligations created by this Agreement shall be in force and effect whether or not any Parties to the Agreement have been succeeded by another entity, and all rights and obligations created by this Agreement shall be vested and binding on any Party's successor in interest.

4.8 Integration

This Agreement and the exhibits and references incorporated into this Agreement fully express all understandings of the Parties concerning the matters covered in this Agreement. No change, alteration or modification of the terms or conditions of this Agreement and no verbal understandings of the Parties, their officers, agents or employees shall be valid unless made in the form of a written change agreed to in writing by both Parties or an amendment to this Agreement agreed to by both Parties. All prior negotiations and agreements are merged into this Agreement.

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.

No Waiver

No failure of either the City or the Developer to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement, shall constitute a waiver of any such breach of such covenant, term or condition. No waiver of any breach shall affect or alter this Agreement, and each and every covenant, condition, and term hereof shall continue in full force and effect to any existing or subsequent breach.

Severability

The unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal.

Municipal Powers

Nothing contained in this Agreement shall be construed as a limitation upon the powers of the City as a chartered city of the State of California.

Drafting Ambiguities

The parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

Signing Authority

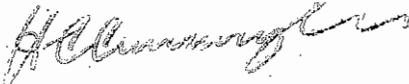
The representative for each Party signing on behalf of a corporation, partnership, joint venture or governmental entity hereby declares that authority has been obtained to sign on behalf of the corporation, partnership, joint venture or governmental entity and agrees to hold the other Party or Parties hereto harmless if it is later determined that such authority does not exist.

Extensions

This Agreement may be extended, so long as agreed to, in writing, by both Parties.

IN WITNESS WHEREOF, this Agreement is executed by the City of San Diego, acting by and through the City Manager, pursuant to the San Diego Municipal Code and by Developer on this 17th day of December, 2004.

THE CITY OF SAN DIEGO
a municipal corporation

By: 
Henry C. Cunningham
Director, CEO
International Gateway Associates, LLC

By: 
[Name and Title]
JAMES C. RICHARDS
VICE PRESIDENT

I HEREBY APPROVE the form and legality of the foregoing Agreement this 20th day of December, 2004.

By: 
Deputy City Attorney

IMPROVEMENT SECURITY

Form of: Performance Bond

Agency:

Amount:

W.O. No. 422114

NOTARY ACKNOWLEDGMENTS

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

MUST BE ATTACHED - PER
CIVIL CODE, SEC. 1180, et. seq.

EXHIBIT A
Legal Description

Lot 2 as shown on Map 19629, recorded December 16, 2004 in the office of the Recorder of San Diego County as file No. 2004-1184833.

EXHIBIT B

**Improvements to be Designed and Constructed
(See Exhibit C)**

Design and construct a widening of Dairy Mart Road from the Interstate 5 southbound ramps to Camino de la Plaza. The widening shall provide for a finished roadway width of 68 feet and include AC berms on both sides, traffic striping, construction traffic control and storm water BMPs. All work shall be completed within the existing 80 foot right-of-way.

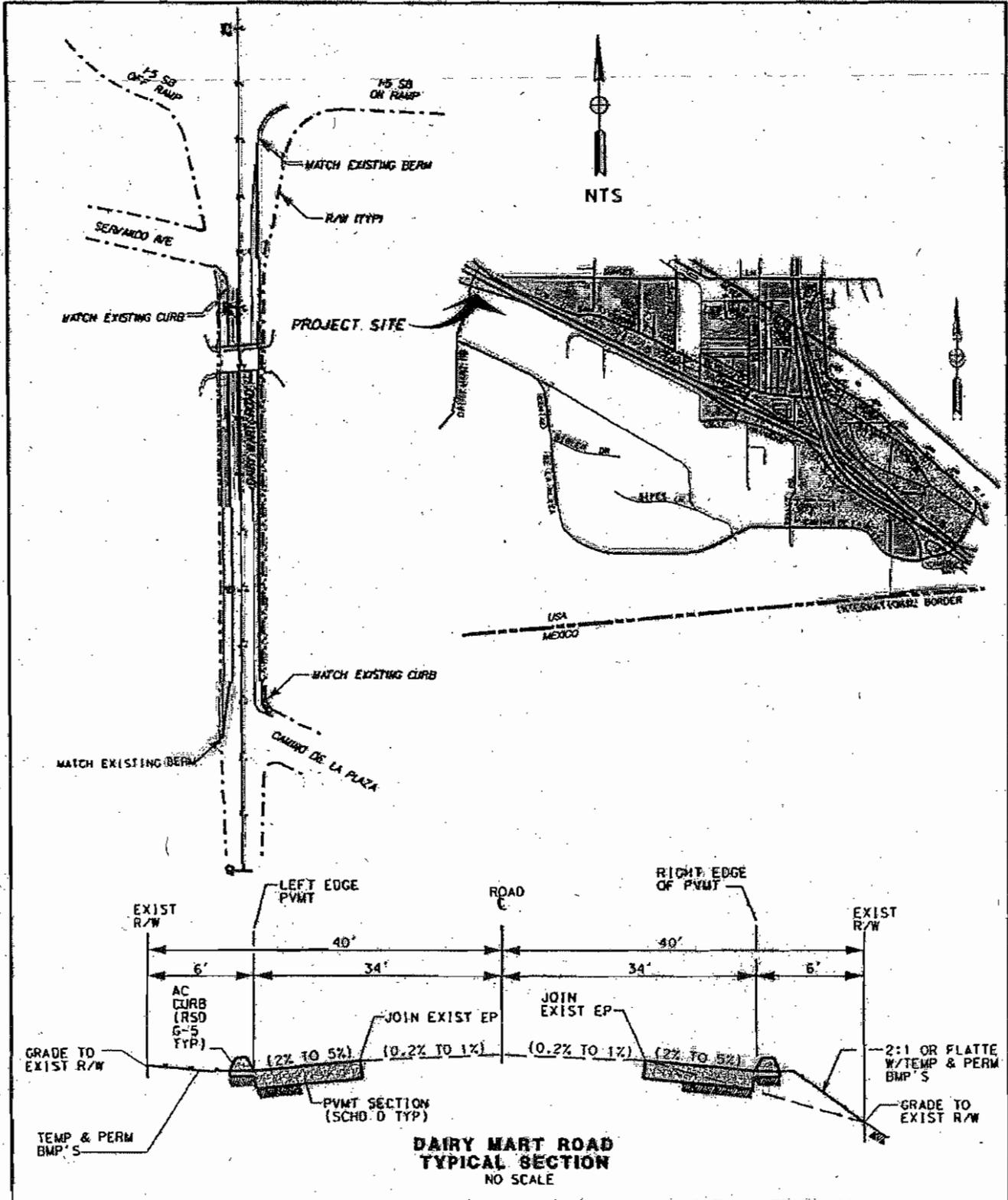


EXHIBIT C

SCHMATIC OF DEFERRED IMPROVEMENTS



PARSONS

110 WEST A STREET, SUITE 1050
 SAN DIEGO, CA 92101
 (619) 685-0085

**EXHIBIT D
Cost Estimate**

<u>ITEM</u>	<u>UNIT OF MEASURE</u>	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST</u>
EARTHWORK/EROSION CONTROL/PERMANENT BMP'S				
Import	CY	8000	\$9.25	\$74,000.00
Hydro Seed	SF	50000	\$0.20	\$10,000.00
Gravel Bags	EA	100	\$1.10	\$110.00
Fiber Roll	LF	2000	\$2.25	\$4,500.00
Vegetated Swale	LF	500	\$4.00	\$2,000.00
Silt Fence	LF	2000	\$1.60	\$3,200.00
Buffer Strip	SF	22500	\$1.00	\$22,500.00
STREET IMPROVEMENTS				
6" AC Dike	LF	200	\$8.20	\$1,640.00
Pavement (Schedule J)	SF	24750	\$4.25	\$105,187.50
Striping	LS	1	\$5,000.00	\$5,000.00
Subtotal Construction				\$228,137.50
MISCELLANEOUS				
As Built	LS	1	\$2,000.00	\$2,000.00
Traffic Control (5% Const)	LS	1	\$11,407	\$11,407.00
SUBTOTAL				\$241,544.50
Design/Permitting/Inspection (20%)				\$48,309.00
Contingency (20%)				\$48,309.00
TOTAL				\$338,162.50

EXHIBIT "B-8"

FORM OF DEFERRED IMPROVEMENT AGREEMENT
[TRAFFIC SIGNAL IMPROVEMENTS] TO BE EXECUTED BY IGA,
AS THE OWNER OF DEVELOPMENT PARCEL A-1,
IN FAVOR OF THE CITY OF SAN DIEGO

See Attached

DEFERRED IMPROVEMENT AGREEMENT

Las Americas Phase 1B (formerly International Gateway of the Americas)

THIS AGREEMENT is made by the City of San Diego, a municipal corporation [City], and International Gateway Associates. [Developer], [Parties].

RECITALS

1. Developer holds the title to that certain real property ("Property") located in the City of San Diego, the legal description of which is set forth as Exhibit "A" attached hereto.
2. On November 21, 2000, the City Council of the City of San Diego adopted Resolution No. R-294283 approving the **Tentative Map for International Gateway of the Americas, Tentative Map 40-0338** and Resolution No. R-294284 approving the **Coastal Development Permit/Site Development Permit, CDP/SDP No. 40-0338** for the Property subject to the conditions of approval attached to said resolution and made a part thereof. Developer is currently seeking City approval of final maps and improvement plans.
3. Pursuant to Condition No. 27, TM 40-0338 and Condition No. 59, CDP/SDP No 40-0338, Developer is required to complete the improvements to Street (referred to herein as the "Improvements") in the following manner:

Prior to the recordation of the first map/issuance of the first building permit exceeding 407,000 square feet, assure by permit and bond the construction of a traffic signal at the following intersection, satisfactory to the City Engineer. * Camino de la Plaza / Driveway 1 (Tia Juana Street)

4. Consistent with **Conditions 27 of TM 40-0338 and 59 of CDP/SDP 40-0338**, Developer desires to enter into a Deferred Improvement Agreement for **assuring by permit and bond the construction of a traffic signal at the intersection of Camino de la Plaza and Driveway 1 (Tia Juana Street)**, more particularly described in Exhibit "B", attached hereto and incorporated by reference and shown in Exhibit "C", attached hereto and incorporated by reference.

The above-listed recitals are true and correct and are hereby incorporated by reference.

ARTICLE 1 - OBLIGATIONS AND DURATION

- 1.1 This Agreement shall be effective on the date it is executed by the last Party to sign the Agreement and shall be effective until all improvements to **a traffic signal at the intersection of Camino de la Plaza and Driveway 1 (Tia Juana Street)** are completed to the satisfaction of the City Engineer.
- 1.2 Owner shall construct Improvements in accordance with a public improvement permit and approved plans to the satisfaction of the City Engineer within *five (5) years* of the effective date of this Agreement or when required by the City Engineer, whichever occurs first.

1.2.1 If requiring the Improvements prior to the time set forth above, the City Engineer will provide written notice to Owner to construct the Improvements in accordance with this Agreement.

1.2.2 Owner shall design Improvements in a manner satisfactory to the City Engineer and in accordance with Condition No. 59, CDP/SDP No 40-0338.

1.2.3 Owner shall obtain a public improvement permit from the City Engineer and any other necessary permitting authority prior to commencing construction.

1.2.4 Owner will complete Improvements within two (2) years from the date of the written notice from the City Engineer.

1.2.5 Owner shall prepare as-built plans for Improvements to the satisfaction and approval of the City Engineer.

1.2.6 Simultaneously, or prior to issuance of the public improvement permit for Improvement, Owner shall deliver to City, security in the form of a Performance and Payment Bond in the amount of \$179,200, which shall guarantee faithful performance of the construction of Improvements.

1.3 Simultaneously with the execution of this Agreement, Developer shall submit to City an approved Performance and Payment Bond in the sum of \$179,200 to guarantee faithful performance of this Agreement and assure payment to contractors, subcontractors, and to persons furnishing materials or equipment.

In the event the Parties agree to extend this Agreement, Developer shall upgrade the Performance and Payment Bond annually to guarantee faithful performance of the construction of a traffic signal at the intersection of Camino de la Plaza and Driveway 1 (Cia Juana Street).

All costs associated with City's administration of this Agreement shall be borne by the Developer.

ARTICLE II - INSURANCE

2.1 Developer during the entire life of this Agreement, shall secure and maintain a policy or policies of public liability and property damage insurance as follows:

a. Policy Coverage

Developer shall secure general liability insurance, comprehensive form, in the amount of not less than one million dollars (\$1,000,000.00) combined single limit per occurrence. The policy shall be on an "occurrence basis" form.

In addition to the above policy of insurance, Developer also agrees to name the City as an additional insured on any excess limits general liability policies held by Developer over and above the one million dollars (\$1,000,000.00) required.

b. Policy Conditions

All insurance policies held by the Developer and required by the City pursuant to this Agreement, shall not be subject to cancellation, any change in coverage, reduction of limits or non-renewal, except after written notice to the City by certified mail, return receipt requested, not less than thirty (30) days prior to the effective date thereof.

All insurance policies shall name the City as an additional insured and protect the City against any costs, including legal fees, in defending any claim arising from performance of the obligations of this agreement. All insurance companies must be satisfactory to the City and licensed to do business in California. Certificates of Insurance, in a form that is satisfactory to the City, will remain on file with the City Engineer of the City during the entire life of this Agreement.

All insurance shall be primary, and not contributing with any other insurance maintained by the City.

All insurance policies or portions thereof, as required by City, are subject to inspection by the City, and if requested, a copy provided to the City.

ARTICLE III - INDEMNIFICATION

3.1 Developers agree to defend, indemnify, protect, and hold harmless the City, its agents, officers and employees, from and against all claims, demands, causes of action, liability or loss asserted or established for damages or injuries to any person or property arising out of Improvements. The indemnification and hold harmless obligation contained in this section includes claims, demands, causes of action, liability or loss asserted or established by the Developers' employees, agents or officers, or judgments arising directly or indirectly out of obligations, work or services arising out of City entering into this Agreement. Claims, demand, causes of action, liability or loss that arise from, are connected with, or are caused or claimed to be caused by the acts or omission of the Developers, the Developers' agents, officers and employees are covered. Also covered are the claims, demands, causes of action, liability or loss arising from, connected with, caused by, or claimed to be caused by the active or passive negligence acts or omissions of the City, its agents, officers, or employees which may be in combination with the negligence of the Developer, its employees, agents or officers, or any third party. Also covered are any claims, demands, causes of action, liability or loss arising from, connected with, caused by, or claimed to be caused by the diversion of waters resulting from the design, construction or maintenance of drainage systems, streets or other improvements. The Developer's duty to

defend, indemnify, protect and hold harmless shall not include any claims or liabilities arising from the established sole negligence or sole willful misconduct of the City, its agents, officers or employees.

Developers further agree that the indemnification agreement referred to in Section 3.1 and the duty to defend City require Developers to pay any costs City incurs that are associated with enforcing the indemnification provision, and defending any claims arising from deferring construction of Improvements and the subsequent construction of Improvements and any other work performed under this Agreement. If City chooses, at its own election, to conduct its own defense, participate in its own defense or obtain independent legal counsel in defense on any claim related to work provided under this Agreement, Developers agree to pay the reasonable value of attorneys' fees and all of City's reasonable costs.

Acceptance by City of the improvements shall not constitute an assumption by City of any responsibility for such damage or taking. City shall not be an insurer or surety for the design or construction of the Improvements pursuant to the approved improvement plans.

This Article shall remain in full force and effect for ten (10) years following acceptance of the Improvements by the City, except that the obligation to maintain drainage systems shall terminate upon acceptance of such improvements by the City.

ARTICLE IV - MISCELLANEOUS

4.1 Notices

In all cases where written notice is required under this Agreement, service shall be deemed sufficient if the notice is deposited in the United States mail, postage paid. Proper notice shall be effective on the date it is mailed, unless provided otherwise in this Agreement. For the purpose of this Agreement, unless otherwise agreed in writing, notice to the City shall be addressed to:

**City of San Diego
Land Development Review
Attn: Kelly Broughton
1222 First Avenue, 5th Floor
San Diego, California 92101**

and notice to the Developer shall be addressed to:

**International Gateway Associates, LLC
Attn: J.C. Richards
1650 Tysons Blvd, Suite 1600
McLean, VA 22102**

4.2 Headings

All article headings are for convenience only and shall not affect the interpretation of this Agreement.

Non-Assignment

The Developer shall not assign the obligations under this Agreement, whether by express assignment or by sale of the Company or the Property, nor any monies due or to become due, without the City's prior written approval. Any assignment in violation of this paragraph shall constitute a Default and is grounds for immediate termination of this Agreement, at the sole discretion of the City. In no event shall any putative assignment create a contractual relationship between the City and any putative assignee.

Covenants and Conditions

All provisions of this Agreement expressed as either covenants or conditions on the part of the City or the Developer, shall be deemed to be both covenants and conditions.

Compliance with Controlling Law

The Developer shall comply with all laws, ordinances, regulations, and policies of the federal, state, and local governments applicable to this Agreement. In addition the Developer shall comply immediately with all directives issued by the City or its authorized representatives under authority of any laws, statutes, ordinances, rules or regulations. The laws of the State of California shall govern and control the terms and conditions of this Agreement.

Jurisdiction, Venue and Attorney's Fees

The venue for any suit or proceeding concerning this Agreement, the interpretation or application of any of its terms, or any related disputes shall be in the County of San Diego, State of California. The prevailing Party in any such suit or proceeding shall be entitled to a reasonable award of attorney's fees in addition to any other award made in such suit or proceeding.

4.7 Successors in Interest

This Agreement and all rights and obligations created by this Agreement shall be in force and effect whether or not any Parties to the Agreement have been succeeded by another entity, and all rights and obligations created by this Agreement shall be vested and binding on any Party's successor in interest.

4.8 Integration

This Agreement and the exhibits and references incorporated into this Agreement fully express all understandings of the Parties concerning the matters covered in this Agreement. No change, alteration or modification of the terms or conditions of this Agreement and no verbal understandings of the Parties, their officers, agents or employees shall be valid unless made in

the form of a written change agreed to in writing by both Parties or an amendment to this Agreement agreed to by both Parties. All prior negotiations and agreements are merged into this Agreement.

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.

No Waiver

No failure of either the City or the Developer to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement, shall constitute a waiver of any such breach of such covenant, term or condition. No waiver of any breach shall affect or alter this Agreement, and each and every covenant, condition, and term hereof shall continue in full force and effect to any existing or subsequent breach.

Severability

The unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal.

Municipal Powers

Nothing contained in this Agreement shall be construed as a limitation upon the powers of the City as a chartered city of the State of California.

Drafting Ambiguities

The parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

Signing Authority

The representative for each Party signing on behalf of a corporation, partnership, joint venture or governmental entity hereby declares that authority has been obtained to sign on behalf of the corporation, partnership, joint venture or governmental entity and agrees to hold the other Party or Parties hereto harmless if it is later determined that such authority does not exist.

Extensions

This Agreement may be extended, so long as agreed to, in writing, by both Parties.

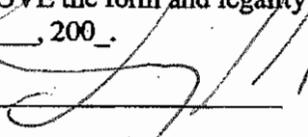
IN WITNESS WHEREOF, this Agreement is executed by the City of San Diego, acting by and through the City Manager, pursuant to the San Diego Municipal Code and by Developer on this 17th day of December, 2004.

THE CITY OF SAN DIEGO
a municipal corporation

By: 
Henry C. Cunningham
Director, CEO
International Gateway Associates, LLC

By: 
(Name and Title)
JAMES C. RICHARDS
VICE PRESIDENT

I HEREBY APPROVE the form and legality of the foregoing Agreement this 30th day of December, 2004.

By: 
Deputy City Attorney

IMPROVEMENT SECURITY

Form of: Performance Bond

Agency:

Amount:

W.O. No. 422114

NOTARY ACKNOWLEDGMENTS
MUST BE ATTACHED - PER
CIVIL CODE, SEC. 1180, et. seq.

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT A

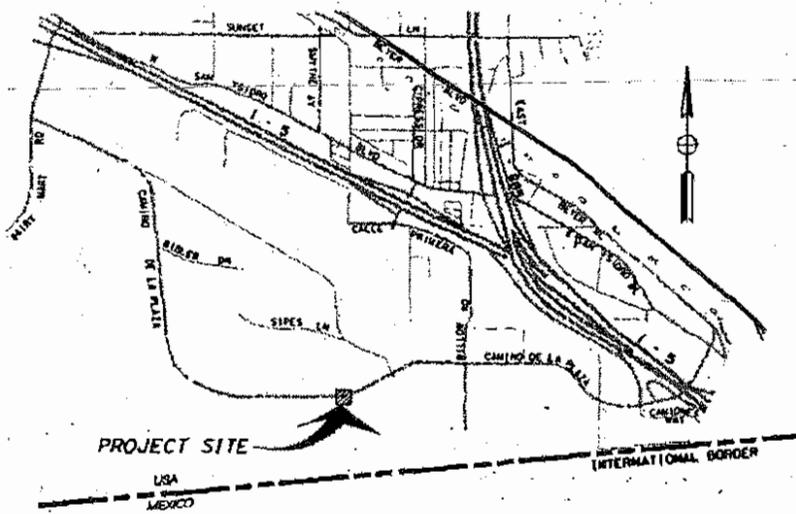
Legal Description

Lot 2 as shown on Map 19629, recorded December 16, 2004 in the office of the Recorder of San Diego County as file No. 2004- 1184833.

EXHIBIT B

Improvements to be Designed and Constructed

Design and construction of a fully actuated traffic signal (4 lanes by 2 lanes) at the intersection of Camino de la Plaza and Driveway No. 1 (Tia Juana Street).



NTS

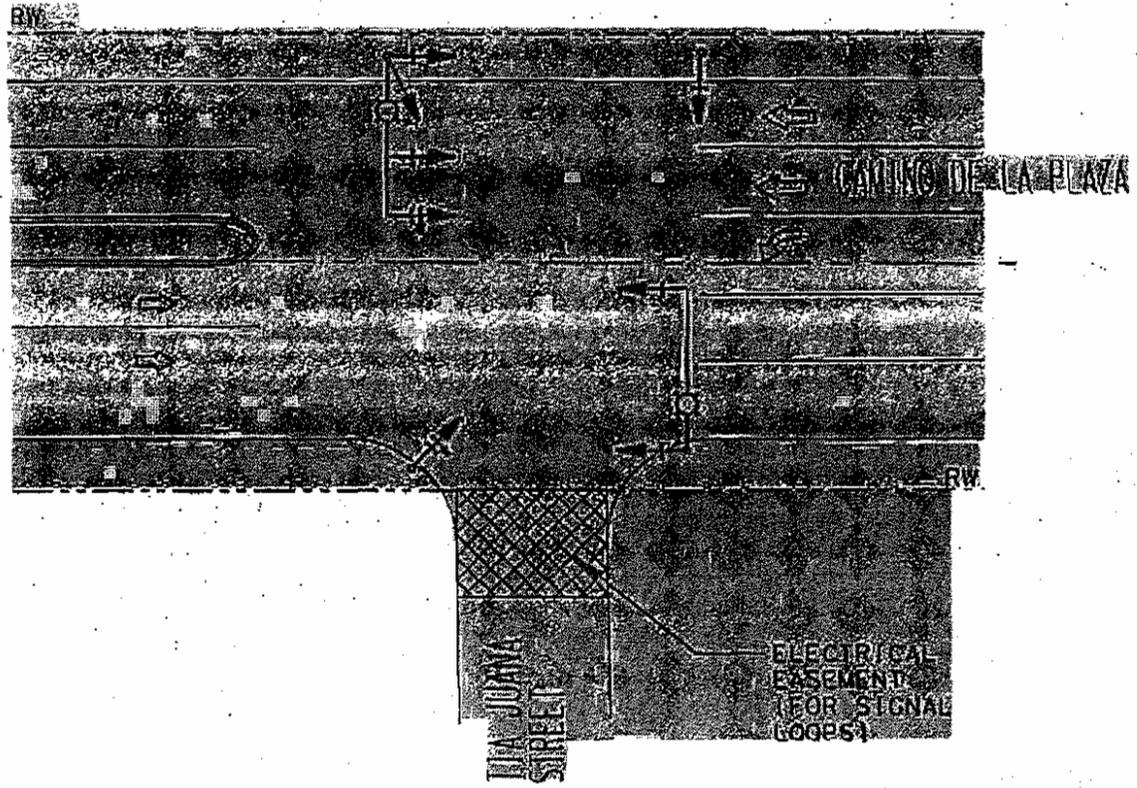


EXHIBIT C

SCHEMATIC OF DEFERRED IMPROVEMENTS



PARSONS
 110 WEST A STREET, SUITE 1050
 SAN DIEGO, CA 92101
 (619) 685-0085

EXHIBIT D
Cost Estimate

Deferred Traffic Signal Improvements
(TM No. 40-0338 & CDP/SDP No. 40-0338)

<u>ITEM</u>	<u>UNIT OF MEASURE</u>	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST</u>
Traffic Signal				
Lanes 4 x 2	LS	1	\$115,000.00	\$115,000
Striping	LS	1	\$5,000.00	\$5,000
Subtotal Construction				\$120,000
Traffic Control (5% of Construction)	LS	1	\$6,000.00	\$6,000
Electrical Easement	LS	1	\$1,000.00	\$1,000
As Built Plans	LS	1	\$1,000.00	\$1,000
Subtotal				\$128,000
Design/Permitting/Inspection (20%)				\$25,600
Contingency (20%)				\$25,600
TOTAL				\$179,200

EXHIBIT "B-9"

FORM OF QUITCLAIM DEED TO BE EXECUTED
BY THE DEVELOPER IN FAVOR OF THE B/C DEVELOPER

See Attached

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

				ALL
				PTN

*SPACE ABOVE THIS LINE FOR RECORDER'S USE
NO DOCUMENTARY TAX DUE – CONSIDERATION
IS LESS THAN \$100 (R&T 11911)*

**QUITCLAIM DEED
(IGA to IG-1)**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, International Gateway Associates, LLC, a Delaware limited liability company ("IGA"), hereby remises, releases and forever quitclaims to International Gateway I, LLC, a Delaware limited liability company ("IG-1"), that certain real property in the City of San Diego, County of San Diego, State of California, described in Exhibit "A" attached hereto and incorporated herein.

International Gateway Associates, LLC,

a Delaware limited liability company

By: _____

Name: _____

Title: _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO) S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "A"

The real property in the City of San Diego, County of San Diego, State of California, described as follows:

Lots 6, 8, 11 through 14 and 16 as shown on International Gateway of the Americas Phase 1B, in the City of San Diego, County of San Diego, State of California, according to Map No. 14259 recorded on August 15, 2001 in the official records of the Recorder's Office of San Diego County, California as File No. 2001-0581338.

Parcel 1 as shown on the 2004 East Side Map (as defined in the attached "Map Attachment").

Parcel 4 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment").

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "B-10"

FORM OF QUITCLAIM DEED TO BE EXECUTED
BY B/C DEVELOPER IN FAVOR OF THE DEVELOPER

See Attached

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

International Gateway I, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

				ALL
				PTN

SPACE ABOVE THIS LINE FOR RECORDER'S USE
NO DOCUMENTARY TAX DUE - CONSIDERATION
IS LESS THAN \$100 (R&T 11911)

**QUITCLAIM DEED
(IG-1 to IGA)**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, International Gateway I, LLC, a Delaware limited liability company ("IG-1"), hereby remises, releases and forever quitclaims to International Gateway Associates, LLC, a Delaware limited liability company ("IGA"), that certain real property in the City of San Diego, County of San Diego, State of California, described in Exhibit "A" attached hereto and incorporated herein.

International Gateway I, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO) S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "A"

The real property in the City of San Diego, County of San Diego, State of California, described as follows (Parcel A-1):

Parcel 2 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment").

The real property in the City of San Diego, County of San Diego, State of California, described as follows (the Civic Parcel):

Parcel 3 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment").

The real property in the City of San Diego, County of San Diego, State of California, described as follows (Parcel A-3):

Parcel 1 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment").

Lots 1 and 2 as shown on Map 14406 recorded on June 13, 2002 in the Official Records of the San Diego County Recorder's Office as File No. 2002-0503512

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "B-11"

FORM OF QUITCLAIM DEED
TO BE EXECUTED BY THE CITY
IN FAVOR OF DEVELOPER
(RE FORMER LIBRARY AIRSPACE PARCELS)

See Attached

Recording Requested by:

After recording mail to:

International Gateway I, LLC
Attn: JER International Gateway LLC
c/o JER Partners
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22101

				ALL
				PTN

**SPACE ABOVE THIS LINE FOR RECORDER'S USE
NO DOCUMENTARY TAX DUE - CONSIDERATION
IS LESS THAN \$100 (R&T 11911)**

QUITCLAIM DEED

This instrument is being executed as of _____, 2004 and recorded in order to confirm that all property and rights granted to The CITY OF SAN DIEGO, a municipal corporation, in the County of San Diego, State of California ("Grantor"), pursuant to that certain Grant Deed recorded in the Official Records of the San Diego County Recorder on June 13, 2002, as Document No. 2002-0503516 (the "Airspace Parcels Deed"), have reverted to INTERNATIONAL GATEWAY ASSOCIATES, LLC, a Delaware limited liability company ("Grantee"), in accordance with the terms of the Airspace Parcels Deed. In order to further confirm such vesting of such property and rights, GRANTOR hereby quitclaims to GRANTEE all such property and rights, including without limitation, each of the following:

- (a) all that real property situated in the City of San Diego, County of San Diego, State of California, described in Exhibit "A" attached hereto and made a part hereof; and
- (b) all parking and other rights described in paragraphs (b) or (c) of the Airspace Parcels Deed or in Exhibit "B" or Exhibit "C" attached to the Airspace Parcels Deed and made a part thereof.

CITY OF SAN DIEGO,
A MUNICIPAL CORPORATION

Approved as to form:

OFFICE OF THE CITY ATTORNEY

By: _____
Name: _____
Title: _____

Name: _____
Title: _____

EXHIBIT "A"

Parcel A

Certain real property in the City of San Diego, State of California, described as follows:

Lot 6 as shown on International Gateway of the Americas Phase IB, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 14406, filed in the Office of the County Recorder of the County of San Diego on June 13, 2002 as File No. 2002-0503512.

Parcel B

Certain real property in the City of San Diego, State of California, described as follows:

Lot 7 of on International Gateway of the Americas Phase 1B, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 14406, filed in the Office of the County Recorder of the County of San Diego on June 13, 2002 as File No. 2002-0503512.

EXHIBIT "C-1"

FORM OF SECOND AMENDMENT TO AGREEMENT
TO BE RECORDED AFFECTING REAL PROPERTY FOR PARCEL A-1

See Attached

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

**SECOND AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel A-1)

**SECOND AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel A-1)

This Second Amendment to Agreement to Be Recorded Affecting Real Property (this "**Amendment**") is entered into as of November 22, 2004, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic (the "**Agency**"), and International Gateway Associates, LLC, a Delaware limited liability company (the "**Developer**") with reference to the following:

Recitals

A. *DDA.* The Developer and International Gateway I, LLC, a Delaware limited liability company ("**B/C Developer**"), have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and the same as may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA.**"

B. *Existing A-1 Agreement Affecting Real Property.* As contemplated by the DDA, the Developer and the Agency entered into that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property dated October 1, 2001 (the "**Original Parcel A-1 Agreement Affecting Real Property**"). Said agreement has been amended by that certain Amendment to San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property dated August 17, 2004 (the "**First Amendment**" and, collectively with the Original Parcel A-1 Agreement Affecting Real Property, the "**Existing Parcel A-1 Agreement Affecting Real Property**").

C. *Purpose.* The parties now desire to enter into this Amendment in order, among other things, to clarify (1) that the Existing Parcel A-1 Agreement Affecting Real Property henceforth shall apply only to Parcel A-1 and (2) the boundaries of Parcel A-1 so that they are consistent with those contemplated by the DDA.

Agreement

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained, and subject to the following terms and conditions, the Developer and the Agency hereby amend the Existing Parcel A-1 Agreement Affecting Real Property as set forth herein. This Amendment is being executed in lieu of, and as a replacement for, the second amendment contemplated by the First Amendment. All references herein or in the Existing Parcel A-1 Agreement Affecting Real Property to the "Agreement" (or to the "Parcel A Agreement Affecting Real Property") henceforth shall be deemed to refer to the Existing Parcel A-1 Agreement Affecting Real Property, as amended hereby. The Agreement sometimes

is referred to herein as the “Parcel A-1 Agreement Affecting Real Property”. The parties further agree as follows:

1. Property Subject to Parcel A-1 Agreement Affecting Real Property. The parties hereby agree that all references in the Existing Parcel A-1 Agreement Affecting Real Property to “Parcel A” or “the Property” henceforth shall be deemed to refer to Parcel A-1 as described on Exhibit A-1 attached hereto (which for all purposes henceforth shall be deemed to constitute “Parcel A-1” for purposes of the Parcel A-1 Agreement Affecting Real Property), and except for Parcel A-1 as so described, no other portions of “Parcel A” (as defined in the Existing Parcel A-1 Agreement Affecting Real Property) shall continue to be subject to the Parcel A-1 Agreement Affecting Real Property.

2. Further Amendments. In order to further clarify the removal of Development Parcels A-2 and A-3 from the scope of the Parcel A-1 Agreement Affecting Real Property, the parties further agree as follows:

(a) Section 2.b(iii) of the Existing Parcel A-1 Agreement Affecting Real Property (as amended by Section 1 of the First Amendment), is hereby deleted.

(b) Section 2(b) of the First Amendment (and Exhibit B-2/3 to the First Amendment) is hereby deleted.

3. Actions to Effectuate this Amendment. The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the Existing Parcel A-1 Agreement Affecting Real Property, as amended by this Amendment.

4. Existing Parcel A-1 Agreement Affecting Real Property to Remain in Effect. Except as expressly provided otherwise in this Amendment, and as amended hereby, the Existing Parcel A-1 Agreement Affecting Real Property remains in full force and effect, enforceable in accordance with its terms.

5. Counterparts; Date of Amendment. This Amendment may be executed in counterparts, each of which is deemed to be an original. This Amendment shall not be effective until it has been mutually executed by the Agency and the Developer. Upon such execution, the date of this Amendment for reference purposes shall be the date first set forth above.

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IN WITNESS WHEREOF, the Agency and the Developer have signed this Amendment as of the effective date set forth above.

INTERNATIONAL GATEWAY ASSOCIATES,
LLC, a Delaware limited liability company

THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS ____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

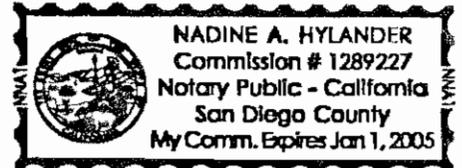
By: _____
Glenn F. Wasserman, Esq.

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

On November 30, 2004, before me, Nadine A. Hylander, Notary Public (here insert name and title of the officer), personally appeared James C. Richards, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Nadine A. Hylander



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT A-1
Description of Parcel A-1

Parcel 2 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment").

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "C-2"

FORM OF AMENDMENT TO LOAN AGREEMENT FOR PARCEL A-1.

See Attached

Recording Requested by:

When Recorded Return to:

International Gateway I, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22101

AMENDMENT TO LOAN AGREEMENT

(Parcel A-1)

AMENDMENT TO LOAN AGREEMENT

(Parcel A-1)

This Amendment to Loan Agreement (this "Amendment") is entered into as of November 22, 2004, by the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO (the "Agency") and INTERNATIONAL GATEWAY ASSOCIATES, LLC, a Delaware limited liability company (the "Developer"). The Agency and IGA agree as follows:

Recitals

A. *DDA.* The Developer and International Gateway I, LLC, a Delaware limited liability company, have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("LandGrant"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "Original DDA"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "First Implementation Agreement"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "Second Implementation Agreement"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "Third Implementation Agreement"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "Fourth Implementation Agreement") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "Fifth Implementation Agreement"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and as the same may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "DDA."

B. *Existing Loan Agreement.* The Agency and the Developer are parties to that certain Loan Agreement (Parcel A-1) dated August 16, 2004 filed in the office of the City Clerk for the City of San Diego on October 7, 2004 as Document No. D-02842-a/R-02842 (the "Existing Loan Agreement").

C. *Purpose.* The parties now desire to enter into this Amendment in order to, among other things, clarify (for purposes of the Existing Loan Agreement) the boundaries of Parcel A-1 so they are consistent with those contemplated by the DDA.

Agreement

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the parties hereby amend the Existing Loan Agreement as set forth herein. All references herein or in the Existing Loan Agreement to the "Agreement" henceforth shall be deemed to refer to the Existing Loan Agreement as amended hereby. The Existing Loan Agreement, as amended hereby, sometimes is referred to herein as the "Loan Agreement". The parties further agree as follows:

1. *Description of Parcel A-1.* The description of Parcel A-1 attached to the Existing Loan Agreement as Exhibit A is hereby replaced with the substitute description of Parcel A-1 attached to this Amendment as Attachment A, and as used in the Loan Agreement, "Parcel A-1" hereafter shall refer to Parcel A-1 as described in such Attachment A.

2. *Actions to Effectuate this Amendment.* The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the Loan Agreement, as amended by this Amendment.

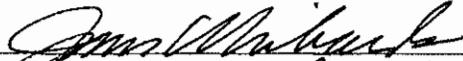
3. Existing Loan Agreement to Remain in Effect. Except as expressly provided otherwise in this Amendment, the Loan Agreement remains in full force and effect, enforceable in accordance with its terms. All references in the Loan Agreement to the "Agreement" henceforth shall be deemed to refer to the Loan Agreement as amended hereby.

4. Counterparts; Date of Amendment. This Amendment is executed in five (5) duplicate originals, each of which is deemed to be an original, and may be signed in counterparts. This Amendment shall not be effective until it has been mutually executed by the Developer and the Agency. Upon such mutual execution, the date of this Amendment for reference purposes shall be the date first set forth above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

INTERNATIONAL GATEWAY ASSOCIATES, LLC, a
Delaware limited liability company (Developer)

Dated: _____

By: 
Print Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

REDEVELOPMENT AGENCY OF THE CITY OF SAN
DIEGO
(Agency)

Dated: _____

By: _____
Print Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND LEGALITY

on this ____ day of _____, _____

Counsel to the Agency

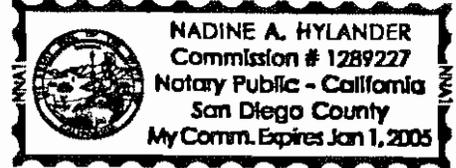
By: _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On November 30, 2004, before me, Nadine A. Hylander, Notary Public (here insert name and title of the officer), personally appeared James C. Richards, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Nadine A. Hylander



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

ATTACHMENT A
DESCRIPTION PARCEL A-1

Parcel 2 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment").

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "D"

FORM OF AGREEMENT TO BE RECORDED
AFFECTING REAL PROPERTY FOR PARCEL A-3

See Attached

RECORDING REQUESTED BY

WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY

(Parcel A-3)

SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY

(Parcel A-3)

THIS AGREEMENT is entered into this 22nd day of November, 2004 (this "**Agreement**"), by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic (the "**Agency**") and International Gateway Associates, LLC, a Delaware limited liability company (the "**Developer**") with reference to the following:

A. *Parcel A-3*. Developer is the present owner of the real property (the "**Property**") located in the City of San Diego, County of San Diego, State of California legally described in the attached Exhibit "A".

B. *DDA*. The Developer and International Gateway I, LLC, a Delaware limited liability company ("**B/C Developer**"), have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004, (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement, and the Fifth Implementation Agreement, and as the same may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA**."

C. *Purpose*. The parties now desire to enter into this Agreement in order to, among other things, to establish that Parcel A-3 will be developed and used pursuant to the terms and conditions of the DDA.

Agreement

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained, and subject to the following terms and conditions, the Developer and the Agency hereby agree as follows:

1. Developer hereby covenants and agree for itself, its successors, its assigns, and every successor in interest to the Property that the Property shall be developed and used in accordance with the DDA.

2. Developer hereby covenants and agrees for itself, its successors, its assigns, and ever successor in interest to the Property that Developer, such successors and such assigns, shall develop, maintain, and use the Property only as follows:

- a. The Property shall be devoted only to the development permitted and the uses specified in the applicable provisions of the Redevelopment Plan and this Agreement to be Recorded Affecting Real Property, which document is more restrictive.

- b. The Property may be developed with any improvements permitted under applicable law. As more fully set forth in the DDA, the Agency confirms and agrees that it shall permit and support the development of the Property with residential condominiums or apartments and related improvements, so long as such development meets the "Acceptable Parcel A-3 Development Parameters" described in the DDA. Such support shall include support of all applications for governmental approvals (e.g., re-zoning, amendment to any applicable development permit or coastal development permit, etc.) necessary or appropriate in order to permit such development of the Property, and the Agency shall take steps reasonably requested and appropriate in order to facilitate the issuance of said approvals without any requirement that the Developer bear any further "Exactions" as a condition to the issuance of said approvals (as said term is defined in the DDA).
- c. During construction and thereafter, Developer shall maintain the improvements on the Property and in the public rights-of-way (curb to property line) on all sides of the Property, and shall keep from any accumulation of debris or waste materials. During construction and thereafter, Developer shall also maintain the required landscaping on the Property and in such public rights-of-way in a healthy condition.

3. Developer covenants and agrees for itself, its successors, it assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of sex, sexual orientation, marital status, race, color, creed, religion, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it, establish or permit any such practice or practices of location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

4. All deeds, leases or contracts made relative to the Property, improvements thereon, or any part thereof, shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

- a. In deeds: "The grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of sex, sexual orientation, marital status, race, color, creed, religion, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."
- b. In leases: "The lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this lease is made accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or of persons, on account of sex, sexual orientation marital status, race, color, religion,

creed, national origin or ancestry in the leasing, subleasing, renting, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall lessee itself, or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased.”

- c. In contracts: “There shall be no discrimination against or segregation of any person or group of persons on account of sex, sexual orientation, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land.”

5. All conditions, covenants and restrictions contained in this Agreement shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Agency, its successors and assigns, and the City of San Diego and its successors and assigns, against Developer, its successors and assigns, to or of the Property or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof.

6. Except as set forth in the following two sentences, every covenant and condition and restriction contained in this Agreement shall remain in effect during the duration of the Redevelopment Plan, until April 16, 2026. The covenants against discrimination set forth in paragraphs 3. and 4. of this Agreement shall remain in perpetuity.

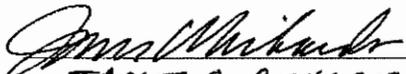
7. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that Agency shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes without regard to technical classification or designation shall be binding for the benefit of Agency and such covenants shall run in favor of Agency for the entire period during which such covenants shall be in force and effect, without regard to whether Agency is or remains an owner of any land or interest therein to which such covenants relate. Agency shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Agency and the Developer have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized this _____ day of _____, 2004.

INTERNATIONAL GATEWAY ASSOCIATES, LLC, a Delaware limited liability company

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

By: _____
Name: _____
Title: _____ Developer

APPROVED AS TO FORM AND LEGALITY ON THIS _____ day of _____, 2004.

Agency General Counsel

By: _____
Name: _____

APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

By: _____
Glenn F. Wasserman, Esq.

Exhibit "A"
Description of Property
(Parcel A-3)

The real property in the City of San Diego, County of San Diego, State of California, described as follows:

Parcel 1 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment")

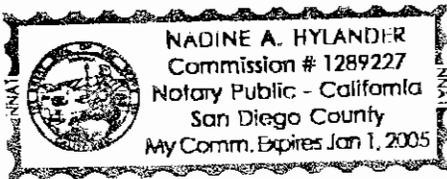
Lots 1 and 2 as shown on Map 14406 recorded on June 13, 2002 in the Official Records of the San Diego County Recorder's Office as File No. 2002-0503512

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN DIEGO)

On November 30, 2004, before me, Nadine A. Hylander, Notary Public,
(Name And Title Of Officer)

personally appeared James C. Richards,

- ~~personally known to me~~
- ~~or~~
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Nadine A. Hylander

Signature Of Notary

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN DIEGO)

On _____, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____

- personally known to me
- ~~or~~
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN DIEGO)

On _____, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____,

- personally known to me
- or-
- proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN DIEGO)

On _____, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____,

- personally known to me
- or-
- proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

Exhibit "A"

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "E-1"

FORM OF FIRST AMENDMENT TO AGREEMENT
TO BE RECORDED AFFECTING REAL PROPERTY FOR PARCEL E-1

See Attached

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

**AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel E-1)

**AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel E-1)

This Amendment to Agreement to Be Recorded Affecting Real Property (this "**Amendment**") is entered into as of November 22, 2004, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic (the "**Agency**"), and International Gateway Associates, LLC, a Delaware limited liability company (the "**Developer**") with reference to the following:

Recitals

A. *DDA.* The Developer and International Gateway I, LLC, a Delaware limited liability company ("**B/C Developer**"), have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and as the same may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA.**" Capitalized terms used herein but not defined herein shall have the meanings given them in the DDA.

B. *Parcel E-1 Agreement Affecting Real Property.* As contemplated by the DDA, the Developer and the Agency entered into that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel E-1) dated October 1, 2001 and recorded in the office of the San Diego County Recorder on October 17, 2001 as Document No. 2001-0751843 (the "**Parcel E-1 Agreement Affecting Real Property**").

C. *Purpose.* The parties now desire to enter into this Amendment in order to, among other things, clarify the permitted development and uses of Parcel E-1 so that they are consistent with those contemplated by the DDA.

Agreement

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained, and subject to the following terms and conditions, the Developer and the Agency hereby amend the Parcel E-1 Agreement Affecting Real Property as set forth herein. All references herein or in the Parcel E-1 Agreement Affecting Real Property to the "Agreement" henceforth shall be deemed to refer to the Parcel E-1 Agreement Affecting Real Property, as amended hereby. The parties further agree as follows:

1. *Insertion of New Section 2.c of Parcel E-1 Agreement Affecting Real Property.* Section 2 of the Parcel E-1 Agreement Affecting Real Property is hereby further amended to insert the following Section 2.d immediately following Section 2.c thereof:

“d. The Developer further shall have the right to construct surface parking improvements upon Development Parcel E-1. Said surface parking improvements may be used in connection with improvements from time to time constructed upon Development Parcels B, C, A-1, A-3 the Civic Parcel, and/or any other Development Parcel within the E Property, until such time as the applicable portions of Development Parcel E-1 are necessary for the construction of the building improvements described above in clauses b and c of this Section 2.”

2. Actions to Effectuate this Amendment. The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the Parcel E-1 Agreement Affecting Real Property, as amended by this Amendment.

3. Parcel E-1 Agreement Affecting Real Property to Remain in Effect. Except as expressly provided otherwise in this Amendment, and as amended hereby, the Parcel E-1 Agreement Affecting Real Property remains in full force and effect, enforceable in accordance with its terms.

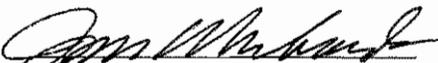
4. Counterparts; Date of Amendment. This Amendment may be executed in counterparts, each of which is deemed to be an original. This Amendment shall not be effective until it has been mutually executed by the Agency and the Developer. Upon such execution, the date of this Amendment for reference purposes shall be the date first set forth above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Agency and the Developer have signed this Amendment as of the effective date set forth above.

INTERNATIONAL GATEWAY ASSOCIATES,
LLC, a Delaware limited liability company

THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS _____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

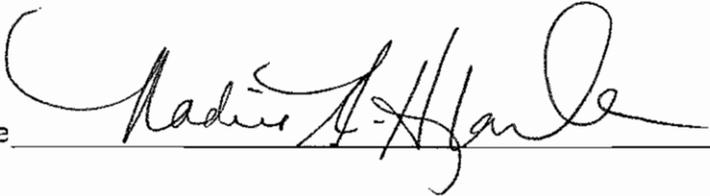
APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

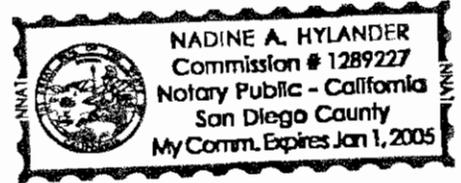
By: _____
Glenn F. Wasserman, Esq.

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On November 30, 2004, before me, Nadine A. Hylander, ^{Notary Public} ~~(here insert name and title of the officer)~~, personally appeared James C. Richards, ~~personally known to me (or proved to me on the basis of satisfactory evidence)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature 



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "E-2"

FORM OF FIRST AMENDMENT TO AGREEMENT
TO BE RECORDED AFFECTING REAL PROPERTY FOR PARCEL E-2.

See Attached

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

**AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel E-2)

**AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel E-2)

This Amendment to Agreement to Be Recorded Affecting Real Property (this "**Amendment**") is entered into as of November 22, 2004, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic (the "**Agency**"), and International Gateway Associates, LLC, a Delaware limited liability company (the "**Developer**") with reference to the following:

Recitals

A. *DDA*. The Developer and International Gateway I, LLC, a Delaware limited liability company ("**B/C Developer**"), have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and as the same may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA**." Capitalized terms used herein but not defined herein shall have the meanings given them in the DDA.

B. *Parcel E-2 Agreement Affecting Real Property*. As contemplated by the DDA, the Developer and the Agency entered into that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel E-2) dated October 1, 2001 and recorded in the office of the San Diego County Recorder on October 17, 2001 as Document No. 2001-0751844 (the "**Parcel E-2 Agreement Affecting Real Property**").

C. *Purpose*. The parties now desire to enter into this Amendment in order to, among other things, clarify the permitted development and uses of Parcel E-2 so that they are consistent with those contemplated by the DDA.

Agreement

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained, and subject to the following terms and conditions, the Developer and the Agency hereby amend the Parcel E-2 Agreement Affecting Real Property as set forth herein. All references herein or in the Parcel E-2 Agreement Affecting Real Property to the "Agreement" henceforth shall be deemed to refer to the Parcel E-2 Agreement Affecting Real Property, as amended hereby. The parties further agree as follows:

1. *Insertion of New Section 2.c of Parcel E-2 Agreement Affecting Real Property*. Section 2 of the Parcel E-2 Agreement Affecting Real Property is hereby further amended to insert the following Section 2.d immediately following Section 2.c thereof:

“d. The Developer further shall have the right to construct surface parking improvements upon Development Parcel E-2. Said surface parking improvements may be used in connection with improvements from time to time constructed upon Development Parcels B, C, A-1, A-3 the Civic Parcel, and/or any other Development Parcel within the E Property, until such time as the applicable portions of Development Parcel E-2 are necessary for the construction of the building improvements described above in clauses b and c of this Section 2.”

2. Actions to Effectuate this Amendment. The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the Parcel E-2 Agreement Affecting Real Property, as amended by this Amendment.

3. Parcel E-2 Agreement Affecting Real Property to Remain in Effect. Except as expressly provided otherwise in this Amendment, and as amended hereby, the Parcel E-2 Agreement Affecting Real Property remains in full force and effect, enforceable in accordance with its terms.

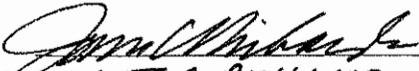
4. Counterparts; Date of Amendment. This Amendment may be executed in counterparts, each of which is deemed to be an original. This Amendment shall not be effective until it has been mutually executed by the Agency and the Developer. Upon such execution, the date of this Amendment for reference purposes shall be the date first set forth above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Agency and the Developer have signed this Amendment as of the effective date set forth above.

INTERNATIONAL GATEWAY ASSOCIATES,
LLC, a Delaware limited liability company

THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS _____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

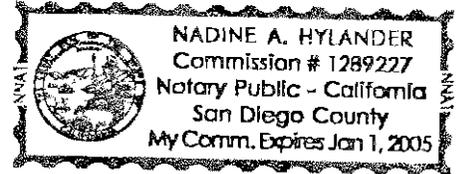
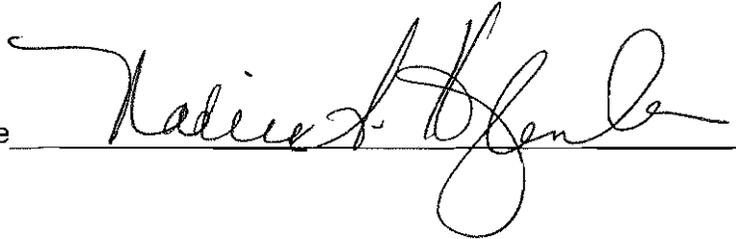
By: _____
Glenn F. Wasserman, Esq.

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

On November 30, 2004, before me, Nadine A. Hylander, ^{Notary Public} ~~(here insert name and title of the officer)~~, personally appeared James C. Richards, personally known ~~to me~~ ~~(or proved to me on the basis of satisfactory evidence)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "E-3"

FORM OF FIRST AMENDMENT TO AGREEMENT
TO BE RECORDED AFFECTING REAL PROPERTY FOR PARCEL E-3

See Attached

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

**AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel E-3)

**AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel E-3)

This Amendment to Agreement to Be Recorded Affecting Real Property (this "**Amendment**") is entered into as of November 22, 2004, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic (the "**Agency**"), and International Gateway Associates, LLC, a Delaware limited liability company (the "**Developer**") with reference to the following:

Recitals

A. DDA. The Developer and International Gateway I, LLC, a Delaware limited liability company ("**B/C Developer**"), have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and the same as may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA**." Capitalized terms used herein but not defined herein shall have the meanings given them in the DDA.

B. Parcel E-3 Agreement Affecting Real Property. As contemplated by the DDA, the Developer and the Agency entered into that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel E-3) dated October 1, 2001 and recorded in the office of the San Diego County Recorder on October 17, 2001 as Document No. 2001-0751845 (the "**Parcel E-3 Agreement Affecting Real Property**").

C. Purpose. The parties now desire to enter into this Amendment in order to, among other things, clarify the permitted development and uses of Parcel E-3 so that they are consistent with those contemplated by the DDA.

Agreement

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained, and subject to the following terms and conditions, the Developer and the Agency hereby amend the Parcel E-3 Agreement Affecting Real Property as set forth herein. All references herein or in the Parcel E-3 Agreement Affecting Real Property to the "Agreement" henceforth shall be deemed to refer to the Parcel E-3 Agreement Affecting Real Property, as amended hereby. The parties further agree as follows:

1. Amendment to Section 2.b of Parcel E-3 Agreement Affecting Real Property. Clause b of Section 2 of the Parcel E-3 Agreement Affecting Real Property is hereby amended to read in its entirety as follows:

“b. Development Parcel E-3 will be developed with a business and tourist-oriented hotel and conference center with approximately 200 to 300 rooms and associated meeting and conference space. It is anticipated that the hotel and conference center will include sufficient on-site parking to meet code requirements for on-site guest parking. Proposed parking for Development Parcel E-3 also may be furnished in the Development Parcel F parking garage, and may also be served by arrangement with parking lots within the Gateway Project or to the east of Development Parcel E-3. The development also shall contain all appropriate landscaping. All development shall be constructed in accordance with plans and specifications prepared by Developer and approved by the Agency.”

2. Insertion of New Section 2.c of Parcel E-3 Agreement Affecting Real Property. Section 2 of the Parcel E-3 Agreement Affecting Real Property is hereby further amended to insert the following Section 2.d immediately following Section 2.c thereof:

“d. The Developer further shall have the right to construct surface parking improvements upon Development Parcel E-3. Said surface parking improvements may be used in connection with improvements from time to time constructed upon Development Parcels B, C, A-1, A-3 the Civic Parcel, and/or any other Development Parcel within the E Property, until such time as the applicable portions of Development Parcel E-3 are necessary for the construction of the building improvements described above in clauses b and c of this Section 2.”

3. Actions to Effectuate this Amendment. The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the Parcel E-3 Agreement Affecting Real Property, as amended by this Amendment.

4. Parcel E-3 Agreement Affecting Real Property to Remain in Effect. Except as expressly provided otherwise in this Amendment, and as amended hereby, the Parcel E-3 Agreement Affecting Real Property remains in full force and effect, enforceable in accordance with its terms.

5. Counterparts; Date of Amendment. This Amendment may be executed in counterparts, each of which is deemed to be an original. This Amendment shall not be effective until it has been mutually executed by the Agency and the Developer. Upon such execution, the date of this Amendment for reference purposes shall be the date first set forth above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Agency and the Developer have signed this Amendment as of the effective date set forth above.

INTERNATIONAL GATEWAY ASSOCIATES,
LLC, a Delaware limited liability company

THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS _____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

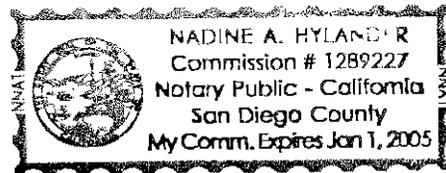
By: _____
Glenn F. Wasserman, Esq.

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

On November 30, 2004, before me, Nadine A. Hylander, ^{Notary Public} ~~(here insert name and title of the officer)~~, personally appeared James C. Richards, ~~personally known to me (or proved to me on the basis of satisfactory evidence)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Nadine A. Hylander



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "E-4"

FORM OF FIRST AMENDMENT TO AGREEMENT
TO BE RECORDED AFFECTING REAL PROPERTY FOR PARCEL E-4

See Attached

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

**AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel E-4)

**AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel E-4)

This Amendment to Agreement to Be Recorded Affecting Real Property (this "**Amendment**") is entered into as of November 22, 2004, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic (the "**Agency**"), and International Gateway Associates, LLC, a Delaware limited liability company (the "**Developer**") with reference to the following:

Recitals

A. *DDA.* The Developer and International Gateway I, LLC, a Delaware limited liability company ("**B/C Developer**"), have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and the same as may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA.**" Capitalized terms used herein but not defined herein shall have the meanings given them in the DDA.

B. *Parcel E-4 Agreement Affecting Real Property.* As contemplated by the DDA, the Developer and the Agency entered into that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property (Parcel E-4) dated October 1, 2001 and recorded in the office of the San Diego County Recorder on October 17, 2001 as Document No. 2001-0751846 (the "**Parcel E-4 Agreement Affecting Real Property**").

C. *Purpose.* The parties now desire to enter into this Amendment in order to, among other things, clarify the permitted development and uses of Parcel E-4 so that they are consistent with those contemplated by the DDA.

Agreement

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained, and subject to the following terms and conditions, the Developer and the Agency hereby amend the Parcel E-4 Agreement Affecting Real Property as set forth herein. All references herein or in the Parcel E-4 Agreement Affecting Real Property to the "Agreement" henceforth shall be deemed to refer to the Parcel E-4 Agreement Affecting Real Property, as amended hereby. The parties further agree as follows:

1. *Amendment to Section 2.b of Parcel E-4 Agreement Affecting Real Property.* Clause b of Section 2 of the Parcel E-4 Agreement Affecting Real Property is hereby amended to read in its entirety as follows:

“b. Development Parcel E-4 will be developed with retail, entertainment, food and office uses aggregating up to 50,000 square feet. At the option of the Developer, such uses also may include cultural and institutional uses (e.g., centers for advanced studies, facilities for major cultural exchanges and exhibits, and public functions to celebrate the diversity of cultures that interact along the common border). Proposed parking for Development Parcel E-4 will be furnished in the Development Parcel F parking garage, and may also be served by arrangement with existing parking lots within the Gateway Project or to the east of Development Parcel E-4. The development also shall contain all appropriate landscaping. All development shall be constructed in accordance with plans and specifications prepared by Developer and approved by the Agency.”

2. Insertion of New Section 2.c of Parcel E-4 Agreement Affecting Real Property. Section 2 of the Parcel E-4 Agreement Affecting Real Property is hereby further amended to insert the following Section 2.d immediately following Section 2.c thereof:

“d. The Developer further shall have the right to construct surface parking improvements upon Development Parcel E-4. Said surface parking improvements may be used in connection with improvements from time to time constructed upon Development Parcels B, C, A-1, A-3 the Civic Parcel, and/or any other Development Parcel within the E Property, until such time as the applicable portions of Development Parcel E-4 are necessary for the construction of the building improvements described above in clauses b and c of this Section 2.”

3. Actions to Effectuate this Amendment. The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the Parcel E-4 Agreement Affecting Real Property, as amended by this Amendment.

4. Parcel E-4 Agreement Affecting Real Property to Remain in Effect. Except as expressly provided otherwise in this Amendment, and as amended hereby, the Parcel E-4 Agreement Affecting Real Property remains in full force and effect, enforceable in accordance with its terms.

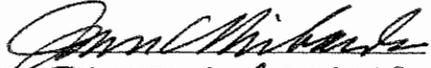
5. Counterparts; Date of Amendment. This Amendment may be executed in counterparts, each of which is deemed to be an original. This Amendment shall not be effective until it has been mutually executed by the Agency and the Developer. Upon such execution, the date of this Amendment for reference purposes shall be the date first set forth above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Agency and the Developer have signed this Amendment as of the effective date set forth above.

INTERNATIONAL GATEWAY ASSOCIATES,
LLC, a Delaware limited liability company

THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS ____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

By: _____
Glenn F. Wasserman, Esq.

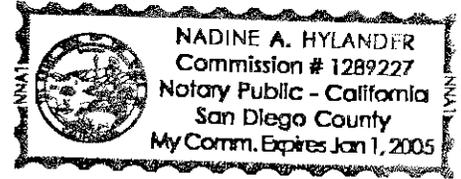
STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

Notary Public

On November 30, 2004, before me, Nadine A. Hylander, ~~(here insert name and title of the officer)~~, personally appeared James C. Richards, ~~personally known to me (or proved to me on the basis of satisfactory evidence)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Nadine A. Hylander



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "F"

FORM OF FIRST AMENDMENT TO AGREEMENT
TO BE RECORDED AFFECTING REAL PROPERTY FOR PARCEL B/C.

See Attached

RECORDING REQUESTED BY:

WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

**FIRST AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel B/C)

**FIRST AMENDMENT TO SAN YSIDRO REDEVELOPMENT PROJECT
AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY**

(Parcel B/C)

This First Amendment to Agreement to Be Recorded Affecting Real Property (this "**Amendment**") is entered into as of November 22, 2004, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic (the "**Agency**"), and International Gateway I, LLC, a Delaware limited liability company (the "**B/C Developer**"), with reference to the following:

Recitals

A. *DDA.* The B/C Developer and International Gateway Associates, LLC, a Delaware limited liability company ("**Developer**"), have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and as the same may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA.**"

B. *Existing Parcel B/C Agreement Affecting Real Property.* As contemplated by the DDA, the B/C Developer and the Agency entered into that certain San Ysidro Redevelopment Project Agreement to Be Recorded Affecting Real Property dated October 1, 2001 (the "**Existing Parcel B/C Agreement Affecting Real Property**").

C. *Purpose.* The parties now desire to enter into this Amendment in order to, among other things, clarify (for purposes of the Existing Parcel B/C Agreement Affecting Real Property) the boundaries of Parcel B/C so that they are consistent with those contemplated by the DDA.

Agreement

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained, and subject to the following terms and conditions, the B/C Developer and the Agency hereby amend the Existing Parcel B/C Agreement Affecting Real Property as set forth herein. All references herein or in the Existing Parcel B/C Agreement Affecting Real Property to the "Agreement" henceforth shall be deemed to refer to the Existing Parcel B/C Agreement Affecting Real Property, as amended hereby. The Existing Parcel B/C Agreement Affecting Real Property, as so amended, sometimes is referred to herein as the "**Parcel B/C Agreement Affecting Real Property**". The parties further agree as follows:

1. *Property Subject to Parcel B/C Agreement Affecting Real Property.* The parties hereby agree that all references in the Existing Parcel B/C Agreement Affecting Real Property to "Parcel B/C" or "the Property" henceforth shall be deemed to refer to Parcel B/C as described on Exhibit A attached

hereto (which for all purposes henceforth shall be deemed to constitute “Parcel B/C” for purposes of the Parcel B/C Agreement Affecting Real Property).

2. Actions to Effectuate this Amendment. The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the Parcel B/C Agreement Affecting Real Property, as amended by this Amendment.

3. Parcel B/C Agreement Affecting Real Property to Remain in Effect. Except as expressly provided otherwise in this Amendment, and as amended hereby, the Existing Parcel B/C Agreement Affecting Real Property remains in full force and effect, enforceable in accordance with its terms.

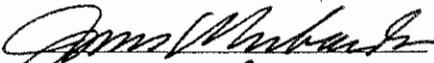
4. Counterparts; Date of Amendment. This Amendment may be executed in counterparts, each of which is deemed to be an original. This Amendment shall not be effective until it has been mutually executed by the Agency and the B/C Developer. Upon such execution, the date of this Amendment for reference purposes shall be the date first set forth above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Agency and the B/C Developer have signed this Amendment as of the effective date set forth above.

INTERNATIONAL GATEWAY I, LLC, a
Delaware limited liability company

THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS _____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

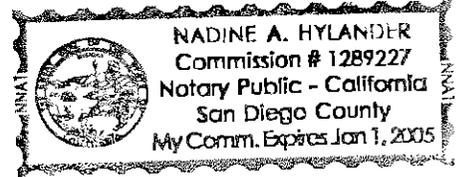
By: _____
Glenn F. Wasserman, Esq.

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On November 30, 2004, before me, Nadine A. Hylander, Notary Public (~~there insert name and title of the officer~~), personally appeared James C. Richards, personally known ~~to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Nadine Hylander



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT A
Description of Parcel B/C

The real property in the City of San Diego, County of San Diego, State of California, described as follows:

Lots 6, 8, 11 through 14 and 16 as shown on International Gateway of the Americas Phase 1B, in the City of San Diego, County of San Diego, State of California, according to Map No. 14259 recorded on August 15, 2001 in the official records of the Recorder's Office of San Diego County, California as File No. 2001-0581338.

Parcel 1 as shown on the 2004 East Side Map (as defined in the attached "Map Attachment").

Parcel 4 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment").

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "G"

FORM OF AMENDMENT TO LOAN AGREEMENT FOR PARCEL B/C

See Attached

RECORDING REQUESTED BY:

WHEN RECORDED RETURN TO:

International Gateway I, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22101

AMENDMENT TO LOAN AGREEMENT

(Parcel B/C)

AMENDMENT TO LOAN AGREEMENT

(Parcel B/C)

This Amendment to Loan Agreement (this "**Amendment**") is entered into as of November 22, 2004, by the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO (the "**Agency**") and INTERNATIONAL GATEWAY I, LLC, a Delaware limited liability company (the "**B/C Developer**"). The Agency and B/C Developer agree as follows:

Recitals

A. *DDA*. The B/C Developer and International Gateway Associates, LLC, a Delaware limited liability company ("**Developer**"), have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and as the same may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA**."

B. *Existing Loan Agreement*. As contemplated by the DDA, the B/C Developer and the Agency entered into that certain Loan Agreement dated as of October 1, 2001 and recorded on October 17, 2001 in the Official Records of the San Diego County Recorder's Office as Document No. 2001-0751840 (the "**Existing Loan Agreement**").

C. *Purpose*. The parties now desire to enter into this Amendment in order to, among other things, clarify (for purposes of the Existing Loan Agreement, as amended hereby) the boundaries of Parcel B/C so that they are consistent with those contemplated by the DDA.

Agreement

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the parties hereby amend the Existing Loan Agreement as set forth herein. All references herein or in the Existing Loan Agreement to the "Agreement" henceforth shall be deemed to refer to the Existing Loan Agreement as amended hereby. The Existing Loan Agreement, as amended hereby, sometimes is referred to herein as the "**Loan Agreement**". The parties further agree as follows:

1. *Map and Description of Parcel B/C*. The map of Parcel B/C attached to the Existing Loan Agreement as Exhibit A is hereby deleted. The description of Parcel B/C attached to the Existing Loan Agreement as Exhibit B is hereby replaced with the substitute description of Parcel B/C attached to this Amendment as Attachment A, and as used in the Loan Agreement, "Parcel B/C" hereafter shall mean Parcel B/C as described in Attachment A.

2. Actions to Effectuate this Amendment. The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the Loan Agreement, as amended by this Amendment.

3. Loan Agreement to Remain in Effect. Except as expressly provided otherwise in this Amendment, the Existing Loan Agreement remains in full force and effect, enforceable in accordance with its terms.

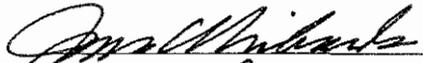
4. Counterparts; Date of Amendment. This Amendment may be executed in counterparts, each of which is deemed to be an original. This Amendment shall not be effective until it has been mutually executed by the B/C Developer and the Agency. Upon such mutual execution, the date of this Amendment for reference purposes shall be the date first set forth above.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Agency and the B/C Developer have signed this Amendment as of the effective date set forth above.

INTERNATIONAL GATEWAY I, LLC, a
Delaware limited liability company

THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS ____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

By: _____
Glenn F. Wasserman, Esq.

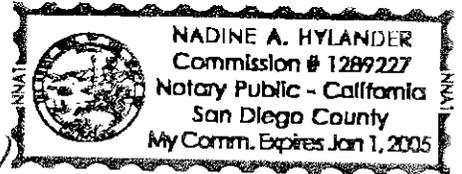
STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On November 30, 2004, before me, NADINE A. HYLANDER^{NOTARY PUBLIC} (here insert name and title of the officer), personally appeared JAMES C. RICHARDS personally known ~~to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

Nadine A. Hylander



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

ATTACHMENT A
DESCRIPTION OF PARCEL B/C

The real property in the City of San Diego, County of San Diego, State of California, described as follows:

Lots 6, 8, 11 through 14 and 16 as shown on International Gateway of the Americas Phase 1B, in the City of San Diego, County of San Diego, State of California, according to Map No. 14259 recorded on August 15, 2001 in the official records of the Recorder's Office of San Diego County, California as File No. 2001-0581338.

Parcel 1 as shown on the 2004 East Side Map (as defined in the attached "Map Attachment")

Parcel 4 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment")

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "G"

FORM OF AMENDMENT TO LOAN AGREEMENT FOR PARCEL B/C

See Attached

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "H"

FORM OF AMENDMENT TO PARCEL B/C PUBLIC USE

See Attached

RECORDING REQUESTED BY:

AND WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

(Space above for Recorder's Use Only)

FIRST AMENDMENT TO PUBLIC USE LEASE

(Parcel B/C)

FIRST AMENDMENT TO PUBLIC USE LEASE

(Parcel B/C)

THIS AMENDMENT TO PUBLIC USE LEASE (the "**Amendment**") is made as of November 22, 2004, by and between INTERNATIONAL GATEWAY I, LLC, a Delaware limited liability company ("**IG-1**"), and the CITY OF SAN DIEGO, a charter city ("**City**").

Recitals

A. Lease. International Gateway Associates, LLC, a Delaware limited liability company ("IGA"), as Lessor, and the City, as lessee, have entered into that certain Public Use Lease (Parcel B/C) dated as of March 20, 2001 and filed in the Office of the City Clerk for the City of San Diego, California, on March 20, 2001 as Document 00-18933 (the "**Lease**"). IG-1 has succeeded to the rights of the Lessor under the Lease.

B. Boundaries Modification. IG-1, as the owner of certain real property covered by the Lease (sometimes referred to in the Lease as "Parcel B/C"), and IGA, as the owner of certain adjacent property, have caused the execution, delivery and recordation of the following documents in order to adjust the boundaries of their respective properties:

- (i) The 2004 East Side Map (as defined in the attached "Map Attachment");
- (ii) The 2004 West Side Map (as defined in the attached "Map Attachment");
- (iii) a Quitclaim deed executed by IGA in favor of IG-1 recorded on _____, 2004 in the Official Records of the San Diego County Recorder as Document No. 2004-_____; and
- (iv) a Quitclaim deed executed by IG-1 in favor of IGA recorded on _____, 2004 in the Official Records of the San Diego County Recorder as Document No. 2004-_____.

C. Purpose. IG-1 and the City now desire to amend the map and legal description of Parcel B/C under the Lease so as conform the boundaries thereof to the boundaries as modified per the instruments described in Recital B above.

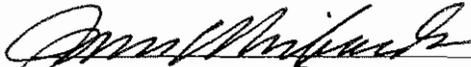
Agreement

NOW THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, IG-1 and City agree as follows:

1. Changes in Map and Legal Description. For all purposes henceforth, Exhibit A to the Lease is hereby deleted, and Exhibit B to the Lease is hereby amended and replaced in its entirety by Exhibit B attached hereto.
2. Continuing Effect. As amended hereby, the Lease shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered on the date and year first set forth above.

INTERNATIONAL GATEWAY I, LLC,
a Delaware limited liability company

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

CITY OF SAN DIEGO,
a charter city

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM AND LEGALITY:

By: _____
Name: _____
Title: _____

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN DIEGO)

On November 30, 2004, before me, Nadine A. Hylander, Notary Public,
(Name And Title Of Officer)

personally appeared James C. Richards,

- ~~personally known to me~~
- ~~or~~
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Nadine A. Hylander

Signature Of Notary

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF _____)

On _____, 2004, before me, _____
(Name And Title Of Officer)

personally appeared _____

- personally known to me
- ~~or~~
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA

)

) ss.

CITY AND COUNTY OF _____

)

On _____, 2004, before me, _____

(Name And Title Of Officer)

personally appeared _____

personally known to me

-or-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

NO EXHIBIT A TO THIS AMENDMENT

EXHIBIT B

LEGAL DESCRIPTION OF PARCEL B/C

THE LAND REFERRED TO HEREIN IS SITUATED IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

- (A) LOTS 6, 8, 11 THROUGH 14 AND 16 OF INTERNATIONAL GATEWAY OF THE AMERICAS PHASE IB, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 14259 RECORDED ON AUGUST 15, 2001 AS FILE NO. 2001-0581338 IN THE OFFICIAL RECORDS OF THE SAN DIEGO COUNTY RECORDER'S OFFICE.
- (B) PARCEL 1 AS SHOWN ON THE 2004 EAST SIDE MAP (AS DEFINED IN THE ATTACHED "MAP ATTACHMENT")
- (C) PARCEL 4 AS SHOWN ON THE 2004 WEST SIDE MAP (AS DEFINED IN THE ATTACHED "MAP ATTACHMENT")

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "I"

FORM OF SECOND AMENDMENT TO OVERALL REA

See Attached

RECORDING REQUESTED BY:

First American Title
Subdivision Mapping Department

WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Blvd., Suite 1600
McLean, VA 22102

(Space above for Recorder's Use Only)

**SECOND AMENDMENT TO OVERALL RECIPROCAL EASEMENT
AND COST SHARING AGREEMENT**

THIS SECOND AMENDMENT TO OVERALL RECIPROCAL EASEMENT AND COST SHARING AGREEMENT (this "**Second Amendment**") is made as of November 22, 2004, by and among International Gateway Associates, LLC ("**IGA**"), as the owner of the real properties described herein as Parcel A-1, the Civic Parcel, Parcel A-3, Parcel D, the E Property and the Finger Property, and International Gateway I LLC ("**IG-1**"), as the owner of the real property described herein as the Initial Shopping Center Property.

Recitals

A. DDA. IGA and IG-1 have succeeded to the rights of the "Developer" under that certain Disposition and Development Agreement entered into by LandGrant Development Unlimited as of May 28, 1998, and by the Redevelopment Agency of the City of San Diego as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and as the same may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA**".

B. Existing Overall REA; Easements. As required by the terms of the DDA, the real property covered by the DDA (as well as certain adjacent real property) also is the subject of that certain Overall Reciprocal Easement and Cost Sharing Agreement dated as of October 1, 2001, and recorded on October 17, 2001, as Document 2001-0751836 in the Official Records of the County Recorder for San Diego County, California (the "**Original Overall REA**"). The Original Overall REA has been amended by that certain Amendment to Overall Reciprocal Easement and Cost Sharing Agreement dated as of June 12, 2002, entered into by and between IGA and IG-1 and recorded on June 13, 2002 as Document 2002-0503988 in the Official Records of the County Recorder for San Diego County, California (the "**First Amendment**" and, collectively with the Original Overall REA, the "**Existing Overall REA**").

C. Adjustments in Boundaries. Certain adjustments to the boundaries of the real properties owned by IGA and IG-1, respectively, and covered by the DDA and by the Existing Overall REA, have been achieved through, among other things, the execution, delivery and recordation of the following:

(1) Map No. I4406 recorded on June 13, 2002 in the Official Records of the County Recorder for San Diego County, California as Document No. 2002-0503512 (the "2002 Subdivision Map")

(2) That certain Quitclaim Deed executed by IGA in favor of IG-1 dated as of June 12, 2002 and recorded on June 13, 2002 in the Official Records of the County

Recorder for San Diego County, California as Document No. 2002-0503514, and that certain Quitclaim Deed executed by IG-1 in favor of IG-A dated as of June 12, 2002 and recorded on June 13, 2002 in the Official Records of the County Recorder for San Diego County, California as Document No. 2002- 0503513.

(3) The 2004 West Side Map (as defined in the attached "Map Attachment") and the 2004 East Side Map (as defined in the attached "Map Attachment").

(4) That certain Quitclaim Deed executed by IGA in favor of IG-1 dated as of _____ and recorded on _____ in the Official Records of the County Recorder for San Diego County, California as Document No. _____, and that certain Quitclaim Deed executed by IG-1 in favor of IGA dated as of _____ and recorded on _____ in the Official Records of the County Recorder for San Diego County, California as Document No. _____.

D. Purpose. The parties now desire to enter into this Amendment in order, among other things and subject to the terms and conditions of this Amendment, to conform the descriptions of the "Parcels" subject to the Existing Overall REA to the respective properties created by the adjustments described in Recital C above and to modify the terms of certain of the easements established pursuant to the Existing Overall REA.

Agreement

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

1. Amendment. The parties hereby amend the Existing Overall REA as set forth herein. From and after the date of this Second Amendment, all references to the "Agreement" or the "Overall REA" in the Existing Overall REA shall be deemed to refer to the Existing Overall REA as amended hereby. In the event of any conflict between the provisions of the Existing Overall REA and the provisions of this Second Amendment, the provisions of this Second Amendment shall control, and as amended hereby, the Existing Overall REA shall continue in full force and effect. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Existing Overall REA.

2. Amendments to Definitions Used to Identify Certain Real Properties Referenced in the Overall REA. From and after the date hereof, the following definitions shall apply for purposes of the Overall REA (and to the extent that a definition for one of the following terms is different from that set forth in the Existing Overall REA, the definition set forth below for said term shall apply):

2.1 "Parcel A-1" shall mean the real property described as Parcel 2 on the 2004 West Side Map.

2.2 "Civic Parcel" shall mean the real property described as Parcel 3 on the 2004 West Side Map.

2.3 “**Parcel A-3**” shall mean, collectively, the real property described as (i) Parcel 1 on the 2004 West Side Map; and (ii) Lots 1 and 2 on the 2002 Subdivision Map.

2.4 “**Initial Shopping Center Parcel**” shall mean, collectively, the real property described as: (i) Lots 6, 8, 11 through 14 and 16 as shown on the 2001 Subdivision Map; (ii) Parcel 1 as shown on the 2004 East Side Map; and (iii) Parcel 4 as shown on the 2004 West Side Map.

2.5 The term “Finger Portion of Lot 15” is hereby deleted. In its place, the parties hereby define the term “**Finger Property**” to mean that Parcel 2 identified on the 2004 East Side Map. All references in the Overall REA to the “Finger Portion of Lot 15” henceforth shall be deemed to refer to the Finger Property.

2.6 “**IGA Property**” shall mean, collectively, Parcel A-1, the Civic Parcel, Parcel A-3, the Initial Shopping Center Parcel, Parcel D, the E Property and the Finger Property.

2.7 The “**Site Plan**” attached as Exhibit “8” to the Original Overall REA is hereby replaced by Exhibit “1” attached hereto. Said revised Site Plan shows the locations of Parcel A-1, the Civic Parcel, Parcel A-3, the Initial Shopping Center Parcel, the Baja-Mex Property, Parcel D, the E Property (and Parcels E-1, E-2, E-3 and E-4 therein), and the Finger Property.

3. Additional Amendments to Definitions. Article 1 of the Existing Overall REA is hereby further amended as follows:

3.1 New Definitions. The following definitions are hereby added to the Overall REA in the appropriate alphabetical location in Article 1:

“**Burdened Portion of the Finger Property**” shall mean all real property within the Finger Property lying west of the eastern boundary of Virginia Avenue.

“**Public Use Lease – Parcel A-1**” shall mean that certain Public Use Lease dated March 20, 2001 relating to Parcel A and filed in the City Clerk’s Office for the City of San Diego on March 20, 2001 as Document No. 00-18932, as amended by an Amendment to Public Use Lease dated November 18, 2003 and filed in the City Clerk’s Office for the City of San Diego on January 13, 2004 as Document No. 00-19252 and by a Second Amendment thereto dated August 17, 2004 and filed in the City Clerk’s Office for the City of San Diego on September 14, 2004 as Document No. 00-18932-1 and (iii) any further amendments thereto entered from time to time by the parties thereto. From and after the date of the Second Amendment, all references in the Existing Overall REA to the Public Use Lease - Parcel A shall be deemed to refer to the Public Use Lease - Parcel A-1.

“**Second Amendment**” shall mean the Second Amendment to the Overall REA.

3.2 Certain Changed Definitions. The following definitions are hereby amended and restated such that from and after the date hereof they shall read in their entirety as follows (and shall be included in Section 1.1 in the appropriate alphabetical location):

“**Lot**” shall mean any portion of a Parcel created and existing as a legal lot or parcel in accordance with the requirements of the California Subdivision Map Act.

“**Owner Representative**” shall mean, with respect to each Parcel, a Person that is the Owner of at least 67% of the buildable Floor Area in square feet located within such Parcel or, if no single Person is the Owner of 67% or more of the Floor Area within such Parcel, a person or entity from time to time designated in writing by agreement of the Owners of 67% or more of the buildable Floor Area within such Parcel, which designation shall be notified in writing to each other Owner Representative. As of the date of the Second Amendment, IGA is the Owner Representative for each of Parcel A-1, the Civic Parcel, Parcel A-3, Parcel D, Parcel E-1, Parcel E-2, Parcel E-3, Parcel E-4 and the Finger Property, and IG-1 is the Owner Representative for the Initial Shopping Center Parcel.

“**Parcel**” shall mean any of the Parcel A-1, the Civic Parcel, Parcel A-3, Initial Shopping Center Parcel, the Baja-Mex Property, Parcel D, Parcel E-1, Parcel E-2, Parcel E-3, Parcel E-4, and the Finger Property, and “Parcels” shall mean all of them.

3.3 Change to Definition of Floor Area. The definition of “**Floor Area**” is hereby amended to insert the following clause immediately following clause (b) thereof:

“(c) Any open air restaurant areas located outside of any Buildings.”

4. Changes in Certain References to Parcel A.

4.1 The following references in the Existing Overall REA to “**Parcel A**” are hereby changed to refer to Parcel A-1:

- All such references in Section 2.1(a) of the Existing Overall REA.
- All such references in the second and third sentences of Section 2.3(c) of the Existing Overall REA.
- All such references in Section 4.4 of the Existing Overall REA.
- All such references in Article VI of the Existing Overall REA.

4.2 The following references in the Existing Overall REA to “**Parcel A**” are hereby changed to refer to Parcel A-1 and the Civic Parcel:

- All such references in Section 2.3(a) of the Existing Overall REA.

- All such references in Section 3.5(b) of the Existing Overall REA (except that the reference to Parcel A in Section 3.5(b)(i) shall be deemed to refer to Parcel A-1).

4.3 Except as set forth above in this Section 4, all references to “Parcel A” in the Existing Overall REA shall mean, collectively, Parcel A-1, the Civic Parcel, and Parcel A-3.

5. Amendment to Section 2.1(c). The following is hereby inserted at the end of Section 2.1(c) of the Existing Overall REA:

“Further, the Owner of the Finger Property as to its ownership interest in the Finger Property, hereby establishes for the benefit of each Lot within the IGA Property, for the duration of the term of this Agreement, a non-exclusive easement for the use and benefit of the Owners of such Lots, their successors, heirs and assigns and their Permittees, for the purpose of vehicular and pedestrian access over those areas of the Burdened Portion of the Finger Property from time to time established therein in accordance with the terms hereof as access driveways, sidewalks, and walkways. The Owner of the Finger Property further grants to the Owner of the Initial Shopping Center Parcel an easement over all other areas within the Burdened Portion of the Finger Property for landscaping and groundscaping maintenance of the landscaping and groundscaping improvements from time to time established thereon in accordance with the terms hereof. The Owner of the Initial Shopping Center Parcel, for the benefit of the Owners of Lots within the IGA Property, hereby agrees that the Owner of the Initial Shopping Center Parcel shall be responsible (notwithstanding the provisions of Section 2.6(d) of the Overall REA) for maintaining such landscaping and groundscaping at no expense to the Owner of the Finger Property. Such maintenance shall be performed at a level consistent with the maintenance of the landscaping and groundscaping improvements from time to time established on the Initial Shopping Center Parcel.”

6. Amendment to Section 2.2(b)(i) (and to Exhibit “9A” Referenced Therein). Exhibit “9A” to the Existing Overall REA is hereby deleted, and Section 2.2(b)(i) of the Existing Overall REA is hereby amended and restated to read in its entirety as follows:

“(i) the Owners of Parcel A-1, A-3, the Civic Parcel and the Initial Shopping Center Parcel hereby approve the location of an easement for the Parcel A Drainage Improvements for the benefit of each Lot within Parcel A-1, Parcel A-3, the Civic Parcel and the Initial Shopping Center Parcel, to be constructed substantially within the boundaries of the flood water storage easement area depicted on the 2004 West Side Map.

7. Deletion of Section 2.2(b)(ii) (and Exhibit “9B” Referenced Therein). Section 2.2(b)(ii) of the Existing Overall REA and Exhibit “9B” referenced therein are hereby deleted, and the following is inserted in place of said Section 2.2(b)(ii):

“(ii) Intentionally Deleted.”

8. Insertion of New Section 2.2(b)(vii). The following new Section 2.2(b)(vii) is hereby inserted into the Overall REA immediately following Section 2.2(b)(vi) of the Existing Overall REA:

“(vii) The Owners of Parcel A-1, A-3, the Civic Parcel and the Initial Shopping Center Parcel hereby approve the location of easements for utility facilities for transmission of water over the Initial Shopping Center Parcel, Parcel A-1, Parcel A-3 and the Civic Parcel, to be constructed substantially within the boundaries of the water line easement area depicted on the 2004 West Side Map.”

9. Insertion of New Section 2.4(c). The following new Section 2.4(c) is hereby inserted into the Overall REA immediately following Section 2.4(b) of the Existing Overall REA:

“(c) Each Owner (except for the Owner of the Baja-Mex Property) as to its ownership interest in its Lot, hereby establishes and grants for the benefit of each other Lot (except for Lots within the Baja-Mex Property), easements for the construction, maintenance, repair, replacement and/or removal, at the Benefited Owner’s sole expense, of such utility lines and connection equipment and improvements as may be reasonably necessary or appropriate in order to connect service lines for the benefit of the Benefited Interest to utility distribution lines located on the Burdened Interest and reasonably intended for the distribution of such utility service to the Benefited Interest; provided, however, that such connection, equipment and improvements shall be subject to the approval of the Owner of the Burdened Interest, which approval shall not be unreasonably withheld, taking into reasonable account among other things (i) the impact of such utility service to other Lots served through such utility lines, (ii) the aesthetic and operational compatibility of such connection, equipment and improvements to the operations and improvements on the Burdened Interest, and (iii) the nature of any expected disruption of the orderly development and operation of business conducted on the Burdened Interest; and provided further, that this Section 2.4(c) is not intended to relieve any Benefited Owner of the obligation to comply with the specific requirements of, and specific protections provided for, in the other Sections of this Article II applicable to similar easements.”

10. Amendment to Section 2.13. Section 2.13 of the Existing Overall REA is hereby amended and restated in its entirety to read as follows:

“(a) The Owner of the Initial Shopping Center Parcel, for the benefit of each Lot in Parcel A-1, the Civic Parcel and Parcel A-3, hereby covenants to establish and maintain on the Initial Shopping Center Parcel:

(i) until such time as a certificate of occupancy has been issued for building improvements on Parcel A-1, a sufficient number of parking spaces on the Initial Shopping Center Parcel to assure that the number of Eligible Parking Spaces (as hereinafter defined) is greater than or equal to the greater of the following:

(A) 1437; or

(B) a number of parking spaces determined by multiplying 2.5 times the quotient resulting from the division of

(1) the sum of (a) the lesser of 400,000 square feet or the aggregate square feet of Floor Area then existing on the Initial Shopping Center Parcel plus (b) the aggregate square feet of Floor Area then existing on Parcel A-1, by

(2) 1,000; and

(ii) from and after such time as a certificate of occupancy has been issued for Parcel A-1, at least 1367 parking spaces.

(b) The Owner of Parcel A-1, for the benefit of each Lot in the Civic Parcel, Parcel A-3 and the Initial Shopping Center Parcel, hereby covenants to establish and maintain on Parcel A-1, from and after the issuance of a certificate of occupancy for any building improvements on Parcel A-1, a number of parking spaces equal to the greater of:

(i) 454 parking spaces; or

(ii) a sufficient number of parking spaces to assure that the number of Eligible Parking Spaces (as hereinafter defined) is greater than or equal to the greater of the following:

(A) 2022;

(B) a number of parking spaces determined by multiplying 2.5 times the quotient resulting from the division of

(1) the sum of (a) the lesser of 400,000 square feet or the aggregate square feet of Floor Area then existing on the Initial Shopping Center Parcel plus (b) the aggregate square feet of Floor Area then existing on Parcel A-1 plus (c) the aggregate square feet of Floor Area within the Civic Parcel, by

(2) 1,000; and;

(C) a number of parking spaces determined by multiplying 4.5 times the quotient resulting from the division of

(1) the sum of (a) the lesser of 400,000 square feet and the aggregate square feet of Floor Area then existing on the Initial Shopping Center Parcel plus

(b) the aggregate square feet of Floor Area then existing on Parcel A-1, by

(2) 1,000.

The Owner Representative for the Initial Shopping Center Parcel shall have the right to waive compliance by the Owner Representative for Parcel A-1 with the requirement set forth in clause (C) above, so long as such waiver will not result in another Owner of a Lot within the Initial Shopping Center Parcel being in violation of a minimum parking requirement established under a lease of its property that previously has been brought to the attention of the Owner Representative for the Initial Shopping Center Parcel. All costs and expenses related to the maintenance of such parking spaces on Parcel A-1 shall be paid by the Owners of Lots within Parcel A-1. Each Owner by executing this Agreement or a Supplement to this Agreement or by acquiring its Lot subject to this Agreement consents to the provisions of this Section 2.13.

(c) The Owner of Parcel A-3, for the benefit of each Lot in Parcel A-1, the Civic Parcel and the Initial Shopping Center Parcel, hereby covenants to establish and maintain on Parcel A-3, from and after issuance of a certificate of occupancy for any building improvements on Parcel A-3, a number of parking spaces equal to the greater of:

(i) the number of parking spaces required to be maintained on Parcel A-3, under applicable Legal Requirements, on account of the building improvements located on Parcel A-3 (without giving effect to the building improvements or parking spaces located on the other properties within the Gateway Project); and

(ii) a sufficient number of parking spaces so as to assure that the number of Eligible Parking Spaces (assuming compliance by the Owners of the Initial Shopping Center Parcel and Parcel A-1 of their obligations under this Section 2.13) will satisfy the aggregate parking requirements under condition 18 of Coastal Development Permit/Site Development Permit 40-0338 (as the same may be amended as of the date of approval such plans). The Owners of Lots within the Parcel A-1, the Civic Parcel, the Initial Shopping Center Parcel, Parcel D, the E Property and the Finger Property hereby agree (on their own behalf and on behalf of their successors and assigns) that the Owner Representative for Parcel A-3 shall have the right, with the consent of the City (e.g., in connection with the pursuit of governmental approvals required for the development of Parcel A-3 with building improvements), to amend the requirements of said Coastal Development Permit/Site Development Permit insofar as they pertain to development of Parcel A-3 (including without limitation amendments that might reduce the aggregated parking requirement under

said condition 18 and, consequentially, the parking required on Parcel A-3 under the terms of this Overall REA).

- (d) For purposes of this Section 2.13, “**Eligible Parking Spaces**” shall mean (i) all parking spaces on the Initial Shopping Center Parcel, Parcel A-1 or the Civic Parcel, and (ii) all parking spaces on Parcel D permitted to be used by the Owners of Lots in Parcel A-1, the Civic Parcel or the Initial Shopping Center Parcel under Section 2.3(c) above, for the temporary use specified in such Section, and (iii) any additional parking spaces established on the E Property (including any spaces on any air space parcel created above Parcel D or the E Property), provided, however, that in the case of the parking spaces covered by clause (ii) or (iii), such spaces shall only be included to the extent that they have been dedicated, in a manner approved by the Agency and consistent with the terms of the DDA (including without limitation any parking spaces permitted pursuant to Section A.1.h-1 of the Scope of Development attached to the DDA, as amended pursuant to the Fifth Implementation Agreement or pursuant to any subsequent amendment to the DDA) to satisfy the parking demand generated by the Parcel A-1, the Civic Parcel or the Initial Shopping Center Parcel, in a manner reasonably satisfactory to the Owner Representative for the Initial Shopping Center Parcel.
- (e) In counting parking spaces on or with respect to a Parcel under this Section 2.13, the parties shall consider only (i) parking spaces sized to park an automobile and (ii) parking spaces sized to fit a motorcycle (provided, however, that to the extent that the number of motorcycle spaces on a Parcel exceeds 2% of the total number of parking spaces situated on such Parcel that are sized to park an automobile, such excess motorcycle spaces shall not be considered for purposes of any parking space counts).”

11. Amendment to Section 3.1. Section 3.1 of the Existing Overall REA is hereby amended to insert the following immediately following the second sentence of said Section:

“The Owners of Parcel A-1, the Civic Parcel, the Initial Shopping Center Parcel, Parcel D, Parcel E-1, Parcel E-2, Parcel E-3, Parcel E-4 and the Finger Property (on their own behalf and on behalf of their successors and assigns) hereby further agree and confirm that (i) the development of Parcel A-3 with residential condominiums or apartments and related improvements which meet the “Acceptable Parcel A-3 Development Parameters” described in Section A.1.a-3 of the Scope of Development attached to the DDA shall be presumed to meet the requirements of this Section 3.1, (ii) any amendments to the DDA effected in order to maintain consistency with Coastal Development Permit/Site Development Permit 40-0338, as the same may be amended in accordance with Section 2.13 of this Overall REA, shall be presumed to satisfy the requirements of this Section 3.1, and (iii) said Owners shall not oppose, and shall take steps reasonably requested by the Owner Representative for the Parcel A-3 in order to

support, any amendments to the DDA and any amendments to, or applications for, other governmental approvals, permits or authorizations, to the extent reasonably necessary or appropriate in order to achieve any such development meeting the requirements of clause (i) or (ii) of this sentence. The Owners of Parcel A-1, Parcel A-3, the Initial Shopping Center Parcel, Parcel D, Parcel E-1, Parcel E-2, Parcel E-3, Parcel E-4 and the Finger Property (on their own behalf and on behalf of their successors and assigns) hereby further agree and confirm that (A) the development of the Civic Parcel with library or other civic and related improvements which meet the requirements of Section 3.2 to the Fifth Implementation Agreement (including any requirements imposed by the "Subsequent A-1/Civic Parcel/A-3 REA" referenced in said Section 3.2) shall be presumed to meet the requirements of this Section 3.1, absent a demonstration by another Owner that such development shall materially and adversely affect the operation or development of such Owner's Lot of uses previously permitted by the DDA, (B) if the Owner of Parcel A-1 or A-3 shall succeed to the ownership of the Civic Parcel in the manner potentially contemplated by Section 2.3.2 or 2.3.3 of the "Subsequent A-1/Civic Parcel/A-3 REA" referenced in Section 4.3 of the Fifth Implementation Agreement, then the development of alternative office or retail improvements which meet the requirements of said "Subsequent A-1/Civic Parcel/A-3 REA" shall be presumed to satisfy the requirements of this Section 3.1, absent a demonstration by another Owner that such development shall materially and adversely affect the operation or development of such Owner's Lot of uses previously permitted by the DDA, and (C) said Owners shall not oppose, and shall take steps reasonably requested by the Owner Representative for the Civic Parcel in order to support, any amendments to the DDA and any amendments to, or applications for, other governmental approvals, permits or authorizations, to the extent reasonably necessary or appropriate in order to achieve any such development meeting the requirements of clause (A) or (B) of this sentence."

12. Confirming Releases and Grants of Easements. The parties further agree as follows in order to confirm the extent of the geographic reach of the easement rights in favor of the various Owners:

12.1 If certain real property encumbered by a particular easement, license or right in favor of a particular Benefited Owner under the terms of the Existing Overall REA prior to the Boundary Adjustment Events (as hereinafter defined) no longer is intended, as a consequence of the amendments effected hereby, to be encumbered by said easement, license or right in favor of said Benefited Owner after the Boundary Adjustment Events, then said Benefited Owner hereby remises, releases and forever quitclaims any rights under said easement, license or right with respect to said real property in favor of the owner, as of the date hereof, of fee title to said real property.

12.2 If certain real property that was not encumbered by a particular easement, license or right in favor of a particular Benefited Owner under the terms of the Existing Overall REA prior to the Boundary Adjustment Events is intended, as a consequence of the amendments

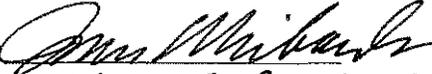
effected hereby, to be encumbered hereafter by said easement, license or right in favor of said Benefited Owner, then the owner of said real property hereby grants said easement, license and right in and to said real property in favor of said Benefited Owner.

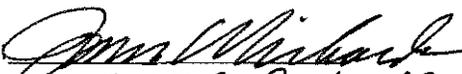
12.3 For purposes of the foregoing, the term "Boundary Adjustment Events" means the recordation of the 2004 East Side Map and the 2004 West Side Map, the execution, delivery and recordation of the deeds described in Recital C(4) to this Second Amendment, and the execution, delivery and recordation of this Second Amendment.

IN WITNESS WHEREOF, the parties have caused this Second Amendment to be executed and delivered on the date and year first set forth above.

INTERNATIONAL GATEWAY
ASSOCIATES LLC

INTERNATIONAL GATEWAY I, LLC

By 
Name: JAMES C. RICHARDS
Title: V. P.

By 
Name: JAMES C. RICHARDS
Title: V. P.

STATE OF CALIFORNIA

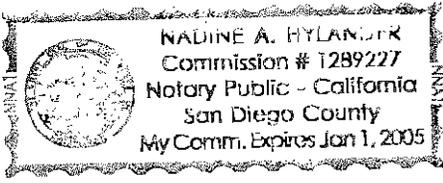
CITY AND COUNTY OF SAN DIEGO

)
) ss.
)

On 11/30, 2004, before me, Nadine A. Hylander, Notary Public,
(Name And Title Of Officer)

personally appeared James C. Richards

- personally known to me
- ~~or~~ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Nadine A. Hylander
Signature Of Notary

STATE OF CALIFORNIA

CITY AND COUNTY OF _____

)
) ss.
)

On [] __, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____

- personally known to me
- ~~or~~ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

APPROVAL OF AGENCY

The undersigned, the Redevelopment Agency of the City of San Diego, hereby confirms that it has approved of the execution, delivery and recordation of the Second Amendment to which this approval is attached.

THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS _____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

By: _____
Glenn F. Wasserman, Esq

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF _____)

On [] __, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____,

- personally known to me
- or-**
- proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF _____)

On [] __, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____,

- personally known to me
- or-**
- proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA

)

CITY AND COUNTY OF _____

) ss.

)

On [] __, 2004, before me, _____,

(Name And Title Of Officer)

personally appeared _____,

personally known to me

-or-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

APPROVAL OF CITY

The undersigned, as duly authorized representative of the City of San Diego, hereby confirms that the City of San Diego has approved of the execution, delivery and recordation of the Second Amendment to which this approval is attached.

THE CITY OF SAN DIEGO

By: _____

Name: _____

Title: _____ City Manager

APPROVED AS TO FORM AND
LEGALITY ON THIS ____ day
of _____, 2004.

City Attorney of the City of San Diego

By: _____

Name: _____

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF _____)

On [] __, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____,

- personally known to me
- or-
- proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF _____)

On [] __, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____,

- personally known to me
- or-
- proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

Exhibits to Second Amendment to Overall REA

EXHIBIT "1"	SITE PLAN
"MAP ATTACHMENT"	DESCRIBES 2004 WEST SIDE MAP AND 2004 EAST SIDE MAP

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "J"

FORM OF AMENDMENT TO SUBSEQUENT B/C/D CC&R'S

See Attached

RECORDING REQUESTED BY:

WHEN RECORDED RETURN TO:

International Gateway I, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22101

**AMENDMENT TO SUBSEQUENT B/C/D
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND
GRANT OF RIGHTS AND EASEMENTS
FOR GATEWAY PROJECT
(INITIAL SHOPPING CENTER PARCEL AND PARCEL D)**

**AMENDMENT TO SUBSEQUENT B/C/D
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND
GRANT OF RIGHTS AND EASEMENTS
FOR GATEWAY PROJECT
(INITIAL SHOPPING CENTER PARCEL AND PARCEL D)**

This Amendment to Subsequent B/C/D Declaration of Covenants, Conditions and Restrictions and Grant of Rights and Easements for Gateway Project (Initial Shopping Center Parcel And Parcel D) (this "**Amendment**") is entered into as of November 22, 2004, by INTERNATIONAL GATEWAY I, LLC, a Delaware limited liability company, as the owner of the real property described herein as the "Initial Shopping Center Parcel" and the "Finger Property" ("**IG-1**"), and INTERNATIONAL GATEWAY ASSOCIATES, LLC, a Delaware limited liability company ("**IGA**"), as the owner of the real property described herein as "Parcel D".

Recitals

A. *DDA.* IG-1 and IGA have succeeded to the rights of LandGrant Development Unlimited, a California corporation ("**LandGrant**"), under that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998, and by the Agency as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and as the same may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA.**"

B. *Overall REA.* As required by the terms of the DDA, the real property covered by the DDA (as well as certain adjacent real property) also is the subject of that certain Overall Reciprocal Easement and Cost Sharing Agreement dated as of October 1, 2001, and recorded on October 17, 2001, as Document 2001-0751836 in the Official Records of the County Recorder for San Diego County, California, as amended by (1) that certain Amendment to Overall Reciprocal Easement and Cost Sharing Agreement dated as of June 12, 2002, entered into by and between IGA and IG-1 and recorded on June 13, 2002 as Document 2002-0503988 in the Official Records of the County Recorder for San Diego County, California (the "**First Amendment to Overall REA**") and (2) that certain Second Amendment to Overall Reciprocal Easement and Cost Sharing Agreement dated as of _____, 2004, entered into by and between IGA and IG-1 and recorded on _____, 2004 as Document 2004-_____ in the Official Records of the County Recorder for San Diego County, California (as the same may be amended from time to time, the "**Overall REA**").

C. Existing Subsequent B/C/D CC&R's: Conveyance to IG-1. As contemplated by the DDA, IGA also executed that certain Subsequent B/C/D Declaration of Covenants, Conditions and Restrictions and Grant of Rights and Easements for Gateway Project (Initial Shopping Center Parcel And Parcel D) dated as of October 1, 2001 and recorded the same in the Official Records of the San Diego County Recorder's office on October 17, 2001 as Document No. 2001-0751838 (the "**Existing Subsequent B/C/D CC&R's**"). By Grant Deed recorded in the Official Records of the San Diego County Recorder on October 17, 2001 as Document No. 2001-0751849, (1) IGA conveyed to IG-1 fee title to a portion of the real property covered by the Existing Subsequent B/C/D CC&R's and (2) IGA assigned to IG-1 all rights of the "Developer" under the terms of the Existing Subsequent B/C/D CC&R's.

D. Adjustments in Boundaries. Certain adjustments to the boundaries of the real properties owned by IGA and IG-1, respectively, and covered by the DDA, by the Overall REA and by the Existing Subsequent B/C/D CC&R's, have been achieved through, among other things, the execution, delivery and recordation of the following:

(1) Map No. 14406 recorded on June 13, 2002 in the Official Records of the County Recorder for San Diego County, California as Document No. 2002-0503512 (the "2002 Subdivision Map");

(2) That certain Quitclaim Deed executed by IGA in favor of IG-1 dated as of June 12, 2002 and recorded on June 13, 2002 in the Official Records of the County Recorder for San Diego County, California as Document No. 2002-0503514, and that certain Quitclaim Deed executed by IG-1 in favor of IG-A dated as of June 12, 2002 and recorded on June 13, 2002 in the Official Records of the County Recorder for San Diego County, California as Document No. 2002-0503513;

(3) The 2004 East Side Map and the 2004 West Side Map (both as defined in the Second Amendment to the overall REA described in Recital B(2) above).

(4) That certain Quitclaim Deed executed by IGA in favor of IG-1 dated as of _____ and recorded on _____ in the Official Records of the County Recorder for San Diego County, California as Document No. _____, and that certain Quitclaim Deed executed by IG-1 in favor of IGA dated as of _____ and recorded on _____ in the Official Records of the County Recorder for San Diego County, California as Document No. _____.

E. Purpose. The parties, as owners of all of the real properties covered by the Existing Subsequent B/C/D CC&R's, now desire to enter into this Amendment in order, among other things and subject to the terms and conditions of this Amendment, to conform the descriptions of the properties subject to the Existing Subsequent B/C/D CC&R's to the respective "Lots" created by the adjustments described in Recital D above.

Agreement

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the parties hereby agree as follows:

1. Amendment. The parties hereby amend the Existing Subsequent B/C/D CC&R's as set forth herein. From and after the date of this Amendment, all references herein or in the Existing Subsequent B/C/D CC&R's to the "Declaration" or to the "Subsequent B/C/D CC&R's" henceforth shall be deemed to refer to the Existing Subsequent B/C/D CC&R's as amended hereby. In the event of any conflict between the provisions of the Existing Subsequent B/C/D CC&R's and this Amendment, the provisions of this Amendment shall control, and as amended hereby, the Existing Subsequent B/C/D CC&R's shall continue in full force and effect. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Existing Subsequent B/C/D CC&R's.

2. Changes to Certain Defined Terms. From and after the date hereof, the following definitional provisions shall apply for purposes of the Subsequent B/C/D CC&R's:

2.1 All references in the Subsequent B/C/D CC&R's to the term "**Allocable Share**" for a Lot or Owner shall be deemed to refer to the "**Common Area Allocable Share**" for that Lot or Owner.

2.2 "**Cost Sharing Lot**" means each of the Lots identified in the definition of the Initial Shopping Center Parcel. Notwithstanding the foregoing, the "Developer" under the Subsequent B/C/D CC&R's shall have the right pursuant to Section 3.4 hereof to designate the Owner of a specific Cost Sharing Lot as a "Self-Maintaining Owner", in which event the Lot so specified will no longer be considered a Cost Sharing Lot under the Declaration.

2.3 "**Initial Shopping Center Parcel**" shall mean (a) lots 6, 8, 11 through 14 and 16 as shown on International Gateway of the Americas Phase 1B, in the City of San Diego, County of San Diego, State of California, according to Map No. 14259 recorded on August 15, 2001 in the official records of the Recorder's Office of San Diego County, California as File No. 2001-0581338, (b) parcel 1 as shown on the 2004 East Side Map, and (c) parcel 4 as shown on the 2004 West Side Map.

2.4 "**Lot**" means any legally subdivided portion of the Property.

2.5 Any references in the Existing Subsequent B/C/D CC&R's to "**Lot 9 of the Initial Shopping Center Parcel**" shall be deemed to refer to the real property described in Section 2.1(c) of this Amendment.

2.6 "**Overall REA**" shall have the meaning assigned to such term in Recital B to this Amendment.

2.7 The term "**Parcel A**" is hereby deleted.

2.8 The first sentence of the definition of "**Pooled Costs**" is hereby deleted in its entirety and the following is inserted in its place:

"**Pooled Costs** means the total of (a) all sums paid out during an Accounting Period by Operator for reasonable costs and expenses directly relating to the maintenance, repair, operation and management of the Common Area including maintenance, replacement and reconstruction work as shall be required to preserve the utility of the Common Area, and a contingency reserve in an amount to be determined by "Developer" under the Subsequent B/C/D CC&R's and (b) all other costs payable by the Owners of the Initial Shopping Center Parcel and Parcel D pursuant to Section 3.5(b)(i) or 6 of the Overall REA, including (i) the costs of maintaining (A) certain pylon and monument signs within Parcel A-1, the Civic Parcel, Parcel A-3 and the Initial Shopping

Center Parcel, (B) certain storm drainage improvements on Parcel A-1, the Civic Parcel or Parcel A-3, (C) the Willow Avenue entrance area, (D) certain temporary parking areas on Parcel D designated in accordance with Section 2.3(c) of the Overall REA (during the period that parking is permitted on such parking areas pursuant to such Section), (E) landscaping and similar improvements along certain rights-of-way outside the Property, in each case to the extent set forth in Section 3.5(b)(i) or Section 6 of the Overall REA, and (F) landscaping, groundsourcing and access improvements in the manner described in Section 2.1(c) of the Overall REA, and (ii) all additional costs allocated to the Owners of the Initial Shopping Center Parcel or Parcel D under any "Additional Instruments" entered into pursuant to Section 6.6 of the Overall REA and in accordance with Section 2.7 thereof."

2.9 The term "**Public Use Lease – Parcel A**" is hereby deleted, and any references thereto in the Subsequent B/C/D CC&R's instead shall be deemed to refer to the Public Use Lease – Parcel A-1.

2.10 The following terms shall have the meanings assigned to such terms in the Overall REA:

Civic Parcel
Parcel A-1
Parcel A-3
Public Use Lease – Parcel A-1

2. Actions to Effectuate this Amendment. The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the Existing Subsequent B/C/D CC&R's, as amended by this Amendment.

3. Existing Subsequent B/C/D CC&R's to Remain in Effect. Except as expressly provided otherwise in this Amendment, the Existing Subsequent B/C/D CC&R's remains in full force and effect, enforceable in accordance with its terms.

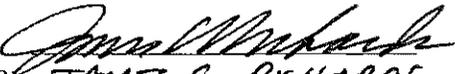
4. Counterparts; Date of Amendment. This Amendment may be executed in counterparts, each of which is deemed to be an original. This Amendment shall not be effective until it has been mutually executed by the IG-1 and IGA. Upon such mutual execution, the date of this Amendment for reference purposes shall be the date first set forth above.

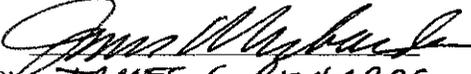
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IN WITNESS WHEREOF, IG-1 and IGA have signed this Amendment as of the effective date set forth above.

INTERNATIONAL GATEWAY I, LLC, a
Delaware limited liability company

INTERNATIONAL GATEWAY ASSOCIATES,
LLC, a Delaware limited liability company

By: 
Name: JAMES C. RICHARDS
Title: V.P.

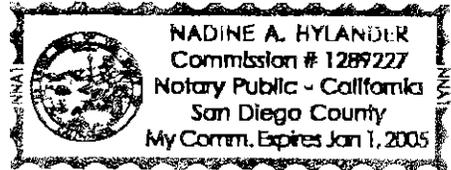
By: 
Name: JAMES C. RICHARDS
Title: V.P.

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On November 30, 2004, before me, NADINE A. HYLANDER, ^{NOTARY PUBLIC} ~~(here insert name and title of the~~
~~officer)~~, personally appeared JAMES C. RICHARDS, ~~personally known to me (or~~ proved to me
on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon
behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Nadine A. Hylander



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the
officer), personally appeared _____, personally known to me (or proved to me
on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon
behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

APPROVAL OF AGENCY

The undersigned, the Redevelopment Agency of the City of San Diego, hereby confirms that it has approved of the execution, delivery and recordation of the Second Amendment to which this approval is attached.

THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS ____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

By: _____
Glenn F. Wasserman, Esq

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF _____)

On [] __, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____,

- personally known to me
-or-
 proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF _____)

On [] __, 2004, before me, _____,
(Name And Title Of Officer)

personally appeared _____,

- personally known to me
-or-
 proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA

)

) ss.

CITY AND COUNTY OF _____

)

On [] __, 2004, before me, _____,

(Name And Title Of Officer)

personally appeared _____,

personally known to me

-or-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

EXHIBIT "K"

FORM OF AMENDED AND RESTATED SECOND AMENDMENT
TO PARCEL A-1 PUBLIC USE LEASE

See Attached

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (JC Richards)
1650 Tysons Boulevard, Suite 1600
McLean, Virginia 22102

AMENDED AND RESTATED SECOND AMENDMENT TO PUBLIC USE LEASE

(Parcel A-1)

AMENDED AND RESTATED SECOND AMENDMENT TO PUBLIC USE LEASE

(Parcel A-1)

This Amended and Restated Second Amendment to Public Use Lease (this "**Amendment**") is entered into as of November 22, 2004, by and between INTERNATIONAL GATEWAY ASSOCIATES, LLC, a Delaware limited liability company ("Lessor"), and the CITY OF SAN DIEGO, a charter city ("City").

Recitals

A. *Existing Lease.* Lessor and City have entered into that certain Public Use Lease dated March 20, 2001 (the "**Lease**"), relating to certain real property referred to therein as "**Parcel A.**" The Lease has been amended by that certain Amendment to Public Use Lease dated November 18, 2003 (the "**First Amendment**") and by that certain Second Amendment to Public Use Lease dated August 17, 2004 and filed in the Office of the City Clerk for the City of San Diego on September 14, 2004 as Document No. 00-18932-1 (the "**Former Second Amendment**") and, collectively with the Lease and First Amendment, the "**Existing Lease**"). Any capitalized terms not otherwise defined in this Amendment shall have the meaning ascribed to such terms in the Existing Lease.

B. *Purpose.* Lessor and the City now wish to enter into this Amendment in order to replace and supercede the terms of the Former Second Amendment and to further amend the provisions of the Lease, all as set forth herein.

Agreement

NOW, THEREFORE, in consideration of the covenants and conditions hereafter contained and subject to the following terms and conditions, Lessor and City amend the Existing Lease in accordance with the terms of this Amendment. The Former Second Amendment is replaced in its entirety by the terms of this Amendment, and the Former Second Amendment shall have no further force or effect. All references herein or in the Existing Lease to the "**Lease**" henceforth shall be deemed to refer to the Existing Lease, as amended by this Amendment, and all references in the Lease to the "**Second Amendment**" shall mean this Amendment. The parties further agree as follows:

1. *Property Subject to Lease; Parcel A-1; Map.* The parties hereby agree that all references in the Lease to "Parcel A" henceforth shall be deemed to refer to Parcel A-1 as described on Exhibit A-1 attached hereto (which for all purposes henceforth shall be deemed to constitute "**Parcel A-1**" for purposes of the Lease), and except for Parcel A-1 as so described, no other portions of "Parcel A" (as defined in the Existing Lease) shall continue to be subject to the Lease. The Map of Parcel A referenced in the Existing Lease is hereby deleted. Lessor and City hereby acknowledge and agree that the rights and obligations of Lessor under the Existing Lease, as amended by this Amendment, shall be binding upon Lessor, as owner of Parcel A-1, and any successor owner(s) of Parcel A-1.

2. DDA. All references herein or in the Lease to the term “**DDA**” shall refer to that certain Disposition and Development Agreement entered into by LandGrant as of May 28, 1998 (as succeeded to by Lessor), and by the Agency as of May 29, 1998, as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the “**First Implementation Agreement**”), (2) that certain Second Implementation Agreement dated November 27, 2000 (the “**Second Implementation Agreement**”), (3) that certain Third Implementation Agreement dated June 28, 2001 (the “**Third Implementation Agreement**”), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the “**Fourth Implementation Agreement**” and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the “**Fifth Implementation Agreement**”), as the same may be further amended or implemented from time to time hereafter.

3. Parking Area Description. The Parking Area Description attached to the Existing Lease as Exhibit C is hereby replaced with the substitute Parking Area Description attached to this Amendment as Exhibit C. The parties agree that the Parking Area Description may be revised from time to time with the consent of the City Manager of the City of San Diego, provided that no such revision (a) shall diminish in any material respect the ability of the City to use the Parking Area for Park and Ride purposes or (b) shall relocate any portion of the Parking Area off Parcel A-1.

4. Plan for Improvements.

(a) The Plan for Improvements on DDA Parcel A, attached to the First Amendment as Exhibit F, is hereby replaced with the Plan for Improvements on DDA Parcel A-1 attached to this Amendment as Exhibit D.

(b) The second and third sentences of Section 5 of the First Amendment are hereby replaced by the following:

“The Plan for Improvements attached as Exhibit D to the Second Amendment to this Lease shows the general layout of approximately 188,272 square feet of retail, office, entertainment and/or food uses to be constructed on Parcel A-1 (the “**Initial A Improvements**”). The DDA further provides the Developer with an option to develop within Parcel A-1 approximately 3,631 square feet of improvements for retail, office, entertainment and/or food uses within an expansion of Building D-2 identified on the Plan for Improvements as Building D-3 (it being understood that said optional improvements shall not constitute a portion of the Initial A Improvements for purposes of this Lease).”

(c) The reference in Section 2.02(b) of the Lease (as amended by Section 7 of the First Amendment) to Exhibit F to the Lease henceforth shall be deemed to refer to Exhibit D to this Amendment.

5. Amendments to Article 1 of the Lease (Regarding Rent). The parties intend (1) that the Lessor is to be relieved from any obligation to commence or complete any “Supplemental A Improvements”, (2) that the former concept of additional rent being payable under the Lease from and after completion of “Supplemental A Improvements” is to be deleted

from the Lease, and (3) that the entire "Annual Rent Amount A-1" and the "Annual Rent Amount A-2" (including both the "Base Rent" and the "Additional Rent" components thereof) shall be payable from and after the Term Commencement Date A-1, notwithstanding the fact that no "Supplemental A Improvements" shall have been completed (and thus the Term Commencement Date A-2 shall be the same day as the Term Commencement Date A-1). In furtherance of these general intentions, the parties agree that Article 1 of the Lease (RENT), as amended by the First Amendment, is hereby further amended with Sections 5(a), (b) and (c) below:

(a) Section 1.01(g) of Article 1 is hereby amended and restated in its entirety to read as follows:

"(g) **Term Commencement Date**" shall mean, as to both the Annual Rent Amount A-1 and the Annual Rent Amount A-2, the July 1 next following the date upon which the Initial A Improvements have been completed and the Parking Area Improvements referred to in Section 2.04, have been completed."

(b) Section 1.02 of Article 1 is hereby amended and restated in its entirety to read as follows:

"Section 1.02

a. **Annual Rent Amount A.** City hereby agrees to pay to Lessor for each Lease Year beginning with the Term Commencement Date A-1 and continuing until the Lease Year ending on the Termination Date A-1, the Annual Rent Amount A (including both the Annual Rent Amount A-1 and the Annual Rent Amount A-2), at which time any as yet unpaid Base Rent A-1, Base Rent A-2, Additional Rent A-1 or Additional Rent A-2 shall be deemed forgiven.

b. **Payments.** All Rent Amount A shall be payable in cash or by check drawn to the order of Lessor."

(c) Section 1.09 of Article 1 is hereby amended and restated in its entirety to read as follows:

"Section 1.09. Notwithstanding any other provisions of this Lease to the contrary, if City has made, or is treated as if having made pursuant to Section 1.04 above, the Base Rent A-1, Additional Rent A-1, Base Rent A-2 and Additional Rent A-2 payments in compliance with the provisions of this Article 1 for transactions occurring on Parcel A-1 for thirty (30) Lease Years beginning with the Term Commencement Date A-1, then the Base Rent A-1, the Additional Rent A-1, the Base Rent A-2 and the Additional Rent A-2 shall be deemed to have been completely paid, even if the sum of such installments totals less than otherwise required by this Lease."

6. **Actions to Effectuate this Amendment.** The parties agree to execute such other instruments, memoranda, agreements and amendments to documents as may be necessary or appropriate to effectuate the intent of this Amendment and the Lease.

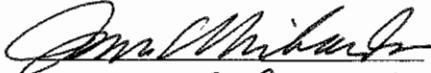
7. Existing Lease to Remain in Effect. Except as expressly provided otherwise in this Amendment, and as amended hereby, the Existing Lease remains in full force and effect, enforceable in accordance with its terms.

8. Counterparts; Date of Amendment. This Amendment may be executed in counterparts, each of which is deemed to be an original. This Amendment shall not be effective until it has been mutually executed by Lessor and City. Upon such mutual execution, the date of this Amendment for reference purposes shall be the date first set forth above.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

INTERNATIONAL GATEWAY
ASSOCIATES, LLC, a Delaware limited
liability company

THE CITY OF SAN DIEGO, a California
municipal corporation

By: 
Name: JAMES C. RICHARDS
Title: V.P.

By: _____
Name: _____
Title: _____ City Manager

APPROVED AS TO FORM AND
LEGALITY ON THIS ____ day
of _____, 2004.

City Attorney of the City of San Diego

By: _____
Name: _____

APPROVAL OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

The Redevelopment Agency of the City of San Diego (the "Agency") acknowledges that it has reviewed the foregoing Amended and Restated Second Amendment to Public Use Lease (the "Amendment") and approves of the execution, delivery and performance of the Amendment. Further, the Agency agrees that it will take all actions reasonably necessary or appropriate in order to implement the transactions contemplated by the Amendment. The Agency acknowledges and agrees that the Lessor and its present and future lenders may rely upon the provisions of this paragraph in proceeding with the financing and redevelopment contemplated by, or otherwise reasonably necessary or appropriate to achieve the redevelopment contemplated by, the DDA.

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

By: _____
Name: _____
Title: _____ Executive Director

APPROVED AS TO FORM AND
LEGALITY ON THIS ____ day
of _____, 2004.

Agency General Counsel

By: _____
Name: _____

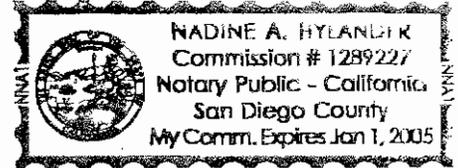
APPROVED:
KANE, BALLMER & BERKMAN
Agency Special Counsel

By: _____
Glenn F. Wasserman, Esq.

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

On November 30, 2004, before me, NADINE A. HYLANDER, ^{NOTARY PUBLIC} ~~(here insert name and title of the officer)~~, personally appeared JAMES C. RICHARDS, ~~personally known to me (or proved to me on the basis of satisfactory evidence)~~ to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Signature Nadine A. Hylander

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO } S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} **S.S.**

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004, before me, _____ (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT A-1

Legal Description of Parcel A-1

Parcel 2 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment").

THERE IS NO EXHIBIT B TO THIS AMENDMENT

EXHIBIT C

Parking Area Description

(Parcel A-1 Parking Area)

See attached.

That portion of Lots 4, 8, 9 and 10 of International Gateway of the Americas Phase 1B, according to the map thereof No. 14406, filed in the Office of the County Recorder of San Diego County, June 13, 2002, described as follows:

COMMENCING at the northeast corner of Lot 9 of said Map 14406; thence South 20°05'29" West 13.69 feet to the **POINT OF BEGINNING**;

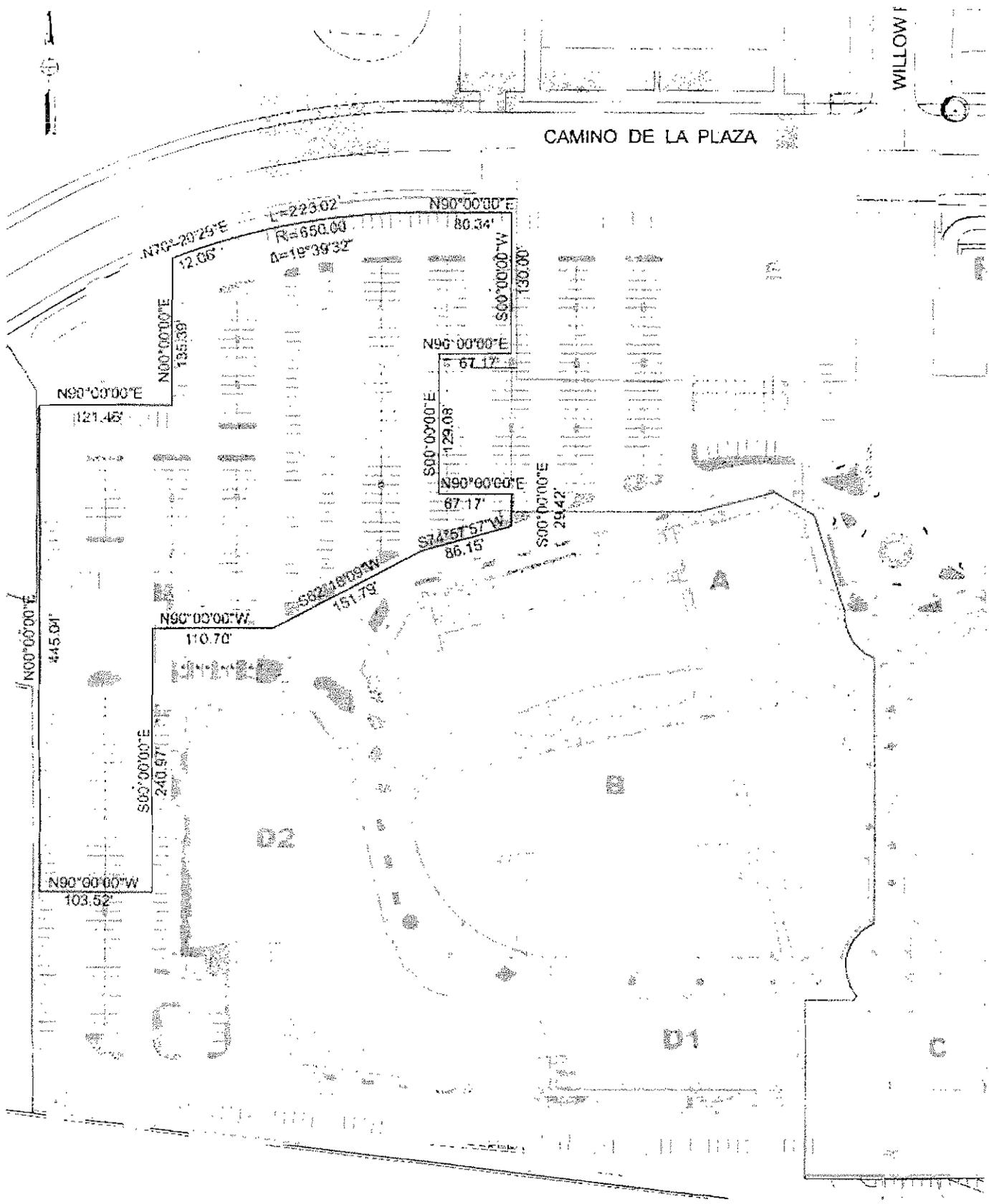
1. Thence South 0°00'00" East 130.00 feet;
2. Thence North 90°00'00" West, 67.17 feet;
3. Thence South 00°00'00" East, 129.08 feet;
4. Thence North 90°00'00" East, 67.17 feet;
5. Thence South 0°00'00" East 29.42 feet;
6. Thence South 74°57'58" West, 86.15 feet;
7. Thence South 62°18'09" West, 151.79 feet;
8. Thence North 90°00'00" West, 110.70 feet;
9. Thence South 0°00'00" West, 240.97 feet;
10. Thence North 90°00'00" West, 103.52 feet;
11. Thence North 0°00'00" East, 445.04 feet;
12. Thence South 90°00'00" East, 121.46 feet;
13. Thence North 0°00'00" East, 135.39 feet;
14. Thence North 70°20'28" East, 12.06 feet to a tangent curve concave to the south with a radius of 650.00 feet;
15. Thence easterly along the said curve through a central angle of 19°39'32", 223.02 feet;
16. Thence South 90°00'00" East 80.34 feet to the **POINT OF BEGINNING**;

Said land contains 144,716 square feet or 3.322 acres, more or less.

This legal description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors Act.

Signature: *Robert M. Sergeant*
Robert M. Sergeant, RCE 29685
License Expires 3/31/2007
Date: October 18, 2004





Parking Area for Public
 Use Lease for Parcel A-1



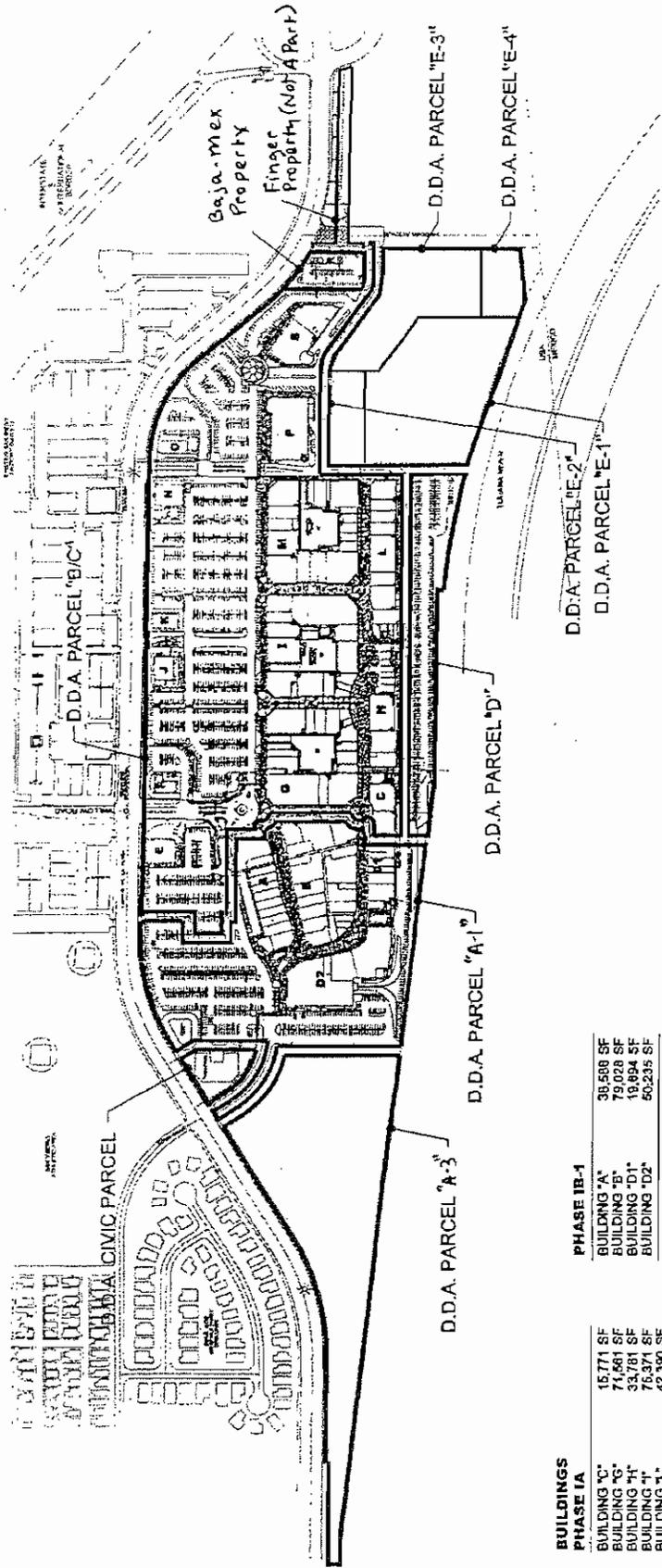
PARSONS
 110 WEST A STREET, SUITE 1050
 SAN DIEGO, CA 92101
 (619) 685-0085

EXHIBIT D

Plan for Improvements for DDA Parcel A-1

See attached.

The Plan for Improvements for DDA Parcel A-1 consists of those improvements described on the attached for construction on Parcel A-1.



**BUILDINGS
PHASE IA**

BUILDING "A"	15,771 SF
BUILDING "B"	71,461 SF
BUILDING "C"	33,781 SF
BUILDING "D"	76,971 SF
BUILDING "E"	42,390 SF
BUILDING "F"	75,797 SF
BUILDING "G"	25,182 SF
BUILDING "H"	23,992 SF
SUB-TOTAL	383,865 SF
PAD "I"	4,680 SF
PAD "J"	5,000 SF
PAD "K"	6,000 SF
PAD "L"	6,000 SF
PAD "O"	4,821 SF
SUB-TOTAL	25,506 SF
TOTAL PHASE IA	389,381 SF

PHASE IB-1

BUILDING "A"	38,588 SF
BUILDING "B"	79,028 SF
BUILDING "D1"	19,894 SF
BUILDING "D2"	50,235 SF
SUB-TOTAL	187,643 SF
PAD "E"	8,900 SF
TOTAL GLA	185,543 SF
GRAND-TOTAL PHASE IA & IB-1	584,904 SF



Las Americas
La Puerta - The Gateway



Douglas Wilson Companies

JERRETT PARTNERS



AWBrey
Cook
McGill
P.L.L.C.

**EXHIBIT G-1
AMENDED SITE PLAN
10 OCTOBER, 2004**



MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "L"

FORM OF CIVIC PARCEL GRANT DEED

See Attached

Recording Requested by:

After recording mail to:

City Clerk
City of San Diego
Mail Station 2A

				ALL
				PTN

SPACE ABOVE THIS LINE FOR RECORDER'S USE
NO DOCUMENTARY TAX DUE - R&T 11922 (amended)
Presented for record by the CITY OF SAN DIEGO

GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

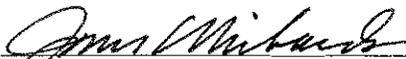
INTERNATIONAL GATEWAY ASSOCIATES, LLC, A DELAWARE LIMITED LIABILITY COMPANY

DO GRANT(S) to the City of San Diego, a municipal corporation, in the County of San Diego, State of California, each of the following:

- (a) fee title to the real property situated in the City of San Diego, County of San Diego, State of California, described in Exhibit "A" attached hereto and made a part hereof, together with all rights appurtenant thereto; and
- (b) all easement rights described in Exhibit "B" attached hereto.

The foregoing grants are made subject to all exceptions of record.

INTERNATIONAL GATEWAY ASSOCIATES, LLC,
A DELAWARE LIMITED LIABILITY COMPANY

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

This is to certify that the interest in real property rights conveyed by this instrument to the City of San Diego, a municipal corporation, are hereby accepted by the undersigned officer on behalf of the City of San Diego pursuant to authority conferred by Resolution No. _____, adopted by the Council of the City of San Diego on _____, 2004, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____

EXHIBIT "A"

Parcel A

Certain real property in the City of San Diego, State of California, described as follows:

Parcel 3 as shown on the 2004 West Side Map (as defined in the attached "Map Attachment")

EXHIBIT "B"

All rights established under the "Overall REA" (as hereinafter defined) (a) that run to the benefit of the Owner of the "Civic Parcel" (as defined in the Overall REA) and (b) that burden "Parcel A-1," "Parcel A-3" or the "E Property" (each as defined in the Overall REA). All such rights are granted subject to the terms of the Overall REA.

For purposes of the foregoing, the term "Overall REA" means that certain Overall Reciprocal Easement and Cost Sharing Agreement dated as of October 1, 2001, and recorded on October 17, 2001, as Document 2001-0751836 in the Official Records of the County Recorder for San Diego County, California, as amended by (a) that certain Amendment to Overall Reciprocal Easement and Cost Sharing Agreement recorded on June 13, 2002 as Document 2002-0503988 in the Official Records of the County Recorder for San Diego County, California, and (b) that certain Second Amendment to Overall Reciprocal Easement and Cost Sharing Agreement recorded on _____, 2004 as Document 2004-_____ in the Official Records of the County Recorder for San Diego County, California

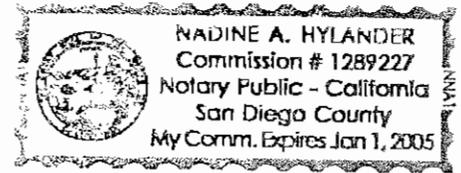
STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On November 30, 2004 before me, Nadine A. Hylander, Notary Public, personally appeared James C. Richards, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

Nadine A. Hylander



STATE OF CALIFORNIA,
COUNTY OF SAN DIEGO} S.S.

On _____, 2004 before me, _____,
(here insert name and title of the officer), personally appeared
_____, personally known to me (or proved to me on the basis
of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

WITNESS my hand and official seal.

Signature _____

MAP ATTACHMENT

The following terms shall have the following meanings in the document to which this Map Attachment is attached (to the extent used therein):

2004 East Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

2004 West Side Map: Map No. _____ recorded on _____, 2004 in the Official Records of the San Diego County Recorder's Office as File No. _____.

EXHIBIT "M"

FORM OF SUBSEQUENT A-1/CIVIC PARCEL/A-3 REA

See Attached

RECORDING REQUESTED BY:

First American Title
Subdivision Mapping Department

WHEN RECORDED RETURN TO:

International Gateway Associates, LLC
Attn: JER International Gateway LLC
c/o JER Partners (Attn: JC Richards)
1650 Tysons Blvd., Suite 1600
McLean, VA 22102

(Space above for Recorder's Use Only)

SUBSEQUENT PARCEL A-1/CIVIC PARCEL/PARCEL A-3

RECIPROCAL EASEMENT AND COST SHARING AGREEMENT

**SUBSEQUENT PARCEL A-1/CIVIC PARCEL/PARCEL A-3
RECIPROCAL EASEMENT AND COST SHARING AGREEMENT**

THIS SUBSEQUENT PARCEL A-1/CIVIC PARCEL/PARCEL A-3 RECIPROCAL EASEMENT AND COST SHARING AGREEMENT (the "Agreement") is made as of November 22, 2004, by and between INTERNATIONAL GATEWAY ASSOCIATES, LLC, a Delaware limited liability company ("IGA" or the "Developer"), and THE CITY OF SAN DIEGO, a California Municipal corporation ("City"), with reference to the following facts:

RECITALS

A. DDA. IGA has succeeded to certain rights of the "Developer" under that certain Disposition and Development Agreement entered into by LandGrant Development Unlimited as of May 28, 1998, and by the Redevelopment Agency of the City of San Diego as of May 29, 1998 (the "**Original DDA**"), as clarified and implemented by (1) that certain First Implementation Agreement dated February 23, 2000 (the "**First Implementation Agreement**"), (2) that certain Second Implementation Agreement dated November 27, 2000 (the "**Second Implementation Agreement**"), (3) that certain Third Implementation Agreement dated June 28, 2001 (the "**Third Implementation Agreement**"), (4) that certain Fourth Implementation Agreement dated May 28, 2002 (the "**Fourth Implementation Agreement**") and (5) that certain Fifth Implementation Agreement dated November 22, 2004 (the "**Fifth Implementation Agreement**"). The Original DDA, as the same has been clarified, amended and implemented by the First Implementation Agreement, the Second Implementation Agreement, the Third Implementation Agreement, the Fourth Implementation Agreement and the Fifth Implementation Agreement, and as the same may be further clarified, amended and implemented from time to time hereafter in accordance with its terms, sometimes is referred to herein as the "**DDA**".

B. Overall REA. As required by the terms of the DDA, the real property covered by the DDA (as well as certain adjacent real property) also is the subject of that certain Overall Reciprocal Easement and Cost Sharing Agreement dated as of October 1, 2001, and recorded on October 17, 2001, as Document 2001-0751836 in the Official Records of the County Recorder for San Diego County, California, as amended by (1) that certain Amendment to Overall Reciprocal Easement and Cost Sharing Agreement dated as of June 12, 2002, and recorded in the Official Records of the San Diego County Recorder on June 13, 2002 as Document No. 2002-0503988 and (2) that certain Second Amendment and Overall Reciprocal Easement and Cost Sharing Agreement dated as of _____ and recorded in the Official Records of the San Diego County Recorder on _____ as Document No. _____ (collectively, and as further amended, amended and restated, supplemented or otherwise modified from time to time, the "**Overall REA**"). The Overall REA is incorporated herein by reference, and the provisions of this Agreement shall be subject and subordinate in all respects to the provisions of the Overall REA.

C. Parcel A-1, Civic Parcel and Parcel A-3. The real property covered by the Overall REA includes certain real property referred to in the Overall REA as "Parcel A-1," the "Civic Parcel" and "Parcel A-3".

D. Previous Parcel A REA. Portions of Parcel A-1, the Civic Parcel and Parcel A-3 previously were made subject to that certain "Subsequent Parcel A Reciprocal Easement and Cost Sharing Agreement (Second Phase Shopping Center Property and Library Phase Property)" recorded in the Official Records of the San Diego County Recorder on June 13, 2002 as Document No. 2002-0503517 (the "**Previous Parcel A REA**"). By that certain Termination of Subsequent Parcel A Reciprocal Easement Cost Sharing Agreement dated _____, 2004 and recorded in the Official Records of the San Diego County Recorder on _____, 2004 as Document No. 2004-_____, IGA confirmed the termination of all rights and obligations of

the parties under the Previous Parcel A REA, and that the Previous Parcel A REA has no further force or effect.

E. Ownership of Parcels. IGA is the owner of Parcel A-1 and Parcel A-3. By Grant Deed executed by IGA in favor of the City and recorded in the Official Records of the San Diego County Recorder prior to but on the same day as the date upon which this Agreement is being recorded in said Official Records (the “**Civic Parcel Grant Deed**”), IGA has conveyed to the City the Civic Parcel.

F. Purpose. The parties now desire to enter into this Agreement to subject Parcel A-1 and the Civic Parcel and each portion thereof to the covenants, conditions, and restrictions set forth herein and to establish the easements described herein, all subject to the terms and conditions hereof.

AGREEMENT

NOW, THEREFORE, IGA and the City hereby declare that Parcel A-1 and the Civic Parcel shall be held, conveyed, mortgaged, encumbered, leased, used, occupied, improved and transferred subject to the covenants, conditions and restrictions set forth herein, all of which shall be covenants running with title to the land, and shall be binding upon future owners of Parcel A-1 and the Civic Parcel and shall inure to the benefit of the future owners of Parcel A-1, the Civic Parcel and Parcel A-3, and each easement granted herein shall be appurtenant to the dominant estate.

ARTICLE 1. DEFINITIONS

1.1 Incorporation of Defined Terms from Overall REA. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Overall REA. Such terms include without limitation the following:

- Access and Circulation Areas
- Benefited Owner
- Benefited Interest
- Burdened Lot
- Burdened Owner
- Civic Parcel
- Gateway Project
- Lot
- Mortgage
- Mortgagee
- Occupant
- Owner
- Parcel
- Parcel A-1
- Parcel A-3
- Public Use Lease – Parcel A-1

1.2 New Defined Terms. As used herein, the following terms have the meanings specified below:

Accounting Period means any period from January 1 to and including the succeeding December 31, except that the first Accounting Period shall commence as of the date of recordation of this Agreement and shall end on and include the succeeding December 31.

Alteration shall mean any improvement, alteration, addition, restoration, replacement, change or other work, or signage, to the interior or exterior of the Civic Building.

Architect shall mean any professional architect licensed in the State of California selected and/or approved by the Owners (which approval shall not be unreasonably withheld, conditioned or delayed).

Building Area means, with respect to any Lot, all area within the exterior walls of any building constructed on such Lot in accordance with Article 2 of this Agreement and for which a certificate of occupancy has been issued in accordance with Governmental Regulations.

City Affiliate shall mean a governmental entity with respect to which (a) the City is the direct or indirect owner of all of the ownership interests therein and (b) the City has the power to control the management of such governmental entity.

Civic Buildings means buildings or other improvements constructed or to be constructed upon the Civic Parcel pursuant to construction drawings, plans and specifications approved pursuant to Section 2.2.1 of this Agreement (as the same may be modified from time to time in accordance with the terms of this Agreement) and to be used exclusively for Civic Uses.

Civic Buildings Construction Commencement Date means the date (if any) that is 365 days after the delivery to the Owner of the Civic Parcel, by the Owner of Parcel A-1, of written notice stating that (a) the notice is being given pursuant to the terms of this Agreement, (b) as of the date of the notice, the Owner of the Civic Parcel has failed to commence construction of Civic Buildings on the Civic Parcel as contemplated by Section 2.2 of this Agreement, and (c) if the Owner of the Civic Parcel fails to commence construction of Civic Buildings on the Civic Parcel in accordance with Section 2.2 of this Agreement within 365 days after delivery of the notice, then the Owner of Parcel A-1 shall have the right to purchase the Civic Parcel in accordance with Section 2.3.2 of this Agreement. The Owner of Parcel A-1 shall not have the right to deliver the notice described in the immediately preceding sentence unless as of the date of delivery of said notice (i) 72 months shall have elapsed since the date of recordation of this Agreement and (ii) the Owner of Parcel A-1 reasonably believes the assertions set forth in said notice to be true and correct.

Civic Buildings Construction Outside Completion Date means the day that falls eighteen (18) months after the commencement of construction of the Civic Buildings in accordance with this Agreement; provided, however, that if after commencing such construction the City's prosecution of the construction of the Civic Buildings is interrupted for more than one hundred and twenty days as a consequence of Force Majeure Events, then the Civic Buildings Construction Outside Completion Date shall be extended one day for each such excess day (beyond 120) of interruption.

Civic Use means, with respect to the Civic Parcel, use thereof (a) as a public library (with related ancillary uses, subject to the limitations set forth in Section 2.2 of this Agreement) and/or (b) for other civic and public uses (with related ancillary uses, subject to the limitations set forth in Section 2.2 of this Agreement), but only so long as such alternative use first has been approved in writing:

- (i) by the Owner of Parcel A-1, which approval shall not be unreasonably withheld (it being understood that it shall be reasonable for the Owner of Parcel A-1 to withhold such approval if:
 - (A) the use involves commercial sales activity (excluding sales of food or non-alcoholic beverages through vending machines, but such exclusion only shall apply to the extent that the gross revenues from such sales in a calendar year is, and is reasonably likely to be, less than \$7,500),

(B) the use involves occupancy of the Buildings on the Civic Parcel during the hours between 9:30 p.m. and 6:30 a.m., or

(C) the Owner of Parcel A-1 reasonably concludes that the proposed Civic Parcel use might be inconsistent with, incompatible with, or disruptive of, the operation of a first-class retail shopping center on Parcel A-1 (other than disruptions that are temporary in nature during the construction of the improvements on the Civic Parcel and with respect to which the City has taken reasonable steps to minimize the impact of the disruptions on the operations of the Owner of Parcel A-1)), and

(ii) by the Owner of Parcel A-3, which approval shall not be unreasonably withheld (it being understood that it shall be reasonable for the Owner of Parcel A-3 to withhold such approval if:

(A) the use involves commercial sales activity (excluding sales of food or non-alcoholic beverages through vending machines, but such exclusion only shall apply to the extent that the gross revenues from such sales in a calendar year is, and is reasonably likely to be, less than \$7,500),

(B) the use involves occupancy of the Buildings on the Civic Parcel during the hours between 9:30 p.m. and 6:30 a.m., or

(C) the Owner reasonably concludes that the proposed Civic Parcel use might be inconsistent with, incompatible with, or disruptive of, the operation of a residential development of, residential use of Parcel A-3 (other than disruptions that are temporary in nature during the construction of the improvements on the Civic Parcel and with respect to which the City has taken reasonable steps to minimize the impact of the disruptions on the Owner Parcel A-3)).

Common Area means (i) all Access and Circulation Areas located within Parcel A-1 or the Civic Parcel or required to be maintained by the Owner of Parcel A-1 or the Owner of the Civic Parcel pursuant to the Overall REA, and (ii) all other improved and unimproved portions of Parcel A-1 or the Civic Parcel other than any Building Area, but excluding (a) gasoline service areas, driveways or drive-through lanes and related facilities (such as speaker posts, menu boards and curbs) for the exclusive use of a single occupant, (b) truck delivery and loading docks and trash areas for the exclusive use of the Parcel on which they are located. The Common Area shall include, but not be limited to, the following to the extent located within the areas described in clauses (i) or (ii) of this definition: utility lines and systems; access roads and driveways; all parking areas and structures; open courts and malls including, without limitation, food court seating areas and any exterior childrens' play areas; sidewalks and promenades; landscaped areas; retaining and decorative walls and planters (but excluding the same to the extent affixed to a Building Area); employee parking areas, if any, located upon land outside Parcel A-1 or the Civic Parcel which may from time to time be provided with the written approval of the owner of such land and the Owner of Parcel A-1; a Common Area maintenance or management office; public restrooms; Common Area equipment and storage sheds and similar areas; and any public transportation facilities and landscaped areas and off-site areas which must be maintained by the Owners pursuant to governmental conditions of approval of subdivision and/or development of the Gateway Project.

DDA Requirements with respect to a Lot mean, at any given time, the restrictive covenants and other requirements then applicable to such Lot under the terms of the DDA (it being understood that (a) in accordance with the DDA, from and after the date (if any) that the DDA is terminated with respect to such Lot, there shall be no DDA Requirements with respect to such Lot, and (b) as more fully set forth in

the DDA, the issuance of a Certificate of Completion under the DDA with respect to a Lot transforms the nature of the DDA Requirements applicable to that Lot).

Effective Rate of Interest means a rate of two (2%) percent plus the prime lending rate being charged from time to time by Wells Fargo Bank (San Diego office) (or a comparable successor state or national bank designated by Developer, if Wells Fargo ceases to publish such a rate), but not to exceed the maximum legally permitted non usurious rate.

Floor Area means, with respect to any Lot within Parcel A-1 or the Civic Parcel, the square footage of all areas for exclusive use and occupancy by any Owner or Owner's designees within said Lot, as measured from the exterior surface of building walls and extensions thereof pursuant to procedures reasonably established from time to time by the Developer. The Floor Area of a Lot shall include, without limitation, restrooms, warehousing or storage areas, elevations and stairs, lobbies and similar "core" areas within the Lot. The Owner of each Lot shall cause its Architect to deliver to Developer a calculation of the Floor Area within its Lot within thirty (30) days after completion of any building or any modification or reconstruction thereof. All calculations of Floor Areas shall be subject to the reasonable approval of the Developer so that Floor Area will be determined on a consistent basis with respect to the various Lots within Parcel A-1 and the Civic Parcel.

Force Majeure Event shall mean any of the following, which shall render any Owner unable to fulfill, or delays such Owner in fulfilling, any of its obligations under this Agreement: fire or other casualty; acts of God; war; acts of terrorism, riot or other civil disturbance; accident; emergency; strike or other labor trouble; governmental preemption of priorities or other controls in connection with a national or other public emergency; shortages or material defects in the quality of fuel, gas, steam, water, electricity, supplies or labor; or any other event preventing or delaying a party from fulfilling any obligation, whether similar or dissimilar, beyond such Owner's reasonable control, as the case may be, provided that under no circumstances shall financial inability of any Owner thereof be deemed a Force Majeure Event.

Governmental Regulations means all present and future governmental laws, statutes, codes and ordinances, permits, rules, regulations, limitations, mandatory guidelines, restrictions, orders, judgments and other requirements applicable to the Gateway Project (including all DDA Requirements).

1.3 Other Definitions. In addition to the terms incorporated from the Overall REA and the terms set forth in Section 1.2, this Agreement utilizes each of the terms set forth below as defined terms for purposes of this Agreement. The table below sets forth the Section or Recital of this Agreement within which each such term is defined.

<u>Defined Term</u>	<u>Section</u>
Agency	Recital D
Agreement	Preamble
City	Preamble
Civic Parcel Grant Deed	Recital E
Claims	4.4(b)
CPI Factor	2.3.2(a)
Curing Person	7.2
DDA	Recital A
IGA	Preamble
Material Alteration	2.4.1
Overall REA	Recital B

ARTICLE 2.
USE AND DEVELOPMENT OF CIVIC PARCEL

2.1 Use of the Civic Parcel Pending Development of the Civic Parcel. The City hereby grants and establishes the following easements and rights with respect to the Civic Parcel:

2.1.1 The City hereby establishes for the benefit of the Owner of Parcel A-1 an easement to enter and use the Civic Parcel for parking, vehicular and pedestrian access and other uses ancillary to the construction or operation of shopping center improvements on Parcel A-1. Said uses shall include the right to use the Civic Parcel for staging of construction, and storage of materials, for the construction of improvements on Parcel A-1. The City further agrees that the Owner of the Parcel A-1 shall have the right to permit the Owners of Lots within the Initial Shopping Center Parcel, and their respective tenants and Permittees, to use the Civic Parcel for parking, vehicular and pedestrian access purposes, subject to such regulations pertaining thereto as the Owner Representative for Parcel A-1 from time to time reasonably may establish (it being understood that said Owner Representative shall have the right to curtail such use to the extent it determines necessary or appropriate in connection with the construction of improvements on Parcel A-1).

2.1.2 The City further establishes for the benefit of the Owners of the Lots within Parcel A-3 an easement to enter and use the Civic Parcel for parking, vehicular and pedestrian access; provided, however, that the use of said easement shall be subject to the rights of the Owner of Parcel A-1 to use the Civic Parcel for staging of construction, and storage of materials, for the construction of improvements on Parcel A-1, and to regulations from time to time established by the Owner Representative for Parcel A-1 pursuant to Section 2.1.1 above.

2.1.3 Each Benefited Owner may allow its respective Permittees to use the foregoing easements for the purposes and subject to the limitations set forth in this Agreement.

2.1.4 The easements established pursuant to this Section 2.1 shall terminate upon the later of (a) the first day of the first calendar month that follows the 60th day immediately following delivery by the City to the Owner of Parcel A-1 and the Owner of Parcel A-3 of written notice that the City intends to commence construction on the Civic Parcel of the Civic Buildings in accordance with Section 2.2 hereof, or (b) the actual commencement by the City of the physical construction on the Civic Parcel of the Civic Buildings in accordance with Section 2.2 hereof. The foregoing is not intended, however, to limit any rights which the Owners of the Lots within Parcel A-1 and Parcel A-3 may have under the Overall REA to use Access and Circulation Areas located within the Civic Parcel from and after completion of the Civic Buildings.

2.2 General Limitations on Development and Use of the Civic Parcel. The City, as Owner of the Civic Parcel, hereby agrees for the benefit of the Owners of Parcel A-1 and Parcel A-3 as follows with respect to the construction of improvements upon the Civic Parcel:

2.2.1 Construction. All construction on the Civic Parcel shall be completed at no cost to either the Owner of Parcel A-1 or the Owner of Parcel A-3 and shall be performed in a manner reasonably tailored to minimize the disruption of the construction and operation of the improvements on Parcel A-1 and Parcel A-3. No improvements shall be constructed upon, or permitted to exist upon, the Civic Parcel except for improvements contemplated by construction drawings, plans and specifications approved pursuant to this Section 2.2.1. Before constructing any improvements upon the Civic Parcel, the Owner of the Civic Parcel first shall submit detailed construction drawings, plans and specifications

for such improvements to the Owner of Parcel A-1 and the Owner of Parcel A-3. Said proposed construction drawings, plans and specifications shall describe, among others things, the approximate locations of all such improvements, the design elements of said improvements, the aggregate Floor Area of all buildings improvements, the aggregate Floor Area within the ground floor level of all building improvements the within the Civic Parcel, any signage to be constructed with respect to such improvements, and the nature and locations of any Common Areas to be constructed on the Civic Parcel. Said Owner Representatives each shall have the right to approve or disapprove the proposed construction drawings, plans and specifications, in accordance with this Section 2.2.1:

(a) Unless otherwise agreed by each of the Owner of Parcel A-1 and the Owner of Parcel A-3, the improvements on the Civic Parcel (i) shall not call for more than 25,000 square feet in the aggregate of Floor Area within the Civic Parcel, (ii) shall not call for more than 15,000 in the aggregate of Floor Area in the ground floor level of the buildings on the Civic Parcel, (iii) shall not call for meeting or conference room facilities which comprise, in the aggregate, more than 20% of the aggregate Floor Area within the Civic Parcel, and (iv) shall include appropriate locations for smoking on the Civic Parcel for use by Occupants of the Civic Parcel.

(b) The Owner of Parcel A-1 shall not otherwise unreasonably withhold its consent to the proposed construction drawings, plans and specifications. In this regard and without an intent to limit the scope of reasonable objections, the parties agree that it shall be reasonable for the Owner of Parcel A-1 to withhold consent to the proposed construction drawings, plans and specifications if the Owner of Parcel A-1 reasonably determines that (i) the proposed improvements fail to reasonably minimize the magnitude of the impairment of the visibility of the improvements on Parcel A-1, (ii) the design (including the proposed finish materials and aesthetic attributes) of the proposed improvements is not reasonably compatible with the design of the improvements located upon or approved for Parcel A-1, or the commercial operation of said improvements, or (iii) the exterior groundscape and access areas have not been designed in a manner that will facilitate their maintenance by the Owner of Parcel A-1 (as described in Section 4.2.2 herein) in a cost effective manner in connection with the maintenance of like areas within Parcel A-1.

(c) The Owner of Parcel A-3 shall not otherwise unreasonably withhold its consent to the proposed construction drawings, plans and specifications. In this regard and without an intent to limit the scope of reasonable objections, the parties agree that it shall be reasonable for the Owner of Parcel A-3 to withhold consent to the proposed construction drawings, plans and specifications if the Owner of Parcel A-3 reasonably determines that the design of the proposed improvements is not reasonably compatible with residential development upon, and residential use of, Parcel A-3 as contemplated by the Overall REA (including without limitation the provisions of Section 3.1 thereof).

2.2.2 *Additional Limitations on Use of the Civic Parcel.* Unless otherwise agreed by the Owner of Parcel A-1 and the Owner of Parcel A-3: (a) neither the sale nor the consumption of alcoholic beverages on the Civic Parcel shall be permitted; (b) the Civic Parcel shall not be used for sales of food or beverages (excluding sales of food or non-alcoholic beverages through vending machines, but such exclusion only shall apply to the extent that the gross revenues from such sales in a calendar year is, and is reasonably likely to be, less than \$7,500); (c) the Civic Parcel shall not be used for entertainment activities (other than free entertainment activities that (i) are reasonably ancillary to, and customary in connection with, the operation of a public library and (ii) are not unreasonably disruptive to the use of Parcel A-1 as a first class commercial shopping center and the use of Parcel A-3 for residential uses as contemplated by the Overall REA); (d) the portions of the Civic Parcel that are located outside of the Buildings on the Civic Parcel shall not be used except for landscaping (as set forth in the construction drawings, plans and specifications approved pursuant to this Section 2.2) or for purposes other than parking of vehicles (e.g. the Owner of the Civic Parcel shall not use, or permit any Occupants to use, any

exterior areas on the Civic Parcel for storage, meetings, demonstrations, car washes, community fund raisers, etc.); and (e) unless otherwise agreed by the Owner of Parcel A-1, the Civic Parcel shall not be used in a manner which would be in violation of any exclusivity or other restrictive use provision contained in a lease existing as of the date hereof (as the same may be extended by the landlord and the tenant thereunder) with respect to space within either the Initial Shopping Center Parcel or Parcel A-1 (it being understood and agreed that Civic Uses of the Civic Parcel shall not be deemed to violate any such provisions).

2.3 City Use of Civic Parcel. The City, as Owner of the Civic Parcel, further agrees for the benefit of the Owner of Parcel A-1 and the Owner of Parcel A-3 as follows with respect to its ownership of the Civic Parcel:

2.3.1 Civic Uses. The City has indicated to the Owner of Parcel A-1 and the Owner of Parcel A-3 that in addition to complying with the provisions of Section 2.2 above, the City intends to explore development upon the Civic Parcel of improvements that will be used exclusively for Civic Uses. The City will not develop or use the Civic Parcel for other uses or purposes.

2.3.2 Failure of City to Timely Achieve Civic Buildings; Repurchase Right. If the City fails to commence, by the Civic Buildings Construction Commencement Date, construction of Civic Buildings meeting the requirements of Section 2.2, or if the City fails to complete such construction (as evidenced by the issuance by the City of San Diego, in accordance with applicable law, of a certificate of occupancy authorizing immediate occupancy of all said improvements, and by delivery of a copy of the same to the Owner of Parcel A-1) by the Civic Buildings Construction Outside Completion Date, then the following provisions shall apply:

(a) The Owner of Parcel A-1 shall have the right, for a period of 60 days after the expiration of the applicable missed construction commencement or completion date, to provide notice of its intent to purchase the Civic Parcel. If the Owner of Parcel A-1 timely delivers such notice, then the City shall sell and convey fee title of Civic Parcel to the Owner of Parcel A-1 (or its designee) on a closing date that is selected by the Owner of Parcel A-1 and that is no earlier than 15 days and no later than 60 days after delivery of such notice. The purchase price payable in connection with such conveyance shall be an amount equal to \$1,250,000 times the "CPI Factor". For this purpose, the term "**CPI Factor**" shall mean the relative increase in the consumer price index for San Diego California (urban wage earners) from the date of recordation of this Agreement to the date of the closing of the conveyance of the Civic Parcel in accordance with this Section 2.3.2 (in each case as evidenced by said consumer price index last published by the Bureau of Labor Statistics immediately prior to the respective measurement date). At such closing, the City shall convey fee title of Civic Parcel to the Owner of Parcel A-1 (or its designee) free and clear of any exceptions to title other than those existing at the time of this Agreement (along with any additional exceptions thereafter from time to time approved in writing by the Owner of Parcel A-1). If the City is unable to deliver title free of an exception to title that is not permitted pursuant to the foregoing, then the Owner of Parcel A-1 (or its designee) shall have the right nonetheless to proceed to accept title subject to such additional exception(s) and to reduce the purchase price payable at such closing by an amount which the Owner of Parcel A-1 (or its designee) reasonably believes represents the diminution in the value of the Civic Parcel caused by the City's failure to deliver title free and clear of said exception(s). Following a transfer of fee title to the Civic Parcel pursuant to this Section 2.3.2, any Owner of the Civic Parcel shall have the right to improve and use the Civic Parcel for any purpose permitted under applicable laws (provided, however, that unless otherwise agreed in writing by the Owner of Parcel A-1 and the Owner of Parcel A-3, the limitations of Section 2.2 shall continue to apply to the use or improvement of the Civic Parcel).

(b) If the Owner of Parcel A-1 does not timely deliver the notice described in Section 2.3.2(a), then its right to re-purchase the Civic Parcel pursuant to this Section 2.3.2 shall lapse and shall be of no further force or effect. Following a lapse of such right, the provisions of Sections 2.2 and 2.3.1 of this Agreement shall continue to apply to use of the Civic Parcel, except to the extent (i) otherwise agreed by the Owner of Parcel A-1 and the Owner of Parcel A-3 or (ii) otherwise provided in Section 2.3.3.

2.3.3 *Transfer by City; Right of First Refusal.* Except for a transfer to the Owner of Parcel A-1 in accordance with Section 2.3.2 above or a transfer permitted pursuant to the provisions of this Section 2.3.3, the City will not sell, lease or otherwise transfer the Civic Parcel to any other person or entity.

(a) The City shall have the right, at any time, to propose a sale of fee title to the Civic Parcel to a purchaser that is not an Affiliate of the City (a “**Proposed Unaffiliated Purchaser**”), in which case the following provisions shall apply:

(i) Before consummating any such sale, the City first shall submit to the Owner of Parcel A-1 a detailed description of the terms for the proposed sale (including copies of all documentation applicable thereto). The Owner of the Parcel A-1 thereafter shall have the right, for a period of ten (10) business days following its receipt of the same, to elect to purchase (or to cause its designee to purchase) the Civic Parcel on the same terms applicable to the proposed sale to the Proposed Unaffiliated Purchaser (except that if the Owner of Parcel A-1 elects to purchase (or to cause its designee to purchase) the Civic Parcel, then the closing shall occur on a date selected by the Owner of Parcel A-1 that is no later than 90 days after the making of such election).

(ii) If the Owner of Parcel A-1 does not timely elect to purchase (or to cause its designee to purchase) the Civic Parcel pursuant to the foregoing, then the City further shall submit to the Owner of Parcel A-3 the detailed description of the terms for the proposed sale (including copies of all documentation applicable thereto). The Owner of Parcel A-3 thereafter shall have the right, for a period of ten (10) business days following its receipt of the same, to elect to purchase (or to cause its designee to purchase) the Civic Parcel on the same terms applicable to the proposed sale to the Proposed Unaffiliated Purchaser (except that if the Owner of Parcel A-3 elects to purchase (or to cause its designee to purchase) the Civic Parcel, then the closing shall occur on a date selected by the Owner of Parcel A-3 that is no later than 90 days after the making of such election).

(iii) If neither the Owner of Parcel A-1 nor the Owner of Parcel A-3 Area elects to purchase (or to cause its respective designee to purchase) the Civic Parcel pursuant to this Section 2.3.3(a), then the City shall have the right thereafter, for a period of 120 days after the lapse of the time for the Owner of Parcel A-3 to make its election pursuant to Section 2.3.3(a)(ii), to proceed with the transfer to the Proposed Unaffiliated Purchaser, so long as such transfer is effected on the same terms described in the submissions to the Owner of Parcel A-1 and the Owner of Parcel A-3.

(iv) Following a transfer of fee title to the Civic Parcel in accordance with the foregoing provisions of this Section 2.3.3, any Owner of the Civic Parcel shall have the right to improve and use the Civic Parcel for any purpose permitted under applicable laws (provided, however, that unless otherwise agreed by the Owner of Parcel A-1 and the Owner of Parcel A-3, the limitations of Section 2.2 (but not the limitations of Section 2.3.1) shall continue to apply to the use or improvement of the Civic Parcel).

(b) The limitations set forth in Section 2.3.3(a) shall not apply to a sale, lease or other transfer to an entity that is a City Affiliate, so long as such City Affiliate, pursuant to

documentation reasonably satisfactory to the Owner of Parcel A-1 and the Owner of Parcel A-3, agrees (i) that the provisions of Section 2.3.1 and 2.3.2 hereof shall apply to such Affiliate's use of the Civic Parcel in the same manner as if the City Affiliate were the "City" thereunder, and (ii) that any subsequent sale, lease or other transfer of the Civic Parcel by such City Affiliate shall be subject to the provisions of Section 2.3.3 in the same manner as if such City Affiliate were the "City" thereunder.

2.3.4 Approval of Transfers by City. The City hereby acknowledges and agrees that, in adopting the resolution approving the execution of this Agreement by the City, the City Council of the City also is authorizing a transfer of the Civic Parcel in accordance with Section 2.3.2 or 2.3.3 of this Agreement, and that accordingly (a) the City Manager shall be authorized to execute deeds and other documentation reasonably necessary or appropriate to consummate such a transfer without any requirement that the City Council provide any further authorization or approval and (b) the County Recorder may rely upon said authority and may record any such deeds and other documentation presented for recordation, without need for any further evidence of authority.

2.4 Alterations.

2.4.1 Required Approvals. The Owner of Civic Parcel agrees, for the benefit of the Owner of Parcel A-1 and the Owners of Lots within Parcel A-3, that from and after the completion of any improvements pursuant to construction drawings, plans and specifications approved pursuant to Section 2.2.2, the Owner of the Civic Parcel may not make any Alteration or restoration of improvements on the Civic Parcel which affects in a material respect Parcel A-1 or Lots within Parcel A-3 (any such Alteration or restoration, a "**Material Alteration**"), without in each instance obtaining the prior written consent thereto of (a) in the case of a Material Alteration affecting Parcel A-1, the Owner of Parcel A-1, and (b) in the case of a Material Alteration affecting Lots within Parcel A-3, the Owner of the affected Lots within Parcel A-3. No such consent shall be unreasonably withheld, conditioned or delayed, it being understood, however, that the same factors may be taken into account in considering whether to provide such approval as may be taken into account in connection with approvals sought pursuant to Section 2.2.2. All Alterations shall be made with commercially reasonable diligence and dispatch in a manner and with materials and workmanship architecturally consistent in style with the existing improvements and in such a manner as will not interfere (other than to a de minimis extent) with the use, occupancy, maintenance or operation of the improvements on Parcel A-1 or Parcel A-3 or any of the businesses conducted thereat. Before any Alterations are begun, the Owner of the Civic Parcel shall obtain, at its own sole cost and expense, all licenses, permits, approvals and authorizations in connection with any such Alterations required by any Governmental Authorities and shall, on demand, deliver photocopies thereof to the Owner of Parcel A-1 and the Owner of Parcel A-3. Upon request of the Owner of Civic Parcel, the other Owners shall join in the application for such licenses, permits, approvals and authorizations whenever such action is necessary, provided that (i) the Alteration complies with the other requirements under this Agreement and the Overall REA, and (ii) the Owner of the Civic Parcel provides reasonable assurances that none of the Owners of Lots within Parcel A-1 or Parcel A-3 will suffer, sustain or incur any cost, expense or liability by reason thereof. All Material Alterations shall be made under the supervision of an Architect. All Alterations shall be made in compliance and conformity with all applicable Legal Requirements.

2.4.2 Payment of Other Owner's Expenses. In connection with the making of any Material Alterations, the Owner of the Civic Parcel shall pay the reasonable actual out-of-pocket costs and expenses incurred in connection therewith by the other Owner of Parcel A-1 and Owners of any Lots within Parcel A-3.

ARTICLE 3.

CERTAIN PARKING RIGHTS ON PARCEL A-1 IN FAVOR OF THE CIVIC PARCEL

3.1 Non-Exclusive Easement. The Owner of Parcel A-1, for the benefit of the Civic Parcel, hereby covenants to maintain on Parcel A-1, within the portion of Parcel A-1 generally designated for use for parking purposes, a portion thereof that is contiguous in some respect with the Civic Parcel (such final determination of such contiguity to be made in the sole discretion of the Owner of Parcel A-1) and which shall contain at least 134 parking spaces (the “**Non-exclusive Civic Parking Spaces**”). The Owner of the Civic Parcel shall have a non-exclusive right to use (and to permit its visitors to use) such Non-exclusive Civic Parking Spaces without charge. Notwithstanding the foregoing, the rights of the Owner of the Civic Parcel under this Section 3.1 shall be subject to the following:

3.1.1 The use of the Non-exclusive Civic Parking Spaces at all times shall be subject to the terms of the Public Use Lease – Parcel A-1. Unless the Owner of Parcel A-1 so elects, the Non-exclusive Civic Parking Spaces need not be separately striped or identified by signage which distinguishes them from other parking spaces within Parcel A-1.

3.1.2 The Owner of Parcel A-1 may relocate the Non-exclusive Civic Parking Spaces from time to time, so long as such relocation does not materially diminish the use and enjoyment of the Non-exclusive Civic Parking Spaces by the Owner of the Civic Parcel.

3.1.3 The Owner of Parcel A-1 may designate certain parking spaces within Parcel A-1 as being for the exclusive use of other designated parties (e.g. tenants), so long as such actions do not deprive the Occupants of the Civic Parcel of their right to use the Non-exclusive Civic Parking Spaces.

3.1.4 The Owner of Parcel A-1 shall have the right to establish further reasonable rules and regulations for the use of parking spaces on Parcel A-1, which rules and regulations the Owner of the Civic Parcel shall comply with (and shall cause its Occupants to comply with). Such rules and regulations may include without limitation the following (so long as such actions do not deprive the Occupants of the Civic Parcel of their right to use the Non-exclusive Civic Parking Spaces from time to time identified in accordance with the provisions of this Agreement):

(a) rules and regulations prohibiting the use of parking spaces for purposes other than parking of vehicles (e.g., unless otherwise agreed by the Owner of Parcel A-1, the Owner of the Civic Parcel shall not use, or permit its Occupants to use, the parking area for storage, meetings, demonstrations, car washes, etc.);

(b) rules and regulations designating certain parking spaces within the Common Area of a Lot as short term parking areas;

(c) rules and regulations restricting employees of Occupants within Parcel A-1 or the Civic Area from parking in areas designated by the Owner of Parcel A-1;

(d) rules and regulations to ensure that customers, invitees and other Occupants shall not park on the Common Areas except while shopping or transacting business within the Gateway Project; and

(e) rules and regulations to establish an integrated parking program to be used throughout Parcel A-1 and with other Parcels within the Gateway Project, to the extent that the Owner Representatives for such other Parcels shall so agree. The parking program may include the use of parking gates and parking charges, so long as the same are accompanied by a validation system that will

permit Occupants of the Civic Parcel a reasonable opportunity to use the Non-exclusive Parking Spaces on a net “free of charge” basis.

ARTICLE 4.
MAINTENANCE, INSURANCE AND COSTS

4.1 Maintenance and Insurance for Parcel A-1. The Owner of Parcel A-1, for the benefit of the Civic Parcel and Lots within Parcel A-3, covenants to maintain Parcel A-1, and all improvements thereon, in good order and in a clean and first-class condition and repair, in accordance with good standards and practices typical of comparable projects in the general area of Parcel A-1. The Owner of Parcel A-1 shall bear all costs associated with such maintenance. The Owner of Parcel A-1 further shall obtain and maintain, at its own expense, all insurance required to be maintained pursuant to Section 5.1(a) of the Overall REA on account of Parcel A-1. The Owner of the Civic Parcel shall not be required to contribute funds for the maintenance of Parcel A-1, provided that the foregoing shall not be construed as exculpating the Owner of the Civic Parcel from liability for damages suffered by the Owner of Parcel A-1 as a consequence of the use of the parking facilities described herein.

4.2 Maintenance and Insurance for the Civic Parcel. The Owner of Parcel A-1 and the Owner of the Civic Parcel, for the benefit of each other and the Owner of Parcel A-3, further agree as follows regarding maintenance and insurance with respect to the Civic Parcel:

4.2.1 Buildings. The Owner of the Civic Parcel covenants to maintain all Buildings (including the interior and exterior thereof) located upon the Civic Parcel in good order and in a clean condition and repair, in accordance with good standards and practices typical of comparable projects in the general area of Civic Parcel. The Owner of the Civic Parcel shall bear all costs associated with such maintenance. If the Owner of the Civic Parcel fails to maintain the Buildings on the Civic Parcel in a manner generally equivalent with the maintenance standards used in connection with similar improvements on Parcel A-1, then the Owner of Parcel A-1 and the Owner of Parcel A-3 each shall have the right, after written notice to the Owner of the Civic Parcel, to enter the Civic Parcel and correct the maintenance deficiencies and to collect the reasonable cost thereof from the Owner of the Civic Parcel. Further, notwithstanding any provision in this Agreement to the contrary, the Owner of Parcel A-1 shall have the right to prevent the Owner of the Civic Parcel from using any parking on Parcel A-1 at any time that the Owner of the Civic Parcel is delinquent in its maintenance or reimbursement obligations set forth herein. The Owner of the Civic Parcel further shall obtain and maintain, at its own expense, all insurance required to be maintained pursuant to Section 5.1(a) of the Overall REA on account of the Civic Parcel (other than the insurance with respect thereto to be procured and maintained by the Owner of Parcel A-1 pursuant to Section 4.2.2 below).

4.2.2 Common Areas. Except as provided in Section 4.2.3 below, the Owner of the Parcel A-1 shall maintain all Common Areas within the Civic Parcel in a good order and in a clean and first-class condition and repair, in accordance with good standards and practices typical of comparable projects in the general area of Parcel A-1. By way of example and clarification, such maintenance shall pertain to exterior landscaping, groundsweeping and access areas, but not to the exterior building structure of, or to the interior of, any Buildings themselves, to any underground improvements, to any security systems, to any mechanical, electrical or other such infrastructure systems, or to any Utilities (it being agreed that such excluded maintenance shall be performed by the Owner of the Civic Parcel). The Owner of the Civic Parcel shall cooperate reasonably with the Owner of Parcel A-1 in achieving the maintenance described in this Section 4.2.2, and in particular the Owner of the Civic Parcel shall provide the Owner of Parcel A-1 (and/or its designees) with access rights over and to the Civic Parcel so as to facilitate such

maintenance. The Owner of Parcel A-1 shall bear all costs associated with the maintenance which it is required to undertake pursuant to this Section 4.2.2. Except as provided in Section 4.2.3 below, the Owner of Parcel A-1 further shall obtain and maintain, at its own expense, all insurance required to be maintained pursuant to Section 5.1(a)(i) of the Overall REA on account of the Common Areas within the Civic Parcel.

4.2.3 Construction Period. The provisions of Section 4.2.2 shall not apply during any period during which the Owner of the Civic Parcel has commenced but has not yet completed any improvements being constructed on the Civic Parcel in accordance with Section 2.2.2 of this Agreement. During any such period, any maintenance or insurance procurement obligations allocated to the Owner of Parcel A-1 pursuant to Section 4.2.2 instead shall be borne by the Owner of the Civic Parcel.

4.3 Pooled Costs. To the extent that the Owner of the Civic Parcel is required to bear any costs in accordance with Article VI of the Overall REA, the portion of said costs so allocated to the Civic Parcel instead shall be borne by and paid by the Owner of Parcel A-1, and the Owner of Parcel A-1 shall indemnify, protect, defend and hold the Owner of the Civic Parcel harmless from any obligations, costs (including attorneys' fees), losses, damages or claims arising out of or with respect to the same.

ARTICLE 5. ENFORCEMENT

5.1 Default and Remedies. If any Owner defaults in the full, faithful, and timely performance of any obligation required hereunder, and if such Owner fails to cure such default within ten (10) days in the case of any monetary default, or fifteen (15) days in the case of any non-monetary default (provided that in the case of an emergency or a default which reasonably requires more than fifteen (15) days to cure, a reasonable time period determined by Developer under the circumstances shall be substituted for said 15-day period), after written notice from a Person to whom such obligation is owed hereunder (e.g., an Owner), stating with particularity the nature and extent of such default, then any Person to whom such obligation is owed hereunder shall have the right to enjoin, abate or remedy such default by appropriate legal proceedings and the further right to perform the obligation in default on behalf of the defaulting Owner.

5.2 Performance By Curing Person. In addition to all other remedies it may have at law or in equity, and after providing the notice and cure periods described in Section 5.1 above, any Person to whom such obligation is owed hereunder shall have the right to perform any obligation in default on behalf of such defaulting Owner, and, in such event, the defaulting Owner shall reimburse the costs incurred by the Person performing the obligation (a "Curing Person") within ten (10) days of presentation of a statement therefor, together with interest at the Effective Rate of Interest from the date paid by the Curing Person until the date reimbursed by the defaulting Owner.

5.3 No Waiver. The failure of a Person to whom an obligation is owed hereunder to insist in any one or more cases upon the strict performance of any of the promises, covenants, conditions, restrictions, or other terms of this Agreement shall not be construed as a waiver or relinquishment for the future breach of such provisions.

5.4 Deemed to Constitute a Nuisance. The result of every action or omission whereby the provisions of this Agreement are violated in whole or in part is hereby declared to constitute a nuisance, and every remedy allowed by law or equity against any Owner, or lessee, licensee or occupant of a Lot shall be applicable in respect to every such result and may be exercised by Developer, or any Owner to whose benefit the pertinent provision inures.

5.5 Attorneys' Fees; Court Costs. If any suit, legal action or arbitration proceeding is instituted to enforce any of the terms, covenants, conditions, and restrictions set forth in this Agreement, then the losing party, in addition to any judgment, order, or decree, agrees to pay the prevailing party's reasonable attorneys' fees, court costs, and other costs of collection as may be awarded by a court adjudging or decreeing such suit or action.

ARTICLE 6. PROTECTION OF MORTGAGEES

6.1 Authorization of Mortgages. Except as limited in Section 2.3.3 hereof, the Owner of the Civic Parcel may encumber its Lot with a Mortgage or Mortgages. The Owner of Parcel A-1 and the Owner of Parcel A-3 also shall have the right to encumber their respective properties with a Mortgage or Mortgages.

6.2 Subordination. Any Mortgage encumbering a Lot within Parcel A-1 or the Civic Parcel shall at all times be subject and subordinate to the terms of this Agreement and any person or entity acquiring title to such Parcel upon a foreclosure of a Mortgage, or acquiring title to such Parcel by deed in lieu of foreclosure, shall acquire title to the Parcel subject to all of the terms of this Agreement. Notwithstanding the provisions of the preceding sentence, any lien against any Parcel created or claimed under the provisions of this Agreement is expressly made subject and subordinate to any Mortgage that encumbers the same Parcel, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such Mortgage unless the Mortgagee expressly subordinates its lien to the lien created or claimed under this Agreement.

6.3 Non-Curable Breach. Any Mortgagee who acquires title to Parcel A-1 or the Civic Parcel by foreclosure or by deed in lieu of foreclosure shall not be obligated to cure any breach of this Agreement that is non-curable or of a type that is not practical or feasible to cure. No Mortgagee shall be deemed liable for the performance or any term, covenant or condition under this Agreement to be performed for any period prior to the Mortgagee's acquisition of title to such Parcel by foreclosure or deed in lieu of foreclosure. Neither the making of any mortgage nor its foreclosure shall release the maker thereof from any liability it would have had under this Agreement had such mortgage not been made.

6.4 Notices to Mortgagees. Any Mortgagee whose name and address shall have been provided to the Owner of Parcel A-1, the Owner of Civic Parcel or the Owner of Parcel A-3 shall be entitled to receive copies of all default notices required to be sent by such Owner pursuant to this Agreement to the Owner of the Parcel encumbered by the Mortgagee's mortgage, and shall have the right, but not the obligation, to cure any default of the Owner of the Parcel encumbered by the Mortgagee's mortgage for an additional period of thirty (30) days after the expiration of any applicable cure period available to the defaulting Owner, or to commence curing such default within said additional period of thirty (30) days and diligently pursue completion of such cure within a reasonable time thereafter. If possession of such defaulting Owner's Lot is necessary to cure such default, the applicable cure period shall be extended for the time during which such Mortgagee is diligently attempting to obtain possession of its collateral through foreclosure proceedings or otherwise.

6.5 Conflicts. In the event of any conflict between any of the provisions of this Article 6 and any other provisions of this Agreement, the provisions of this Article 6 shall control.

6.6 Amendments to Conform to Mortgagees Requirements. At the request of any institutional Mortgagee committed to making a loan on the security of a Parcel A-1, the Civic Parcel or a Lot within Parcel A-3, the Owner of said property may modify or amend this Agreement to conform to the current

requirements of such Mortgagee, provided that (i) such requirements do not impose any obligation to pay the loan or any monetary burden or encumbrance on any Owner of property within Parcel A-1, the Civic Parcel or Parcel A-3 that is not the borrower under the loan, and (ii) such requirements do not alter or affect in a material adverse manner the rights or obligations of the Owner of Parcel A-1, the Owner of the Civic Parcel or the Owner of Parcel A-3 unless such Owner is specifically agreeing to said modification or amendment.

ARTICLE 7.
NON-DISCRIMINATION

7.1 Non-Discrimination During Construction. The Owner of Parcel A-1 and the Owner of the Civic Parcel agree that in the construction of any improvements on Parcel A-1 or Civic Parcel, they will not discriminate against any employee or applicant for employment because of sex, sexual orientation, marital status, race, color, creed, religion, natural origin, or ancestry.

7.2 Non-Discrimination During Operations. The Owner of Parcel A-1 and the Owner of the Civic Parcel agree that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, natural origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall successor any Owner of Parcel A-1 or the Civic Parcel, their successors and assigns, or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of any portion of said Parcels.

ARTICLE 8.
GENERAL PROVISIONS

8.1 Amendment. This Agreement may be modified in whole or in part (a) in accordance with Section 6.6 hereof or (b) with the written consent of: (i) if the interests of the Owner of Parcel A-1 are affected in a material manner by said amendment, the Owner of Parcel A-1; (ii) if the interests of the Owner of the Civic Parcel are affected in a material manner by said amendment, the Owner of the Civic Parcel; and (iii) if the interests of Owners of Lots within Parcel A-3 are affected in a material manner by said amendment, the Owner of Parcel A-3. Each amendment shall be effective upon recordation of a written instrument, duly executed and acknowledged by the required parties, recorded in the Office of the County Recorder of San Diego County. Each Owner shall have the right to rely upon the due execution, delivery and enforceability of any amendment consented to in the foregoing manner. This Agreement may not be modified in any respect whatsoever, or terminated, except as provided hereinabove.

8.2 Condemnation. In the event any portion of Parcel A-1 or the Civic Parcel (including any portion of the Common Area) shall be condemned, the award shall be paid to the party owning the land or the improvement taken, except that (a) if the taking includes improvements belonging to more than one party, such as utility lines or signs, the portion of the award allocable thereto shall be used to relocate, replace or restore such jointly owned improvements to a useful condition, and (b) if the taking includes easement rights granted under this Agreement, the portion of the award allocable to each such easement right shall be paid to the respective grantee thereof. In addition to the foregoing, if a separate claim can be filed for the taking of any such property interest existing pursuant to this Agreement, then the owner of such other property interest shall have the right to seek an award for the taking thereof.

8.3 Estoppel Certificate. Each Owner, upon written request of any other Owner, shall issue to the requesting Owner or to any prospective Mortgagee or purchaser of such Owner's Lot, an estoppel certificate stating: (a) whether the Owner issuing such certificate knows of any default under this

Agreement, and if there are known defaults, specifying the nature thereof; (b) whether to its knowledge this Agreement has been assigned, modified or amended in any way (and if it has been so assigned, modified or amended, stating the nature thereof); and (c) that, to such Owner's knowledge, this Agreement is in full force and effect as of the date of such certificate (or, if not, stating such fact and the basis for such conclusion). Such estoppel certificate will be executed by the Owner and delivered to the requesting party within fifteen (15) days of receipt of a request therefor. If an Owner shall fail to respond to a request made in writing for an estoppel certificate pursuant to this Section, then the Owner requesting the estoppel certificate, and its prospective Mortgagee or purchaser, shall have the right to conclude that the Owner from whom the estoppel certificate has been requested has no defaults, assignments, modifications, or amendments to report per clauses (a) or (b) of this Section, and that this Agreement continues in full force and effect.

8.4 No Public Dedication. Nothing herein contained shall be deemed to be a gift or dedication of any portion of Parcel A-1, the Civic Parcel or Parcel A-3 to or for the general public or for any public purposes whatsoever, it being the intention of the parties that this Agreement shall be strictly limited to and for the purposes herein expressed.

8.5 No Termination Upon Breach. No breach of this Agreement shall entitle any Owner to cancel, rescind, or otherwise terminate this Agreement, but such limitation shall not affect in any manner any other rights or remedies which such Owner may have hereunder by reason of any such breach. Any breach of any of this Agreement shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith for value, but all of the conditions, covenants or restrictions set forth herein shall be binding upon and effective against such Owner of any of said property or any portion thereof whose title thereto is acquired by foreclosure, trustee's sale, or otherwise.

8.6 Notices. Any notice, demand, request or other instrument which may be or is required to be given under this Agreement shall be deemed to be delivered (a) whether or not actually received, three (3) days after deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, or (b) when received (or when receipt is refused) if sent by a nationally recognized overnight courier, all charges prepaid, at the address of a party to this Agreement as set forth in this Section. Such address may be changed by written notice to the other parties in accordance with this Section. The parties acknowledge that copies of any notice sent by facsimile or e-mail are for convenience only, and shall not be deemed to be proper notice required hereunder.

If to the Owner of the Civic Parcel:

The City of San Diego
c/o The Redevelopment Agency of the City of San
Diego
600 B Street, Suite 400
San Diego, CA 92101
Attention: Legal Department (re: Las Americas Project –
Civic Parcel REA)

If to the Owner of Parcel A-3:

International Gateway Associates, LLC
c/o JER International Gateway LLC
J.E. Robert Companies
1650 Tysons Boulevard
Suite 1600
McLean, Virginia 2210292130
Re: Notice with respect to Las Americas Project
Subsequent Parcel A-1/Civic Parcel/A-3 REA
Attention: Legal Department

If to any other Owner:

To the last known address of the Owner of the real property which is the subject of the notice, or at such address of the Owner then appearing on the tax rolls of San Diego County.

An Owner may change its address by recordation of a Notice of Change of Address in the Office of the San Diego County Recorder, California and serving a copy of such notice on the parties hereto.

8.7 *Burdens Run With Parcels A-1 and the Civic Parcel.* IGA and the City hereby declare that Parcel A-1 and the Civic Parcel are now held, and shall hereafter be held, conveyed, leased, occupied, operated and used, subject to this Agreement. The terms and conditions of this Agreement shall create equitable servitudes upon Parcel A-1 and the Civic Parcel; shall bind the Owners of Parcel A-1 or the Civic Parcel (and each person having any interest in Parcel A-1 or the Civic Parcel derived through any Owner thereof) during their period of ownership; and shall run with the land. In the event a split or resubdivision of Parcel A-1 or the Civic Parcel, each of the Lots created as a result of the Lot split or resubdivision shall be subject to and bound by this Agreement and existing Government Regulations. The parties further acknowledge and agree this Agreement does not burden the Parcel A-3 with any easements or restrictions on use or ownership of Parcel A-3.

8.8 *Benefits Run With Parcels A-1, the Civic Parcel and Parcel A-3; Split of Parcel A-3.* The benefits provided to the Owner of Parcel A-1, the Owner of the Civic Parcel and the Owner of Parcel A-3 under this Agreement shall run with ownership of said Parcels. Further, the parties hereto agree that if Parcel A-3 is split in the future into separate Lots, then (a) the various approval and consent rights afforded to the Owner of Parcel A-3 herein thereafter shall belong to and shall be exercisable by the Owner Representative for Parcel A-3, and (b) the Owner of Parcel A-3, in connection with said parcelization or subdivision, shall have the right to designate, by notice to the Owner of Parcel A-1 and the Owner of the Civic Parcel, the respective Lot within Parcel A-3 whose Owner thereafter shall have the right to exercise the rights afforded to the Owner of Parcel A-3 under Section 2.3.3(a)(ii) of this Agreement. In the event of a breach of a provision of this Agreement running in favor of the Owner of Parcel A-3, All Owners of Lots within Parcel A-3 shall have the right to exercise any rights with respect thereto afforded the Owner of Parcel A-3 under this Agreement.

8.9 *Severability.* If any clause, provision, or other portion of this Agreement shall become illegal, null, or void for any reason, or shall be held by any court of competent jurisdiction to be so, the remaining portions thereof shall remain in full force and effect.

8.10 *Term.* This Agreement shall continue in effect for so long as the Overall REA shall continue in effect.

8.11 *Multiple Ownership.* In the event that any Owner shall transfer or convey its interest in a Lot or any portion of a Lot in such a manner as to vest ownership of the Lot in more than one person, then the persons owning all of such interest in such transferred Lot shall be jointly considered a single Owner and such persons shall designate one of their number to act on behalf of all such persons in the performance of the provisions of this Agreement. Any such designation shall be in writing and shall be served upon all other Owners in accordance with the notice provisions of Section 8.6 above. In the absence of any such designation, the acts of the Owner whose interest is so divided with respect to the performance of the provisions of this Agreement shall be binding upon all of the persons then owning any interest in such Lot until such time as the written designation is properly served as provided in this Section 8.11. The exercise or performance of any rights, powers or obligations of an Owner under this Agreement by the person designated to represent such person shall be binding upon all persons having an interest or right in such Lot. So long as such designation remains in effect, all persons having an interest

or right in such Lot shall act only through such designated person and the other Owners shall have the right to deal exclusively with and rely solely upon the acts or omissions of such designated person in the performance of the provisions of this Agreement. Notwithstanding anything to the contrary herein contained, the designation of a person to act on behalf of other persons as provided in this Section 8.11 shall not for any purpose relieve any such persons from the obligations or liabilities created by or arising from this Agreement.

8.12 Authority of Parties. Each of the parties hereto represents and warrants that they have all necessary power and authority to enter into this Agreement and perform their respective duties hereunder. All actions required to be taken under applicable law and the parties' organizational documents to approve or authorize the execution of this Agreement have been taken.

8.13 Miscellaneous. The captions and headings used in this Agreement are inserted for convenience of reference only and do not define, limit, amplify, change, or alter any term, or provision of this Agreement. As used herein, the neuter gender includes the feminine or masculine, the singular number includes the plural, and the word "person" includes a corporation, partnership, firm, or association wherever the context so requires.

8.14 Subject to Overall REA. The provisions of this Agreement shall be subject and subordinate to the provisions of the Overall REA; provided, however, that (a) the Owner of Parcel A-1 agrees that, subject to the provisions of Section 4.2.3 hereof, the Owner of Parcel A-1 shall perform the maintenance obligations of the Owner of Civic Parcel set forth in Article 6 of the Overall REA, as more fully described herein, and (b) nothing herein shall be construed as limiting the authority of an Owner Representative to enter into Additional Instruments in accordance with the Overall REA.

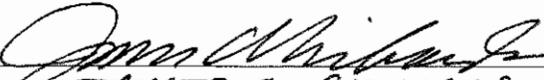
8.15 Public Use Lease – Parcel A-1 Control in Event of Inconsistency. This Agreement (including without limitation each of the easements established hereby) shall be subject in all respects to the terms of the Public Use Lease – Parcel A-1 and each Owner agrees to execute and record such documentation as may be reasonably necessary or appropriate in order to evidence the same. In the event of any conflict between this Agreement and any provision of the Public Use Lease – Parcel A-1, the terms of the Public Use Lease – Parcel A-1 shall govern.

8.16 Consent. In any instance in which an Owner or Mortgagee shall be requested to consent to or approve of any matter with respect to which such Owner's or Mortgagee's consent or approval is required by any of the provisions of this Agreement, such consent or approval shall not be effective unless given in writing; provided, however, that no such consent or approval shall be unreasonably withheld or delayed (unless the provisions of this Agreement with respect to a particular consent or approval shall expressly provide that the same shall be given or refused in the sole judgment of such Owner or Mortgagee), and if an Owner or Mortgagee fails to give any such requested approval or consent, or specific grounds for its refusal to give such approval or consent, within thirty (30) days of receipt of the request therefor (together with such background data as may be required hereunder or necessary to make an informed decision on such request), then said Owner shall be deemed to have given the requested approval or consent.

[BALANCE OF PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, IGA and the City have caused this Agreement to be executed and delivered on the date and year first set forth above.

INTERNATIONAL GATEWAY ASSOCIATES, LLC,
a Delaware limited liability company,
as Owner of Parcel A-1 and Parcel A-3

By: 
Name: JAMES C. RICHARDS
Title: VICE PRESIDENT

THE CITY OF SAN DIEGO, CALIFORNIA
On its own behalf and as Owner of Civic Parcel

By: _____
Name: _____
Title: _____

Approved As To Form:

CITY ATTORNEY

By: _____
Name: _____
Title: _____

APPROVAL OF REDEVELOPMENT AGENCY

By its signature below, the Redevelopment Agency of the City of San Diego hereby confirms that it has reviewed and approved of the execution, delivery, recordation and performance of the above Agreement.

**THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO**

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM AND LEGALITY ON THIS ____ day
of _____, 2004.

AGENCY GENERAL COUNSEL

By: _____
Name: _____

APPROVED:

KANE, BALLMER & BERKMAN
Agency Special Counsel

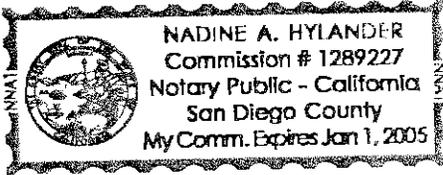
By: _____
Glenn F. Wasserman, Esq.

STATE OF CALIFORNIA)
CITY AND COUNTY OF SAN DIEGO) ss.

On 11/30, 2004, before me, NADINE A. Hylander,
NOTARY PUBLIC, personally appeared, James C. Richards
(Name And Title Of Officer)

personally known to me
~~-or-~~

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Nadine A. Hylander
Signature Of Notary

STATE OF CALIFORNIA)
CITY AND COUNTY OF _____) ss.

On _____, 2004, before me, _____, personally appeared, _____
(Name And Title Of Officer)

personally known to me
~~-or-~~

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA)
CITY AND COUNTY OF _____) ss.

On _____, 2004, before me, _____, personally appeared, _____
(Name And Title Of Officer)

personally known to me
~~-or-~~

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the persou(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA)
CITY AND COUNTY OF _____) ss.

On _____, 2004, before me, _____, personally appeared, _____
(Name And Title Of Officer)

personally known to me

-or-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA)
CITY AND COUNTY OF _____) ss.

On _____, 2004, before me, _____, personally appeared, _____
(Name And Title Of Officer)

personally known to me

-or-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

STATE OF CALIFORNIA)
CITY AND COUNTY OF _____) ss.

On _____, 2004, before me, _____, personally appeared, _____
(Name And Title Of Officer)

personally known to me

-or-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Of Notary

EXHIBIT "N"

[Intentionally Deleted]

EXHIBIT "O"

Revised Map of Development Parcels E-1, E-2, E-3 and E-4

See Exhibit B-1, which depicts
Development Parcels E-1, E-2, E-3 and E-4.

Development Parcel E-1 consists of approximately 4.1 acres.

Development Parcel E-2 consists of approximately 0.9 acres.

Development Parcel E-3 consists of approximately 2.3 acres.

Development Parcel E-4 consists of approximately 1.4 acres.

In the event of any inconsistency between the exterior boundary of the E Property, as described on Exhibit B-1 to the Fourth Implementation Agreement, and the said exterior boundary as shown on the attached map, the provisions of Exhibit B-1 to the Fourth Implementation Agreement shall control

REQUEST FOR REDEVELOPMENT AGENCY ACTION

CITY OF SAN DIEGO

1. CERTIFICATE NUMBER

N/A

2. FROM: (ORIGINATING DEPARTMENT)

DEPUTY EXECUTIVE DIRECTOR

3. DATE

November 9, 2004

AGENCY COUNSEL

4. SUBJECT: Fifth Implementation Agreement to the Disposition and Development Agreement (DDA) and Related Documents – Las Americas Project (Companion to Council Action Item)

5. FOR INFORMATION CONTACT: (NAME & MAIL STN.)

Robert Chavez MS 904

6. TELEPHONE NO.

533-5368

7. CHECK HERE IF 1472A, "DOCKET SUPPORTING INFORMATION, HAS BEEN COMPLETED ON PAGE 2

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND					9. ADDITIONAL INFORMATION/ESTIMATED COST:
DEPT.					
ORGANIZATION					
OBJECT ACCOUNT					
JOB ORDER					
C.I.P.					
AMOUNT					

ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED
1	DEPUTY EXECUTIVE DIRECTOR	Debra Fischle-Faulk <i>Debra Fischle-Faulk</i>	10/25/04	9	ASSISTANT EXECUTIVE DIRECTOR	Hank Cunningham <i>Hank Cunningham</i>	11/2/04
2	FINANCING SERVICES	Lakshmi Komuri <i>Lakshmi Komuri</i>		10	AUDITOR	Lisa Kondrat-Dauphin <i>Lisa Kondrat-Dauphin</i>	11/2/04
3	FINANCIAL MANAGEMENT	Ronald Villa <i>Ronald Villa</i>	11-1-2004	11	CITY ATTORNEY	Douglas Humphreys <i>Douglas Humphreys</i>	11/8/04
4	LIBRARY	Anna Tatar <i>Anna Tatar</i>	11-2-04	12	ORIGINATING DEPARTMENT	Robert Chavez <i>Robert Chavez</i>	11-8-04
5	PLANNING	Gail Goldberg <i>Gail Goldberg</i>			REDEVELOPMENT AGENCY SECRETARY	Jeanette I. Santos <i>Jeanette I. Santos</i>	11/8/04
6	EAS	Ken Teasley <i>Ken Teasley</i>	11/23/04				
7	EOCP	Stacey Stevenson <i>Stacey Stevenson</i>	11/23/04				
8	READ	Carol Chiodo <i>Carol Chiodo</i>	11/2/04				

11. PREPARATION OF: RESOLUTION(S) ORDINANCE(S) AGREEMENT(S) DEED(S)

Resolutions approving (1) Fifth Implementation Agreement to the DDA for the Las Americas Project with International Gateway Associates, LLC and (2) Cooperation Agreement with the City regarding the conveyance and development of the Civic Parcel.

Docket of: November 15, 2004

11a. EXECUTIVE DIRECTORS RECOMMENDATION: Approve the Resolutions.

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

COUNCIL DISTRICT: 8

COMMUNITY AREA: San Ysidro

ENVIRONMENTAL REVIEW: The City Council certified the Final Environmental Impact Report (adopted April 2, 1996 by Council Resolution No. R-287149) and a Mitigated Negative Declaration (MND) (adopted on May 12, 1998 by Council Resolution No. R-290105 SCNo. 98031064) for this project with approval of the DDA on May 12, 1998. The proposed housing development on Parcel A-3 will go through an environmental review process and will require future discretionary approvals from the Council and Agency.

REQUEST FOR CITY COUNCIL ACTION
CITY OF SAN DIEGO

N/A

TO: CITY ATTORNEY
 2. FROM: (ORIGINATING DEPARTMENT) COMMUNITY & ECONOMIC DEVELOPMENT
 3. DATE: November 9, 2004

SUBJECT: Fifth Implementation Agreement to the Disposition and Development Agreement (DDA) and Related Documents – Las Americas Project (Companion to Redevelopment Agency Item)

5. FOR INFORMATION CONTACT: (NAME & MAIL STN.) Robert Chavez MS 904
 6. TELEPHONE NO. 533-5368
 7. CHECK HERE IF 1472A. "DOCKET SUPPORTING INFORMATION, HAS BEEN COMPLETED ON PAGE 2"

COMPLETE FOR ACCOUNTING PURPOSES

FLYND	9. ADDITIONAL INFORMATION/ESTIMATED COST:			
DEPT.				
ORGANIZATION				
OBJECT ACCOUNT				
JOB ORDER				
C.I.P.				
AMOUNT				

ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED
1	C&ED ASST DIRECTOR REDEVELOPMENT	Debra Fischle-Faulk	10/25/04	10	DEPUTY CITY MANAGER	Bruce Herring	11/2/04
2	FINANCING SERVICES	Lakshmi Kommal	11/2/04	11	AUDITOR	Kathleen Organ	11/2/04
3	FINANCIAL MANAGEMENT	Ronald Villa	11.1.2004	12	CITY ATTORNEY	Douglas Humphreys	11.8.04
4	LIBRARY	Anna Tatar	11.02.04	13	ORIGINATING DEPARTMENT	Robert Chavez	11/8/04
5	PLANNING	Gail Goldberg	11/2/04	MGR. DOCKET COORD. COUNCIL REP.			
6	EAS	Ken Leasley	10/29/04	RULES <input type="checkbox"/> CONSENT <input type="checkbox"/> ADOPTION			
7	EOCP	Stacey Stevenson	10/28/04	COMMITTEE <input type="checkbox"/> Refer to _____ Date _____			
8	READ	Carol Chiodo	11/2/04				
9	C&ED DIRECTOR	Hank Cunningham	11/2/04				

11. PREPARATION OF: RESOLUTION(S) ORDINANCE(S) AGREEMENT(S) DEED(S)

- Resolutions approving the Amendment to Public Use Lease (Parcel B/C); Second Amendment to Overall Reciprocal Easement Agreement (REA); Subsequent Parcel A-1/Civic Parcel/Parcel A-3 REA; Cooperation Agreement; Quitclaim Deed; Grant Deed; Consent statement under the Fifth Implementation Agreement; City Manager to continue efforts in securing a Presidential Permit; and Initiate a Community Plan Amendment process, all in connection with the Disposition and Development Agreement (DDA) with International Gateway Associates, LLC
- Ordinance approving the Amended and Restated Second Amendment to Public Use Lease (Parcel A-1)

and General Plan Amendment

Docket of: November 15, 2004

11a. MANAGERS RECOMMENDATION:

Approve the Resolution(s) and Ordinance.

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

COUNCIL DISTRICT: 8

COMMUNITY AREA: San Ysidro

ENVIRONMENTAL IMPACT:

The City Council certified the Final Environmental Impact Report (adopted April 2, 1996 by Council Resolution R-287149) and a Mitigated Negative Declaration (MND) (adopted on May 12, 1998 by Council Resolution No. 290105 SCNo. 98031064) for this project with approval of the DDA on May 12, 1998. The proposed housing development on Parcel A-3 will go through an environmental review process and will require future discretionary approvals from the Council and Agency.

DOCKET SUPPORTING INFORMATION

Following is a summary of actions associated with this item:

Amended and Restated Second Amendment to Public Use Lease (Parcel A-1)

- The City had until 9/30/03 to acquire the funding to build a library on the second story above retail. Since the deadline has passed, the reversionary clause of the lease will be exercised, and the City will quitclaim the two airspace parcels back to the developer.
- Minor adjustment to the location of the Park and Ride facility.
- The lease payment schedule, which was adjusted with the Fourth Implementation Agreement, will revert back to the original schedule: Total Principal of \$6,306,000; annual payments of \$496,402 for 30 years with a 2-tier interest rate: \$1,145,000 at 10%; \$5,161,000 at 6%. Annual payments expected to begin in approximately November 2006, once City has received the necessary sales tax revenue.

Grant Deed for Civic Parcel

- The developer will grant to the City an approximately 26,500 sf parcel valued at \$3.5 million for civic uses. Value based on the land, entitlements, perpetual Common Area Maintenance relief and an easement for 134 parking spaces.
- The City has 84 months to either build on the property or sell it; at the end of 84 months, the developer may repurchase the property for \$1.25 million plus an annual inflation factor.

Third Amendment to Overall Reciprocal Easement Agreement

- Allocates rights and obligations of three parcels including the Civic Parcel, giving the City all the benefits of being in the integrated development without having to bear its proportionate share of the obligations.
- Assures that users on neighboring parcels cannot object to the development of a civic building on the Civic Parcel nor to a residential development on Parcel A-3.

Subsequent Parcel A-1/Civic Parcel/Parcel A-3 Reciprocal Easement Agreement

- Provides Civic Parcel with access to Las Americas Shopping Center common areas, maintenance of streetscape and landscape surrounding the Civic Parcel building, a parking easement for 134 parking spaces and restrictions on the uses permitted within the Civic Parcel.
- Developer absorbs the Civic Parcel's share of Common Area Maintenance fees in perpetuity.
- Allows City to sell Civic Parcel to third party, but gives the developer the right of first refusal to match the third party's terms.

Cooperation Agreement between the City and the Agency

- The City will retain ownership of the Civic Parcel; the Agency will lead in the planning and redevelopment of the parcel on the City's behalf.

Fifth Implementation Agreement to the Las Americas DDA

- Adjusts the boundaries of former parcels A-1, A-2 and A-3 to new parcels A-1, Civic Parcel, and A-3;
- Authorizes the conveyance of Civic Parcel to the City for future redevelopment.
- Authorizes a change in use for parcel A-3 from commercial to residential.
- Authorizes the developer to reduce the square footage of improvements on

Parcel A-1 from 270,000 sf to 188,272 sf;

- o Pro-rates the principal amount of the related Loan Agreement from \$1,780,000 to \$1,246,758 to reflect the reduced square footage on Parcel A-1 and the change in use of Parcel A-3 from commercial to residential; 30-year loan at 10% annual interest. Annual payments of \$132,255 expected to begin in November 2006.
- o Results in savings of \$530,000 in loan principal or \$1.7 million over 30 years.
- Revises the Schedule of Performance and Public Use Lease payment schedule to reflect changes in construction phasing and to extend to June 30, 2005 the developer's ability to pursue the Presidential Permit for the River Pedestrian Bridge on behalf of the City.

Other Actions

- Reinforce the City's commitment to analyzing the feasibility of pursuing and reapplying for a Presidential Permit through the US State Department for implementation of the Las Americas River Pedestrian Bridge connecting San Diego and Tijuana.
- Approve initiation of an amendment to the San Ysidro Community Plan for implementation of *Mi Pueblo* Pilot Village Project.

Fiscal Impact:

For the City: There are no "out-of-pocket" expenses for the City. The Amended and Restated Second Amendment to Public Use Lease (Parcel A-1) proposes to modify the Lease's economic plan by reverting the rent payment schedule back to its original state as agreed upon in 2001. The principal amount of \$6,306,000 will not change, but the full annual rent payments will be \$496,402 after Phase 1B1 is developed with 188,232 square feet of building space. The only substantive change to the economic plan is such that the minimum threshold of building space to be developed as a condition for receiving the full rent payment is being reduced by approximately 20,000 square feet.

For the Agency: The Parcel A-1 Loan Agreement's principal amount owed by the Agency will be reduced from the DDA's proposed \$1,780,000 amount to \$1,246,758, saving the Agency \$533,242 in principal, or \$1,696,977 over 30 years.

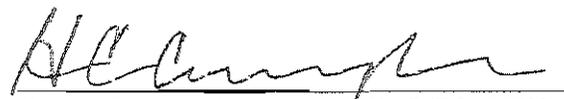
SUBJECT: Fifth Implementation Agreement to the Disposition and Development Agreement - Las Americas Project

LINE:

CUNNINGHAM/RC

SIGNATURES:


COMMUNITY AND ECONOMIC DEVELOPMENT ASSISTANT DIRECTOR


COMMUNITY AND ECONOMIC DEVELOPMENT DIRECTOR



THE CITY OF SAN DIEGO

DATE ISSUED: November 10, 2004 REPORT NO RA-04-41
CMR-04-233

ATTENTION: Mayor and Members of the City Council
Chair and Members of the Redevelopment Agency
Docket of November 15, 2004

SUBJECT: Fifth Implementation Agreement to the Disposition and Development
Agreement (DDA) and Related Documents – Las Americas Project

REFERENCE: Manager's Reports No.'s CMR 02-110/RA-02-08, dated May 22, 2002;
RA-01-08, dated June 13, 2001; 01-035, dated February 21, 2001; 00-247,
dated November 12, 2000; RA-00-19, dated November 15, 2000; RA-00-
03, dated February 16, 2000; RA-98-4, dated May 6, 1998; and RA-97-8,
dated July 11, 1997.

SUMMARY

Issue(s)-

For the Council: Should the Council (1) Introduce and hold a first reading of an ordinance approving the Amended and Restated Second Amendment to Public Use Lease (Parcel A-1); (2) Approve the Amendment to Public Use Lease (Parcel B/C); (3) Approve the Second Amendment to Overall Reciprocal Easement Agreement (REA); (4) Approve the Subsequent Parcel A-1/Civic Parcel/Parcel A-3 REA; (5) Approve a Cooperation Agreement with the Redevelopment Agency regarding the conveyance and development of the Civic Parcel; (6) Approve a Quitclaim Deed for the Library Airspace Parcels; (7) Accept a Grant Deed for the Civic Parcel; (8) Authorize the City Manager to sign a consent statement under the Fifth Implementation Agreement; (9) Authorize the City Manager to continue efforts in securing a Presidential Permit for the River Pedestrian Bridge; and (10) Initiate a General Plan and San Ysidro Community Plan Amendment process for *Mi Pueblo* Pilot Village, all in connection with the Disposition and Development Agreement (DDA) with International Gateway Associates, LLC?

For the Agency: Should the Agency: (1) Enter into the Fifth Implementation Agreement to the DDA for the Las Americas Project with International Gateway Associates, LLC; (2) Enter into a Cooperation Agreement with the City regarding the conveyance and development of the Civic Parcel?

Manager's Recommendation –

That the City Council: (1) Introduce and hold a first reading of an ordinance approving the Amended and Restated Second Amendment to Public Use Lease (Parcel A-1); (2) Approve the Amendment to Public Use Lease (Parcel B/C); (3) Approve the Second Amendment to Overall Reciprocal Easement Agreement (REA); (4) Approve the

Redevelopment Agency

600 B Street, Suite 400, MS 904 • San Diego, CA 92101-4506
Tel (619) 533-4233 Fax (619) 533-5250



Subsequent Parcel A-1/Civic Parcel/Parcel A-3 REA; (5) Approve a Cooperation Agreement with the Redevelopment Agency regarding the conveyance and development of the Civic Parcel; (6) Approve a Quitclaim Deed for the Library Airspace Parcels; (7) Accept a Grant Deed for the Civic Parcel; (8) Authorize the City Manager to sign a consent statement under the Fifth Implementation Agreement; (9) Authorize the City Manager to continue efforts in securing a Presidential Permit for the River Pedestrian Bridge; and (10) Initiate a General Plan / Community Plan Amendment process for *Mi Pueblo* Pilot Village, all in connection with the Disposition and Development Agreement (DDA) with International Gateway Associates, LLC.

Executive Director's Recommendation –

That the Agency: (1) Enter into the Fifth Implementation Agreement to the DDA for the Las Americas Project with International Gateway Associates, LLC; (2) Enter into a Cooperation Agreement with the City regarding the conveyance and development of the Civic Parcel.

Other Recommendations - None.

Fiscal Impact -

For the City: The Amended and Restated Second Amendment to Public Use Lease (Parcel A-1) proposes to modify the Lease's economic plan by reverting the rent payment schedule back to its original state as agreed upon in 2001 (MR #01-035). The principal amount of \$6,306,000 will not change, but the full annual rent payments will be \$496,402 to be paid from City sales tax annually beginning in FY 2007 after Phase 1B1 is developed with 188,232 square feet of building space. The Agreement also requires an annual reserve allocation. For parcel A, the reserve allocation is equivalent to all excess dollars above and beyond the lease payment. This amount is to be deposited into a reserve account until a cap is reached at \$588,096 once in the life of the lease. The Lease Payments and reserve allocation will be made provided that the project development generates at least that amount of sales tax revenues to the City. The reserve requirement will be calculated annually. The only substantive change to the economic plan is such that the minimum threshold of building space to be developed as a condition for receiving the full rent payment is being reduced by approximately 20,000 square feet.

For the Agency: The Parcel A-1 Loan Agreement's principal amount owed by the Agency will be reduced from the DDA's proposed \$1,780,000 amount to \$1,246,758, saving the Agency \$533,242 in principal, or \$1,696,977 over 30 years.

Environmental - The City Council certified the Final Environmental Impact Report (adopted April 2, 1996 by Council Resolution No. R-287149) and a Mitigated Negative Declaration (MND) (adopted on May 12, 1998 by Council Resolution No. R-290105 SCNo. 98031064) for this project with approval of the DDA on May 12, 1998. The proposed housing development on Parcel A-3 will go through an environmental review process and will require future discretionary approvals from the Council and Agency.

Code Enforcement Impact - None with this action.

Subsequent Parcel A-1/Civic Parcel/Parcel A-3 REA; (5) Approve a Cooperation Agreement with the Redevelopment Agency regarding the conveyance and development of the Civic Parcel; (6) Approve a Quitclaim Deed for the Library Airspace Parcels; (7) Accept a Grant Deed for the Civic Parcel; (8) Authorize the City Manager to sign a consent statement under the Fifth Implementation Agreement; (9) Authorize the City Manager to continue efforts in securing a Presidential Permit for the River Pedestrian Bridge; and (10) Initiate a General Plan / Community Plan Amendment process for *Mi Pueblo* Pilot Village, all in connection with the Disposition and Development Agreement (DDA) with International Gateway Associates, LLC.

Executive Director's Recommendation -

That the Agency: (1) Enter into the Fifth Implementation Agreement to the DDA for the Las Americas Project with International Gateway Associates, LLC; (2) Enter into a Cooperation Agreement with the City regarding the conveyance and development of the Civic Parcel.

Other Recommendations - None.

Fiscal Impact -

For the City: The Amended and Restated Second Amendment to Public Use Lease (Parcel A-1) proposes to modify the Lease's economic plan by reverting the rent payment schedule back to its original state as agreed upon in 2001 (MR #01-035). The principal amount of \$6,306,000 will not change, but the full annual rent payments will be \$496,402 to be paid from City sales tax annually beginning in FY 2007 after Phase 1B1 is developed with 188,232 square feet of building space. The Agreement also requires an annual reserve allocation. For parcel A, the reserve allocation is equivalent to all excess dollars above and beyond the lease payment. This amount is to be deposited into a reserve account until a cap is reached at \$588,096 once in the life of the lease. The Lease Payments and reserve allocation will be made provided that the project development generates at least that amount of sales tax revenues to the City. The reserve requirement will be calculated annually. The only substantive change to the economic plan is such that the minimum threshold of building space to be developed as a condition for receiving the full rent payment is being reduced by approximately 20,000 square feet.

For the Agency: The Parcel A-1 Loan Agreement's principal amount owed by the Agency will be reduced from the DDA's proposed \$1,780,000 amount to \$1,246,758, saving the Agency \$533,242 in principal, or \$1,696,977 over 30 years.

Environmental - The City Council certified the Final Environmental Impact Report (adopted April 2, 1996 by Council Resolution No. R-287149) and a Mitigated Negative Declaration (MND) (adopted on May 12, 1998 by Council Resolution No. R-290105 SCNo. 98031064) for this project with approval of the DDA on May 12, 1998. The proposed housing development on Parcel A-3 will go through an environmental review process and will require future discretionary approvals from the Council and Agency.

Code Enforcement Impact - None with this action.

Housing Affordability Impact – Las Americas is a component of *Mi Pueblo*, San Ysidro's Council-designated Pilot Village, under which it is proposed that the residential development on Parcel A-3 will contain units available for mixed (low and moderate) income families.

BACKGROUND

On May 12, 1998 the Redevelopment Agency and LandGrant Development entered into a Disposition and Development Agreement (DDA) to develop Las Americas, a 1.4 million square foot mixed-use retail, office, hotel, and transit center on a 67 acre site in the San Ysidro Redevelopment Project Area, adjacent to the former commercial border crossing at Virginia Avenue. The project has a value of approximately \$280 million and would generate an estimated 2,200 permanent and 3,400 construction jobs, \$1.6 million in annual sales tax revenue, \$900,000 in annual tax increment revenue, and \$1.3 million in annual bridge revenue. The project also proposes to link San Diego to Tijuana via a new monumental river pedestrian bridge that would celebrate our two cities and cultures.

LandGrant opened the first phase of Las Americas in November of 2001, consisting of 370,000 square feet of retail shops and restaurants (Parcel B/C). The project has received national and international attention both for its architectural design and impact on the border area. The project has been featured on the national ABC evening news, KPBS television and the Travel Channel.

On February 22, 2000, the Agency entered into the First Implementation Agreement which provided for the first phase of the project proceeding ahead of the anticipated International Bridges and Border Commission (IBBC) authorization of the River Pedestrian Bridge. On November 21, 2000, the Redevelopment Agency entered into the Second Implementation Agreement with the Developer. The Second Implementation Agreement provided for the Agency assuming certain offsite improvement costs associated with the project. On November 21, 2000, the Redevelopment Agency entered into the Third Implementation Agreement with the Developer. The Third Implementation Agreement amended the Schedule of Performance by extending the date the Developer had to receive federal approvals for the River Pedestrian Bridge from June 30, 2001, to June 20, 2002. It also adjusted some dates for submission of plans, etc. to reflect the changes in the anticipated construction schedule. Finally, the Agency entered into the Fourth Implementation Agreement with International Gateway Associates, LLC (Developer) on May 28, 2002. The Fourth Implementation Agreement amended the Schedule of Performance and Scope of Development to allow for the following: sub-phasing of Parcel A, which affected the payment schedule for the Parcel A Public Use Lease and Loan Agreements; contemplation of a Library development at Las Americas, contingent upon the City being awarded State Proposition 14 Grant dollars; a "Building X Option" for developing a 23,980 square foot building on either Parcel A-1 or A-3; and a provision for the City to acquire a Grant Deed for two Library Airspace Parcels above Parcel A-2, which included a reversionary clause with a deadline of September 30, 2003. This clause stipulated that if the City did not acquire the necessary funds for a Library before the deadline, the Parcels would be quitclaimed back to the Developer.

As part of the project's financing plan, the Agency and City have entered into, or will enter into, a series of agreements with the Developer as required under the DDA. The purpose of these

agreements is to help finance the Las Americas Project with land acquisition and public improvement costs. These agreements include several Loan Agreements (tax increment) and two Public Use Leases (sales tax).

The *Mi Pueblo*, located in the San Ysidro community planning area, was designated as a Pilot Village by the City Council on February 10, 2004. The proposed project includes the historic commercial core of San Ysidro Boulevard, the residential neighborhood immediately adjacent to San Ysidro Blvd., the *Las Americas site*, and Pathways to Knowledge, a system of pedestrian connections throughout the community that links the project's major components. *Mi Pueblo* anticipates providing approximately 1,100 new residential dwelling units, a public market (Mercado), social services (Casa Familiar offices), commercial office, public plazas, community gardens, senior housing, a linear park, a new branch library and a community center.

Las Americas, now under full ownership and management control by JER Partners (also referred to as International Gateway Associates, LLC, or IGA), is set to open its next phase of development in the Spring of 2005. Phase 1B1 will consist of approximately 188,272 square feet of new retail space (see Attachment 1). Along with the subject Phase 1B1 approvals, the City has an opportunity to acquire a street-front parcel for the construction of a public facility at Las Americas. It is the Agency's goal to place Las Americas on the path to acquire the necessary approvals to implement the residential/mixed-use development as proposed in *Mi Pueblo*, San Ysidro's Pilot Village program.

DISCUSSION

Because of the size and complexity of the Las Americas Project, shifting market conditions, and the changing needs of the community, it is necessary to alter the master plan for the Las Americas Project to allow for a more efficient, *Village-oriented* development of the land and a modification to the economic structure of the deal. The proposed actions will allow for:

- Adjustments to boundary lines;
- Revisions to the terms of development as they relate to Parcel A-1, Development Impact Fees (DIF), and the Public Use Lease for Parcel A;
- City to acquire the "Civic Parcel," an approximately 26,500 square foot parcel located in front of the Las Americas Shopping Center, for the development of a new public facility (i.e. Library or City office);
- Changes in use on Parcel A-3 with Agency support;
- Elimination of the "Building X Option" in the 4th Implementation Agreement;
- Modification of the Schedule of Performance;
- "No Cross-Defaulting" and "Stand-Alone" provisions in the relevant agreements;
- Clarification of loan amounts;
- A Change in the payment terms of the Parcel A Public Use Lease; and
- The reiteration of the City's commitment to the proposed River Pedestrian Bridge

Based on current market trends and patron shopping patterns observed after the opening of Phase 1A, the Developer and Agency staff have agreed to pursue modifications of some of the terms

under the Las Americas DDA. With that, Agency and City staff have negotiated certain terms with the Developer to facilitate an exchange of benefits to all parties involved including the Developer, City, and Agency. The actions are more fully described as follows:

For the Council:

1. The Amended and Restated Second Amendment to Public Use Lease (Parcel A-1) with IGA provides for an adjustment to the lease payment schedule to reflect the payment schedule included in the original Public Use Lease (Parcel A), dated March 20, 2001, by Ordinance OO-18932, as shown on the table below. On January 13, 2004, the Council authorized the execution of the Amendment to Public Use Lease (Parcel A) to accommodate the sub-phasing and pro-ration of payments contemplated in the Fourth Implementation Agreement of the DDA, dated May 28, 2002. This first amendment's sub-phasing of the payments (70% and 30% of full rent) created an incentive, in favor of the City, for the Developer to construct the Library on the City's behalf. This incentive was caused by the fact that the Library would sit on the second floor above first-floor retail, creating the necessary ground floor square footage as justification for payment of the 30% balance of rent. The City was unable to acquire the necessary funds for the Library construction, eliminating the logical link between Lease payments and Library, therefore Agency staff is recommending the Lease payment schedule be adjusted to its original state which would be consistent with the decision of the City and Agency not to build a Library on Parcel A-2. There is no change in the \$6,306,000 principal owed on the Public Use Lease (Parcel A), nor in the two-tier rent structure. As shown in the table below, the first tier base rent of \$1,145,000 will bear interest at 10% annually, and the second tier base rent of \$5,161,000 will bear interest at 6% annually. The annual rent payment is fixed at \$496,402 for a period of 30 years, beginning in approximately November of 2006 after City has received the necessary sales tax revenues. In addition, the proposed Amendment allows for an adjustment to the Plan for Improvements and a minor adjustment to the physical location of the "park & ride" parking spaces (see Attachment 2).

LEASE PAYMENT SCHEDULE	
FIRST TIER BASE RENT A	SECOND TIER BASE RENT A
\$1,145,000 (10% APR)	\$5,161,000 (6% APR)
BASE RENT A	ANNUAL RENT PAYMENT
\$6,306,000 Principal Original Lease Payment	\$496,402 Original Annual Rent Amount

2. The Amendment to Public Use Lease (Parcel B/C) allows for simple adjustments to boundary lines (see Attachment 3).
3. The Second Amendment to Overall Reciprocal Easement Agreement (REA) with

*Combines parcels
A-1, Civic, A-3*

IGA would provide for the coordination and integration of the various Las Americas parcels, including the Civic Parcel. The REA allocates the rights and obligations of the three parcels including Parcel A-1, Civic Parcel, and Parcel A-3 as they relate to the redevelopment efforts for Las Americas, giving the City, under its Civic Parcel fee ownership, all the benefits of being in the integrated redevelopment project without having to bear its proportionate share of the obligations. The Second Amendment also removes from the Civic Parcel a drainage easement that would have precluded the development of a civic building; this easement instead will be on other IGA property (Parcels A-1 and A-3). The Second Amendment also allocates the parking obligations among the Parcels. Finally, the Second Amendment to the Overall REA assures that the neighboring Parcels cannot object to the development of a civic building on the Civic Parcel, or a residential development on Parcel A-3 (see Attachment 4).

*Developer pays
CAM fees
City responsible
for maintenance*

4. The Subsequent Parcel A-1/Civic Parcel/Parcel A-3 REA with IGA would provide for certain rights and restrictions as they apply to the City's newly-acquired Civic Parcel, including, but not limited to, access to the Las Americas Shopping Center common areas, maintenance of the streetscape and landscape surrounding the building developed on the Civic Parcel, a parking easement for 134 parking spaces, and restrictions on the uses permitted within the building space of the Civic Parcel. The Developer will absorb the Civic Parcel's share of the Common Area Maintenance (CAM) fees in perpetuity. The CAM fees include all ground floor maintenance, security, and liability insurance for the common areas. The City will be responsible for its building's insurance protections, building interior and exterior maintenance, and repairs. Finally, the Subsequent REA permits the City to sell the property to a third party buyer if needed, and it also offers the Developer a right of first refusal to match the terms of a proposed purchase agreement with a third party buyer (see Attachment 5).
5. The Cooperation Agreement between the City and Agency would provide for certain responsibilities and obligations as they relate to the conveyance, disposition and development of the Civic Parcel. Although the City will be the legal owner of the Civic Parcel, the Agency will take the lead in the planning and redevelopment efforts for the property on behalf of the City under the Cooperation Agreement (see Attachment 6).
6. The Quitclaim Deed will satisfy the requirements of the Library Airspace Parcels Grant Deed under the Fourth Implementation Agreement which allowed for the City to acquire two Airspace Parcels above Parcel A-2. The Grant Deed has a reversionary clause with a deadline of September 30, 2003, which has now expired. The property must be transferred back to Developer (see Attachment 7).
7. The Grant Deed for the Civic Parcel will be granted to the City by IGA for future development of a public facility. The Civic Parcel is approximately 26,500 square feet in size, with an estimated value of \$3,500,000. The estimated value considers the

land and its entitlements, the perpetual CAM relief, and the easement for 134 parking spaces. There is no obligation to develop a public facility on the Civic Parcel, which offers the City flexibility over the property like any typical real estate asset held by the City. There is, however, an 84-month timeframe for the City to actuate either construction or sale of the property. If the 84-month timeframe expires, IGA has a right to repurchase the land at a cost of \$1.25 million plus an inflation factor based on the Consumer Price Index (CPI). The Second Amendment to Overall REA and Subsequent Parcel A-1/Civic Parcel/Parcel A-3 REA contain the rights and restrictions as they relate to the Grant Deed (see Attachment 8).

8. Reinforce the City's commitment for the implementation of the Las Americas River Pedestrian Bridge. With the help of private consultants, the City and Developer desire to analyze the feasibility of pursuing and reapplying for a Presidential Permit through the State Department of the United States – the City being the Applicant.
9. The Fifth Implementation Agreement clarifies the business agreement between the Agency and Developer as it relates to the City and its acquisition of the Civic Parcel, and is outlined below under the Agency's section of Discussion. There is a consent statement attached to the 5th Implementation Agreement for the City to sign (see Attachment 9).
10. The *Mi Pueblo* Pilot Village Project's proposed intensity of development is not supported by the current San Ysidro Community Plan, and therefore requires some changes to the Plan's text and maps. In order for the Planning Department to begin the analysis of appropriate land use designations and intensity of development for *Mi Pueblo*, the General Plan / Community Plan amendment process must be initiated. The initiation will allow Planning Department staff to work closely with the *Mi Pueblo* applicants as they move through the entitlement process to determine appropriate intensity of development, land use designations, and subsequent rezoning for proposed projects within the Pilot Village site.

For the Agency:

1. The Fifth Implementation Agreement (Attachment 9) would authorize the following:
 - a. Adjustment of the boundaries of former Parcels A-1, A-2, and A-3 to accommodate the redevelopment of Parcel A-1, Parcel A-3, and the E Property. This allows for the creation of new Parcels A-1, Civic Parcel, and A-3 under the DDA.
 - b. The conveyance of the Civic Parcel to the City for the future development of a public facility.
 - c. Provide for the disposition and development of Parcel A-1, Civic Parcel, and Parcel A-3 as follows:

PARCEL (SIZE)	BUILDINGS	BLDG SQ FOOTAGES	PHASING
A-1 (13.042 acres)	A, B, D-1, D-2	188,272 sq ft (with option to develop additional 3,631 sq ft).	1B1 – Construction completion in Spring of 2005.
Civic Parcel (0.608 acres)	Civic Building	Up to 25,000 sq ft max, with max footprint of 15,000 sq ft, and up to two stories.	City has 84 months to develop or sell the Civic Parcel before the right to purchase is triggered by the Developer.
A-3 (8.415 acres)	Residential: Up to 350 units. Commercial: Neighborhood-serving.	Residential: Up to 400,000 sq ft. Commercial: Between 5,000 and 75,000 sq ft.	Construction financing in May '07, Construction Completion 12-18 months thereafter.

- d. The Developer to execute various Grant Deeds for easements as they relate to remapping of the project site.
- e. Approval of the new 2004 West Side Map and 2004 East Side Map.
- f. Revise the Schedule of Performance, Attachment 3 to the DDA, to reflect the adjustment to the construction phasing for Parcel A-1 and Parcel A-3, and to extend the Developer's ability to pursue, on behalf of the City, the Presidential Permit for the River Pedestrian Bridge to June 30, 2005.
- g. Revise Section 718 of the DDA, allowing for a change in the payment schedule (sales tax) under the Public Use Lease (Parcel A) to allow full rent payment to be paid after completion of Parcel A-1 improvements as described earlier.
- h. Revise the Method of Financing, Attachment 2 to the DDA. As part of the DDA, the Agency approved one note in the amount of \$1,780,000 to be repaid over 30 years from tax increment revenues for Parcel A. This note was to be triggered by a certain amount of developed square footage. Based on the level of improvements on Parcel A-1 (188,272 sq ft) compared to the original Parcel A plan for improvements (270,000 sq ft), the pro-rating of the principal amount of the Parcel A Loan Agreement equates to a 70% pro-ration, or a \$1,246,758 new principal owed. Since the Developer wants to decrease the amount of commercial improvements on former Parcel A, and desires a change in use on Parcel A-3, the note needs to be amended to reflect the change. The loan obligation is for 30 years at a 10% annual interest rate, with annual payments of \$132,255 expected to begin in approximately November of 2006. The Agency will save over \$530,000

of tax increment under the Parcel A Loan's principal, or \$1.7 million over 30 years.

2. Approval of a Cooperation Agreement between the City and Agency as it relates to the conveyance and disposition of the Civic Parcel. This agreement will authorize the Agency to oversee all future disposition and redevelopment efforts as they relate to the Civic Parcel.

ALTERNATIVE

Do not approve this action. This would disable Developer's ability to acquire construction financing for the Phase 1B1 retail component and potentially stop the development of the remainder of the project.

Respectfully submitted,

		
Debra Fischle-Faulk	Approved: Hank Cunningham	Approved: Bruce Herring
Deputy Executive Director, Redevelopment Agency / Assistant Director Community and Economic Development Department	Assistant Executive Director, Redevelopment Agency / Director Community and Economic Development Department	Deputy City Manager

CUNNINGHAM/RC

- ATTACHMENT(S):
1. Las Americas Site Plan
 2. Amended and Restated Second Amendment to Public Use Lease (Parcel A-1)
 3. Amendment to Public Use Lease (Parcel B/C)
 4. Second Amendment to Overall Reciprocal Easement Agreement (REA)
 5. Subsequent Parcel A-1/Civic Parcel/Parcel A-3 REA
 6. Cooperation Agreement between City and Agency
 7. Quitclaim Deed for Library Airspace Parcels
 8. Grant Deed for Civic Parcel
 9. Fifth Implementation Agreement – Las Americas Project