

**REVENUE SHARING AGREEMENT****By and Between****CITY OF CHULA VISTA AND SAN DIEGO UNIFIED PORT DISTRICT****(Chula Vista Bayfront Resort Hotel and Convention Center and Related Public Infrastructure)**

This Revenue Sharing Agreement ("Agreement"), dated April 24, 2018, is entered into by and between the City of Chula Vista, a municipal corporation ("City") and the San Diego Unified Port District, a public corporation ("District"). The City and District may be individually referred to herein as, a "Party", and collectively as, the "Parties".

**RECITALS**

WHEREAS, the City and District are parties to that certain Amended and Restated Chula Vista Bayfront Master Plan Financing Agreement dated June 20, 2017, by and between the City and the District and filed in the Office of the District Clerk as Document No. 67068 (the "Financing Agreement"); and

WHEREAS, all initially capitalized terms used herein without definition have the meanings set forth in the Financing Agreement; and

WHEREAS, the Parties are entering into a Disposition and Development Agreement (the "DDA") of even date herewith with RIDA Chula Vista, LLC, a Delaware limited liability company ("RIDA") which contemplates the development of a resort hotel and convention center (the "RHCC Project") and related public infrastructure improvements; and

WHEREAS, it is expected that as part of the closing of the obligations contemplated under the DDA ("Close of Escrow"), the City and the District, through a JEPA, will issue the Revenue Bonds to support the financing of the Convention Center and the Phase 1A; and

WHEREAS, it is expected that the City and the District will be contributing the Financing Revenues pursuant to a Plan of Finance to support the Revenue Bonds; and

WHEREAS, it is expected that the RHCC Project will generate certain revenues from the operation of the RHCC Project that the Developer will share with the Parties; and

WHEREAS, this Agreement and the Financing Agreement assume the participation of County of San Diego in an Enhanced Infrastructure Financing District ("EIFD") to fund a portion of the Revenue Bonds supporting Phase 1A.

NOW THEREFORE, in consideration of One Dollar and the mutual promises set forth herein, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Recitals.** The Recitals are incorporated herein by reference.
2. **Term.** The term of the Agreement shall commence on the later to occur of: (a) the date first set forth above or (b) the date the DDA is effective. This Agreement shall terminate concurrent with the DDA if the DDA is terminated prior to Close of Escrow. If Close of Escrow occurs, this Agreement shall terminate on the later to occur of the following dates, which shall be

referred to herein as the “COE Termination Date”: (i) the expiration of the term of the Revenue Bonds, regardless of whether the Revenue Bonds are paid prior to the maturity date; or (ii) thirty-eight (38) years from the date the Revenue Bonds are issued. Notwithstanding the foregoing, Section 3.4 shall remain in effect in accordance with its terms.

**3. Agreements.** The Parties hereby agree as follows:

**3.1 Revenues and Existing Revenues**

“Revenues” means, collectively, moneys in an amount equivalent to each of the following sources of revenue actually received by the City or the District on a yearly basis:

**A. District**

(i) all Ground Lease Revenues derived from the Other Ground Leases, a replacement RV Park on parcel S1 (“Replacement RV Park”), and the RHCC Ground Lease, less a credit equal to: (1) the actual amount of the existing RV Park lease buyout payment to be paid solely by the District to Chula Vista Marina/RV Park, Ltd. (the existing RV Park lessee), in an amount not to exceed \$4,929,614; less (2) any reduction in this payment negotiated by District in consideration for District’s release of Chula Vista Marina/RV Park, Ltd. from its obligation to complete all or a portion of the demolition work at the existing RV Park site that would otherwise be required under the RV Park lease (District Clerk Document No. 14243, as amended) (the “Net RV Park Buyout Credit”);

(ii) the annual payments to be made by the District (the “District Support Payments”) for repayment of the Revenue Bonds according to the schedule set forth in Section 4 of the Conceptual Outline of Joint Exercise of Powers Authority Plan of Finance attached to the DDA as Attachment No. 4 (the “Conceptual Plan of Finance”).

**B. City**

(i) the TOT attributable to the RHCC Project and the existing RV Park in the CVBMP Project Area and the Replacement RV Park to be constructed;

(ii) the Sales Tax;

(iii) incremental property tax (including EIFD Revenues) generated by the RHCC Project;

(iv) PMSA Revenues; and

(v) new Special Tax Revenues levied in a future Community Facilities District, equal to a 5% room revenue tax on the RHCC Project.

As used herein, “Existing Revenues” means, collectively, moneys in an amount equivalent to each of the following sources of revenue actually received by the City or the District:

(i) all Ground Lease Revenues derived from the Other Ground Leases and the Replacement RV Park, less a credit equal to the Net RV Park Buyout Credit;

(ii) the TOT attributable to the existing RV Park in the CVBMP Project Area and the Replacement RV Park to be constructed; and

(iii) the PMSA Revenues.

**3.2 Use of Existing Revenues at Close of Escrow**

Thirty (30) days before the Close of Escrow (“Contribution Date”), each of the Parties shall contribute to the Close of Escrow an amount of money equal to the Existing Revenues generated and actually received by each Party from and after July 1, 2018 to the Contribution Date. Such Existing Revenues shall be applied at the Close of Escrow to pay financing and/or construction contingencies of the District, City, and the JEPA.

**3.3 Use of Revenues Post Close of Escrow**

After the Close of Escrow, the Parties will contribute the Revenues to the JEPA until the COE Termination Date, pursuant to agreements to be entered into between the Parties. For each bond year of the Revenue Bonds, after the Revenues have been applied to the payment of debt service that is due and payable on the Revenue Bonds and any required debt service reserve of the Revenue Bonds, any Revenues remaining shall be applied in the following order of priority:

1. To reimburse the District for the cumulative amount of District Support Payments actually contributed by the District and not previously reimbursed to the District; then

2. To reimburse the City for 73.6% of the cumulative actual, direct costs incurred by the City to provide fire service within the CVBMP Project Area, which is the proportionate share of such costs attributable to the RHCC Project and not previously reimbursed to the City (provided that such 73.6% reflects amounts for which the City is entitled to reimbursement *in addition to* any payments the City receives under the PMSA for fire services, as the PMSA may be amended by the Parties; reimbursement to the City under this paragraph shall not be reduced by the amount of PMSA Revenues received by the City); then

3. To reimburse the City and the District on a proportionate, pro-rata basis, for each Party’s contribution of the Existing Revenues, as of Close of Escrow; then

4. To reimburse the City and the District on a proportionate, pro-rata basis, for each Party's contribution of Existing Revenues after the Close of Escrow, continuing to the COE Termination Date.

5. To fund an additional reserve fund or reserve fund insurance policy in the amount of one year's debt service for the Revenue Bonds; and finally

6. Any Revenues remaining after the payments described in Items (1) through (4) above will be equally distributed between the City and the District.

No interest will accrue with respect to unreimbursed Revenues contributed by the City or the District.

**3.4 Additional Rent** Pursuant to Section 5.5 of the form of RHCC Ground Lease attached to the DDA as Attachment No. 9, the Developer is required to pay to the District 20% of the amount by which the Net Operating Income for such Lease Year exceeds eleven percent (11%) of the Actual Capital Investment (the "Additional Rent") for Lease Year 1 through Lease Year 37 (as such terms are defined in the RHCC Ground Lease) (the "NOI Split Period"). The District will pay one half of all Additional Rent amounts actually received by the District from the Developer during the NOI Split Period to the City within thirty (30) days following the District's receipt of such Additional Rent amounts. This obligation shall continue for so long as the District receives the Additional Rent set forth in Section 5.5 of the Ground Lease, and shall survive the earlier termination of other provisions of this Agreement.

**3.5 Operations & Maintenance Costs** The City and District agree to generally split the operation and maintenance costs ("O&M Costs") for the RHCC Public Improvements to be paid by each Party. The District will be responsible for the O&M Costs of the parks and all related public infrastructure located within the parks. The City will be responsible for the O&M Costs of the streets and sanitary sewers. The City and District will split the O&M Costs payable pursuant to that certain Chula Vista Bayfront Master Plan Natural Resources Management Plan filed June 6, 2016 in the Office of the District Clerk as Document No. 65065 (the "NRMP") that are not the responsibility of a third party. The City will be responsible for funding the Transit Plan and operational costs of shuttle services as set forth in Section 7.2 of the Financing Agreement.

**3.6 EIFD Formation** District agrees to use good faith efforts to secure the participation of the County of San Diego in the planned EIFD.

**4. Binding Agreement.** The Parties agree that this Agreement is a binding agreement between the Parties. Notwithstanding the binding nature of this Agreement, the Parties contemplate that future implementing agreements may be needed to implement or clarify the terms of this Agreement. To that end, the Parties agree to meet and confer in good faith in response to a request by either party regarding the implementation or clarification of this Agreement.

**5. Event of Default.** An "Event of Default" will occur under this Agreement when: (a) there is a material breach of any material condition, covenant or promise set forth herein; (b) written notice thereof has been given to the party in breach; and (c) such breach has not been cured within ten (10) business days after such notice was given to the party in breach. In the event the breach cannot reasonably be cured within such ten (10) business day period, the party in breach must commence cure of the breach within such ten (10) business day period and thereafter diligently proceed to cure such breach. A waiver by either party of any such breach shall not be construed as a waiver of any succeeding breach of the same or other condition, covenant or promise.

**6. Remedies.** The occurrence of an Event of Default shall give the non-defaulting party the right to proceed with an action or proceeding for specific performance.

**7. Notices.** The notice addresses shall be the same as those set forth in the Financing Agreement and shall be sent by certified U.S. Mail (return receipt requested) and shall be deemed delivered three days after deposit in the U.S. Mail.

**8. Entire Agreement.** This Agreement constitutes the entire understanding and agreement of the Parties with regard to the collection and priority of the Revenue sharing between the City and the District, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties or their predecessors in interest with respect to the priority of the collection and priority of Revenue sharing between the City and the District, but shall not supersede, modify or amend the Financing Agreement.

**9. Drafting Presumption; Review Standard.** The Parties acknowledge that this Agreement has been agreed to by both the Parties, that both City and District have consulted with attorneys with respect to the terms of this Agreement and that no presumption shall be created against the drafting Party. Any deletion of language from this Agreement prior to its execution by City and District shall not be construed to raise any presumption, canon of construction or implication, including, without limitation, any implication that the Parties intended thereby to state the converse of the deleted language.

**10. Governing Law.** This Agreement and all of the rights and obligations of the Parties hereto and all of the terms and conditions hereof shall be construed, interpreted and applied in accordance with and governed by and enforced under the laws of the State of California.

[Signatures appear on following page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and the year first set forth above.

**CITY:**

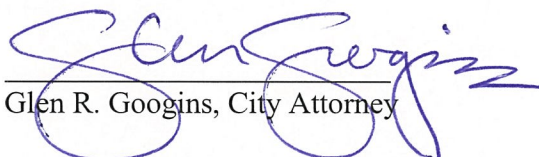
CITY OF CHULA VISTA

By:   
Gary Halbert, City Manager

ATTEST:

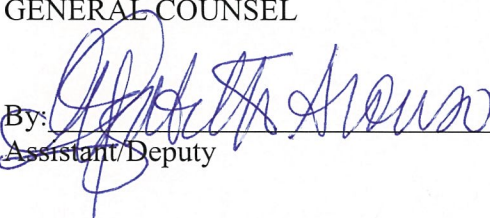
  
Kerry K. Bigelow, City Clerk

APPROVED AS TO FORM:

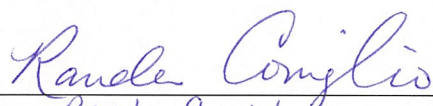
  
Glen R. Googins, City Attorney

**DISTRICT:**

APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL

By:   
Assistant/Deputy

SAN DIEGO UNIFIED PORT DISTRICT,  
a public corporation

By:   
Name: Randal Coniglio  
Its: President/CEO

**RESOLUTION 2018-073****RESOLUTION AUTHORIZING A REVENUE  
SHARING AGREEMENT WITH THE CITY OF  
CHULA VISTA**

**WHEREAS**, the San Diego Unified Port District (District) is a public corporation created by the legislature in 1962 pursuant to Harbors and Navigation Code Appendix 1 (Port Act); and

**WHEREAS**, the Chula Vista Bayfront Master Plan (CVBMP) is the result of a decade-long joint planning effort by the San Diego Unified Port District (District), the City of Chula Vista (City), and a broad coalition of stakeholders; and

**WHEREAS**, the District and City are collectively referred to herein as, the "Public Entities"; and

**WHEREAS**, the resort hotel and convention center (RHCC), located on approximately 36 acres of land within the Chula Vista Bayfront (Site), is the catalyst project for the Chula Vista Bayfront (CVB) and the vehicle to build future parks, restore sensitive habitat, and construct public infrastructure; and

**WHEREAS**, after over three years of collaborating with RIDA Chula Vista, LLC (RIDA) and solving the economic model for financial feasibility, the District, the City, and RIDA are ready to move forward with the RHCC; and

**WHEREAS**, the Disposition and Development Agreement (DDA) sets forth the mechanism to design, finance, and construct the RHCC and surrounding public infrastructure (the Phase 1A Infrastructure); and

**WHEREAS**, the RHCC and the Phase 1A Infrastructure are collectively referred to herein, as the "Project"; and

**WHEREAS**, the Revenue Sharing Agreement between the City and the District (Revenue Sharing Agreement) sets forth the District's and City's participation in the anticipated future cash flow from the Project in excess of debt service paid for the Project; and

**WHEREAS**, the contribution from the District and the City (Public Financing) is anticipated to be delivered to the Project through future bond offerings; and

**WHEREAS**, the District and City are contributing \$240,000,000 for the Convention Center component of the Project; and

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**WHEREAS**, the District and City are contributing \$63,000,000 for the Phase 1A Infrastructure, including the sewer pump station upgrade in the CVB, of which \$56,000,000 will be financed and the remaining amount will come from other sources; and

**WHEREAS**, Keyser Marston Associates, Inc. (KMA) prepared a comprehensive report that analyzes the Project feasibility, proposed method of financing for the Project, and public investment (KMA Report); and

**WHEREAS**, the KMA Report estimates that in Lease Year 19, the proposed bond financing structure is projected to result in cash flow to the Public Entities after payment of debt service toward the bond issue; and

**WHEREAS**, if the BPC approves the Revenue Sharing Agreement, the District's and City's participation in the anticipated future cash flow after payment of debt service for the Project would be shared as summarized in the following chart:

Priority	Disbursement Description
1	To District, Reimbursement of its Annual Contribution
2	To City, Reimbursement of 73.6% of Actual Bayfront Fire Services Costs
3	To District and City, Reimbursement of General Fund Contributions (Through Close of Escrow)
4	To District and City, Reimbursement of General Fund Contributions (After Close of Escrow)
5	To JPA, One Year Additional Debt Service Reserves or Reserve Fund Insurance Policy
6	To District and City, Split Remaining Revenues 50/50

**WHEREAS**, the first position would be reimbursed to the District for the District's Annual Contribution in the amount of \$5 million for Lease Years 5-14, \$6 million for Lease Years 15-19, \$3 million for Lease Years 20-24, and \$3.5 million for Lease Years 25-38; and

**WHEREAS**, the second position would be reimbursed to the City for the City's actual fire services contribution toward fire services required for the RHCC and CVB as a whole with the construction of the Project; and

**WHEREAS**, the third position would be reimbursed to each of the Public Entities for each of their general fund contributions toward the Project (Through Close of Escrow), which include the District's existing CVB lease revenues and lease revenues from the future RV Park and the City's existing transient



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occupancy tax (TOT) for the existing and future RV Park and Municipal Services Agreement (MSA) revenues; and

**WHEREAS**, the fourth position would be reimbursed to each of the Public Entities for each of their general fund contributions toward the Project (After Close of Escrow), which include the District's existing CVB lease revenues and lease revenues from the future RV Park and the City's existing TOT for the existing and future RV Park and MSA revenues; and

**WHEREAS**, the fifth position would be reimbursed to the Joint Exercise of Powers Authority (JEPA) in the amount necessary to establish one year of additional debt reserves (above and beyond those ordinarily required by the proposed debt structure), unless covered through an insurance policy, in which case the reimbursement would be allocated to pay for the premiums of the insurance; and

**WHEREAS**, the sixth position would be reimbursed to each of the Public Entities for any remaining revenues to be split evenly between the District and the City equally; and

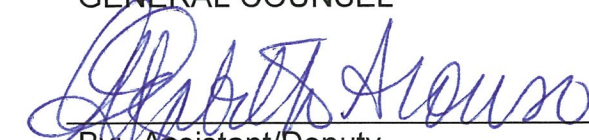
**WHEREAS**, the reimbursement split would not cover operations and maintenance of the Project which both the District and the City anticipate paying through the use of the excess revenues to be distributed to the District and City through the sixth position and used to cover on-going operations and maintenance of their respective facilities.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Port Commissioners of the San Diego Unified Port District that the Executive Director or her designated representative is hereby authorized to enter into a Revenue Sharing Agreement with the City of Chula Vista.

**BE IT FUTHER RESOLVED**, that the BPC finds, based on the review of the entire record, including, without limitation, the Final EIR, that the Disposition and Development Agreement and related agreements, including the Revenue Sharing Agreement, was adequately covered in the Chula Vista Bayfront Final EIR, that further environmental review in accordance with CEQA Guidelines Sections 15162 and 15163 is not required and pursuant to CEQA Guideline Section 15162(b), the BPC finds that no further analysis or environmental documentation is necessary. The BPC further finds that the Revenue Sharing Agreement complies with Section 87 of the Port Act because it relates to the development of the uses specified therein. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the Revenue Sharing Agreement is consistent with the Public Trust Doctrine.

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APPROVED AS TO FORM AND LEGALITY:  
GENERAL COUNSEL

  
By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 24<sup>th</sup> day of April, 2018, by the following vote:

AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, and Valderrama

NAYS: None.

EXCUSED: Zucchet


ABSENT: None.

ABSTAIN: None.



Rafael Castellanos, Chairman  
Board of Port Commissioners

ATTEST:

  
Donna Morales  
District Clerk

(Seal)