

*STAFF REPORT**CITY OF OCEANSIDE*

DATE: March 16, 2011

TO: Chairman and Members, Community Development Commission

FROM: Economic and Community Development Department

SUBJECT: **COOPERATION AGREEMENT BETWEEN THE CITY OF OCEANSIDE AND THE OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION TO PLACE A DEED OF TRUST ON CERTAIN COMMISSION PROPERTY TO SECURE THE PAYMENT OF INDEBTEDNESS BETWEEN THE COMMISSION AND THE CITY OF OCEANSIDE**

SYNOPSIS

Staff recommends that the City Council and the Oceanside Community Development Commission adopt resolutions making certain findings and approve entering into a cooperation agreement to place a deed of trust on certain undeveloped Commission-owned property to secure payment of a loan made by the City of Oceanside to the Community Development Commission; and authorize the Mayor and Commission Executive Director to execute the respective documents and the City Clerk to accept and file the deed of trust with the County Recorder.

BACKGROUND

The City of Oceanside's General Fund made a total of approximately \$3.44 Million in loans to the Redevelopment Agency in 1986 and 1989 for costs associated with the Railroad Switching Yard relocation and improvements to The Strand Beach Park. The loan terms originally required that interest-only payments begin in 1990. While payments were made from fiscal years 1990 through 1996, they were suspended due to low tax-increment revenue. In June of 2001, the City Council approved a deferral of the loan repayment until 2015, with an interest rate of 8 percent for years 2001 through 2018 and a 10 percent interest rate for the remaining 10 years. This interest rate is also compounded which significantly increases the loan amount each year.

In December 2006 and January 2007, the CDC extended the life of the Redevelopment Plan for three years, to 2018. This was allowed by State Law to compensate for payments made to the Educational Augmentation Relief Fund ("ERAF") in Fiscal Years 2003-04, 2004-05 and 2005-06.

On June 18, 2008, the City Council changed the date of the first scheduled payment on the General Fund Loan from 2015 to 2018 to be consistent with the extension of the Redevelopment Plan due to payments to ERAF.

ANALYSIS

The original loan of approximately \$3.44 million has been accruing 8 percent compounded interest since 2001. The loan has increased over the past ten years because of the 8 percent rate that is compounded and has resulted in the loan balance increasing at an average of \$774,000 each year. The loan was to have been paid out of tax increment after the expiration of the Agency. This loan is subordinate to existing debt service, new debt service and other contractual obligations.

Should the State eliminate Redevelopment Agencies, the current debt from the Redevelopment Agency is included in the Agency's Statement of Indebtedness. At this time it is a documented loan and is accruing interest. Therefore, we would expect that the ability to make those payments would continue should the Agency be eliminated. This deed of trust, on the following undeveloped properties, will secure this debt to the City should there be no tax increment to make those payments. The properties include: Lot 23 in the 300 Block of North Cleveland Street, APN 147-161-11; the vacant property on the northwest corner of North Coast Highway and Neptune, APN 143-201-03; and the vacant property on North Coast Highway immediately south of the Welcome sign, APN 147-020-03.

FISCAL IMPACT

As of December 1, 2010, the General Fund has recorded an asset of \$11,234,485 as the total advanced to the CDC Fund; and the CDC Fund has a corresponding amount recorded as a liability received from the General Fund. The City's General Fund would begin collecting annual principal and interest payments of \$2,870,000 from the City's Redevelopment Agency beginning on December 1, 2018. The interest rate on the loan remained at the previous rate of 8 percent until 2018. On December 1, 2019, the interest rate on the loan will adjust to 10 percent, and a principal and interest payment of \$3,115,000 would commence. The final loan payment of \$3,079,370 would be made on December 1, 2027.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

COMMITTEE/COMMISSION REPORT

Does not apply

ALTERNATIVES

An alternative is to not do the Deed of Trust and accept that should the Legislation pass that the Oversight Committee could liquidate the property and the Agency would have no tax increment nor property to re-pay the General Fund loan.

RECOMMENDATION

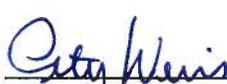
Staff recommends that the City Council and the Oceanside Community Development Commission adopt resolutions making certain findings and approve entering into a cooperation agreement to place a deed of trust on certain undeveloped Commission-owned property to secure payment of a loan made by the City of Oceanside to the Community Development Commission; and authorize the Mayor and Commission Executive Director to execute the respective documents and the City Clerk to accept and file the deed of trust with the County Recorder.

PREPARED BY:



Jane McVey
Economic & Community
Development Director

SUBMITTED BY:



Peter Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager
Teri Ferro, Financial Services Director
Michele Lund, Treasury Manager
Kathy Baker, Redevelopment Manager



Attachments:

- 1. CDC Resolution with Cooperation Agreement attachment
- 2. City of Oceanside Resolution with Cooperation Agreement attachment

1 RESOLUTION NO.

2 A RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION
3 OF THE CITY OF OCEANSIDE AUTHORIZING AND APPROVING A
4 COOPERATION AGREEMENT BETWEEN THE COMMISSION AND
5 THE CITY OF OCEANSIDE AND MAKING CERTAIN DETERMINATIONS
6 AND APPROVALS IN CONNECTION THEREWITH

7 WHEREAS, the Community Development Commission of the City of Oceanside
8 (the "Agency") is a redevelopment agency duly created, established and authorized to
9 transact business and exercise its powers, all under and pursuant to the Community
10 Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the
11 Health and Safety Code of the State of California) and the powers of the Agency
12 include the power to borrow moneys for any of its corporate purposes;

13 WHEREAS, a Redevelopment Plan known as the "Oceanside Downtown
14 Redevelopment Area Plan" (the "Redevelopment Plan") has been adopted and
15 approved by ordinance of the City of Oceanside (the "City"), and all requirements of
16 law for and precedent to the adoption and approval of said Redevelopment Plan have
17 been duly complied with; and

18 WHEREAS, the Agency and the City have entered into previous agreements which
19 establish or evidence certain indebtedness of the Agency to the City, including that certain
20 loan agreement dated June 18, 2008; and

21 WHEREAS, Under Article XVI, Section 16 of the California Constitution and the
22 Redevelopment Law, including without limitation Sections 33671 and 33671.5 of the
23 Redevelopment Law, and under the Redevelopment Plan, the Agency is authorized to and
24 may pledge taxes allocated to it to secure the repayment of obligations;

25 WHEREAS, under Section 33601 of the Redevelopment Law, the Agency may borrow
26 money any may execute trust deeds or mortgages on any real or personal property owned or
27 acquired by the Agency;

28 WHEREAS, the Agency has incurred a significant amount of indebtedness to the City,

1 substantially all of which is immediately repayable by Agency upon receipt of demand therefor
2 by the City;

3 WHEREAS, the City is amenable to forbearing from enforcing immediate repayment of
4 certain amounts owed by Agency to City provided that Agency encumbers its properties, as
5 more particularly provided in that certain agreement submitted herewith, entitled "Cooperation
6 Agreement" attached hereto as "Attachment No. 1" incorporated herein and made apart
7 hereof by this reference (the "Cooperation Agreement") secured by a deed of trust or deeds of
8 trust securing repayment of the indebtedness of the Agency to the City, in consideration of the
9 provision of which security the City is amenable to the scheduling of repayments according to
10 a repayment schedule as set forth in the Cooperation Agreement.

11 NOW, THEREFORE, the Community Development Commission of the City of
12 Oceanside does resolve as follows:

13 Section 1. The foregoing recitals are true and correct.

14 Section 2. The Agency hereby authorizes and directs the Executive Director of the
15 Agency or his authorized designee ("Authorized Officers") to execute the Cooperation
16 Agreement and all instruments provided in connection therewith on behalf of the Agency.

17 Section 3. The Authorized Officers, on behalf of the Agency, are hereby authorized
18 and directed to take all actions necessary or convenient to implement the Cooperation
19 Agreement.

20 PASSED AND ADOPTED by the Community Development Commission of the City of
21 Oceanside, California, this 16th day of March, 2011, by the following vote:

- 22 AYES:
- 23 NAYS:
- 24 ABSENT:
- 24 ABSTAIN:

CHAIRMAN

27 ATTEST:

APPROVED AS TO FORM:

CITY CLERK

CITY ATTORNEY

ATTACHMENT NO. 1
COOPERATION AGREEMENT

THIS COOPERATION AGREEMENT (the "Agreement") is entered into as of March 16, 2011 (the "Date of Agreement"), by and between the **CITY OF OCEANSIDE** a California Charter City created by its charter and California Statute (herein the "City") and the **COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE**, a public body corporate and politic in and of the State of California (herein the "Agency").

RECITALS

A. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*; the "Redevelopment Law"), the City Council of the City of Oceanside, activated the Agency and adopted the Oceanside Downtown Redevelopment Project Area Plan (the "Redevelopment Plan") for the Oceanside Downtown Redevelopment Project as heretofore merged and amended (the "Project").

B. Pursuant to the Community Redevelopment Law, the Agency is performing a public function of the City and may have access to services and facilities of the City.

C. The Agency and the City have entered into previous agreements which establish or evidence the indebtedness of the Agency to the City.

D. Under Article XVI, Section 16 of the California Constitution and the Redevelopment Law, including without limitation Section 33671.5 of the Redevelopment Law, and under the Redevelopment Plan, the Agency is authorized to and may pledge taxes allocated to it to secure the repayment of obligations;

E. Under Section 33601 of the Redevelopment Law, the Agency may borrow money any may execute trust deeds or mortgages on any real or personal property owned or acquired by the Agency;

F. The Agency has incurred a significant amount of indebtedness to the City, substantially all of which is immediately repayable by Agency upon receipt of demand therefor by the City;

G. The City is amenable to forbearing from enforcing immediate repayment of certain amounts owed by Agency to City provided that Agency encumbers its properties (which properties are described in Exhibit "A" hereto, the "List of Properties"; each such property is referred to as a "Listed Property") by a deed of trust or deeds of trust securing repayment of the indebtedness of the Agency to the City. In consideration of the provision of such security, the City is amenable to the scheduling of repayments according to a repayment schedule, which is set forth as Exhibit "B" hereto (the "Repayment Schedule");

H. The City and the Agency desire to enter into this Agreement:

(1) To set forth certain indebtedness of the Agency to the City as in effect prior to the Date of Agreement;

(2) To set forth a payment schedule for the repayment by Agency of such amounts as owing by Agency to City, as set forth in the Repayment Schedule;

(3) To provide for the execution and recording of a deed of trust or deeds of trust to be recorded as to property held by the Agency, as referenced in the List of Properties, to secure repayment of City by Agency for amounts owed;

(4) To provide that the Agency will reimburse the City for actions undertaken and costs and expenses incurred by it for and on behalf of the Agency.

AGREEMENTS

1. As of the Date of Agreement, the Agency is indebted to the City in the amount of Eleven million, two hundred thirty-four thousand, four hundred eighty-five dollars and forty-five cents (\$11,234,485.45) (the "Base Amount") based upon agreements entered into prior to the Date of Agreement. On June 25, 1986, the Agency entered into a loan agreement with the City in the amount of Two million dollars (\$2,000,000.00) for redevelopment infrastructure projects including the Railroad Switching Yard Relocation project. On March 21, 1989, the Agency entered into a loan agreement with the City in the amount of One million, four hundred seven thousand, nine hundred ninety-five dollars and twenty-three cents (\$1,407,995.23) for redevelopment infrastructure projects including the Strand Beach Park improvements. The loan agreement was subsequently increased by Thirty-five thousand, sixteen dollars and seventeen cents (\$35,016.17), for an aggregate amount of One million, four hundred forty-three thousand, one dollar and four cents (\$1,443,001.04). On June 20, 2001, the Agency entered into a loan agreement with the City in the amount of Five million, four hundred forty-eight thousand, five hundred four dollars and sixty cents (\$5,448,504.60) for the purpose of consolidating prior loan agreements, including accrued interest. On June 18, 2008, the Agency entered into a loan agreement in the amount of Eight million, nine hundred eighteen thousand, two hundred ninety-six dollars and seventy-six cents (\$8,918,296.76) for the purpose of extending the terms of the loan agreement to be consistent with the extension of the Agency's Redevelopment Plan as allowed by State Law to compensate for Educational Augmentation Relief Fund payments made by the Agency in 2004, 2005 and 2006. Interest accrues on the Base Amount at an interest rate of 8% through Fiscal Year 2018/2019, and increases to 10% in Fiscal Year 2019/2020 to maturity on December 1, 2027 ("Accruing Interest"). The Base Amount and the Accruing Interest, as the latter is subject to adjustment from time to time in the event such amount(s) have not been fully repaid, constitutes the "Total Accrued Amount".

2. Agency agrees to repay the Total Accrued Amount to City in accordance with the Schedule of Payments.

3. Agency agrees to record a deed of trust or deeds of trust, substantially in the form of Exhibit "C" hereto (the "Deed of Trust") as to each of the Listed Properties among the official land records of the County Recorder of the County of San Diego. City will, if necessary to effect recording of the Deed of Trust (or deeds of trust) execute a deed acceptance to be recorded with the Deed of Trust agreeing to accept the interest afforded City as a creditor thereunder.

4. City agrees to forbear from insisting upon the immediate repayment of the entire Base Amount and Accruing Interest in consideration of the promises and performance by Agency as described in Sections 3 and 5 hereof.

5. The Agency agrees to pay the City, with interest, an amount equal to the Accrued Amount and all expenditures made and obligations and liabilities incurred by the City pursuant to this Agreement from funds allocated to the Agency pursuant to Section 33670 of the Health and Safety Code ("Tax Increment"), and proceeds from the sale of properties for which deeds of trust are recorded pursuant to Section 3 above, and the Agency pledges, pursuant to Under Article XVI, Section 16 of the California Constitution and the Redevelopment Law, including without limitation Section 33671.5 of the Redevelopment Law, and under the Redevelopment Plan, the Tax Increment to repayment of its indebtedness to the City hereunder. The foregoing pledge shall be subject and subordinate to existing pledges of Tax Increment by the Agency. City will periodically compute amounts owing under this Agreement. Interest shall accrue based upon the respective interest rates set forth between the Agency and the City prior to the date hereto. Payment shall be made in accordance with the Repayment Schedule.

6. The obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency within the meaning of Section 33670 *et seq.* of the Community Redevelopment Law.

7. If this agreement is for any reason invalid the parties will be returned to their prior position.

8. The City agrees to release and reconvey from the deed(s) of trust property in the event such deed of trust is determined to violate material agreements of the Agency.

9. The Agency agrees to and shall take all action and shall refrain from taking any action with respect to the property acquired with the proceeds of bonds issued as obligations exempt from the payment of federal income tax ("Exempt Obligations"), as required in each case to preserve the tax exempt status of interest payable with respect to such Exempt Obligations for federal tax purposes.

10. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CITY OF OCEANSIDE

By: _____
Mayor

COMMUNITY DEVELOPMENT COMMISSION OF
THE CITY OF OCEANSIDE

By: _____
Executive Director

EXHIBIT "B"

REPAYMENT SCHEDULE

Redevelopment Loan Consolidation Amortization Schedule
Revised FY 2007-2008 (Plan Extension)
Approved by Council June 18, 2008, Loan Agreement Number 08-D0392-1

Conditions

Phase 1: Beginning Balance is Outstanding Balance of Consolidated Loan as of 12/1/07, less outstanding optional principal payment of \$112,754 in FY 2007/2008
 Interest accrual beginning 12/01/08 @ 8%; Principal payments deferred until FY 2018/19.

Phase 2: Beginning FY 2019/20 interest rate increases to 10%.

Beginning Principal \$ 8,918,296.76
 Interest Rate: 8.00% (Through FY 2018/19) 10.00% (From FY 2019/20 to Maturity)
 Maturity Date: 12/1/2027
 Payment Dates: 1-Dec
 Annual D/S Paymer \$ 2,870,000.00 (Beginning 12/01/18) 3,115,000.00 (Beginning 12/01/19)

Phase 1					
Payment Date	Beginning Balance	Principal Paid	Accrued Interest	Annual D/S Payment	Ending Balance
12/1/2008	\$ 8,918,296.76	0.00	713,463.74	0.00	9,631,760.51
12/1/2009	9,631,760.51	0.00	770,540.84	0.00	10,402,301.35
12/1/2010	10,402,301.35	0.00	832,184.11	0.00	11,234,485.45
12/1/2011	11,234,485.45	0.00	898,758.84	0.00	12,133,244.29
12/1/2012	12,133,244.29	0.00	970,659.54	0.00	13,103,903.83
12/1/2013	13,103,903.83	0.00	1,048,312.31	0.00	14,152,216.14
12/1/2014	14,152,216.14	0.00	1,132,177.29	0.00	15,284,393.43
12/1/2015	15,284,393.43	0.00	1,222,751.47	0.00	16,507,144.91
12/1/2016	16,507,144.91	0.00	1,320,571.59	0.00	17,827,716.50
12/1/2017	17,827,716.50	0.00	1,426,217.32	0.00	19,253,933.82
Totals:		0.00	10,335,637.05	0.00	

Phase 2					
Payment Date	Beginning Principal	Principal Paid	Interest Paid	Annual D/S Payment	Outstanding Principal
12/1/2018	19,253,933.82	1,329,685.29	1,540,314.71	2,870,000.00	17,924,248.52
12/1/2019		1,322,575.15	1,792,424.85	3,115,000.00	16,601,673.38
12/1/2020		1,454,832.66	1,660,167.34	3,115,000.00	15,146,840.71
12/1/2021		1,600,315.93	1,514,684.07	3,115,000.00	13,546,524.79
12/1/2022		1,760,347.52	1,354,652.48	3,115,000.00	11,786,177.26
12/1/2023		1,936,382.27	1,178,617.73	3,115,000.00	9,849,794.99
12/1/2024		2,130,020.50	984,979.50	3,115,000.00	7,719,774.49
12/1/2025		2,343,022.55	771,977.45	3,115,000.00	5,376,751.94
12/1/2026		2,577,324.81	537,675.19	3,115,000.00	2,799,427.13
12/1/2027		2,799,427.14	279,942.71	3,079,369.85	(0.00)
Totals		\$ 19,253,933.82	\$ 11,615,436.03	\$ 30,869,369.85	

EXHIBIT "C"

WHEN RECORDED MAIL TO:

City of Oceanside
300 North Coast Highway
Oceanside, California 92054
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 143-201-03, 147-020-38 and 147-161-11

(This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.)

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This **DEED OF TRUST** is made as of March 16, 2011 between the **COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE**, a public body, corporate and politic in and of the State of California, herein called TRUSTOR or AGENCY, whose address is 300 North Coast Highway, Oceanside, California 92054, **CITY OF OCEANSIDE**, herein called TRUSTEE, and the **CITY OF OCEANSIDE**, a charter city created by its charter and California Statute, herein called BENEFICIARY or CITY.

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the City of Oceanside, County of San Diego, State of California, described as:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

For the purpose of securing (1) repayment of the sum due Beneficiary under that certain Cooperation Agreement more particularly described below, executed by and between the

Agency and the City dated as of March 16, 2011 (the "Agreement"); a copy of the Agreement is on file in the Office of the City Clerk of the City of Oceanside as a public record). All capitalized terms not defined herein shall have the meanings established therefore under the Agreement unless the context requires otherwise. This Deed of Trust secures payment by Agency to City under the Agreement, as to the Base Amount, together with interest as provided under the Agreement, (2) the performance by Agency under the Agreement and under each agreement of Trustor incorporated by reference or contained herein, and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his/her successors or assigns, or may otherwise become due hereunder.

A. To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly agrees:

1. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed. Damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefore, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary,, the specific enumerations herein not exceeding the general.

2. To provide, provide and maintain insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive and default or notice of default hereunder or invalidate any act done pursuant to said notice.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses. Including cost of evidence of title and attorney's fees in a reasonable sum, in any action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4. To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

5. To pay immediately and without demand all sums expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for ant statement provided for by law in effect at the date hereof regarding the obligation secured herein, any amount demanded by the Beneficiary not exceeding the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1. That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof in hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him or her in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2. The by accepting payment of any sum secured hereby after it is due, beneficiary dose not waive his or her right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3. That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment for the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of a map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4. That upon written request if Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this deed and said note to Trustee for cancellation and retention or other disposition as Trustee in it sole discretion may choose and upon payment of it fees, Trustee shall reconvey, without warranty, the property then held hereunder, The recitals in such reconveyance of any matters or facts shall be conclusive proof of the trustfulness thereof, The Trustee in such reconveyance may be described as "the person or persons legally entitled thereto".

5. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right. Power and authority, during the continuance of these Trusts, to collect the rents, issues and profits if said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default,, Ben3ficiary may at any time without notice, either in person, by agent, or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his or her own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof a aforesaid, shall not cure or waive any default or notice if default hereunder or invalidate any act done pursuant to such notice.

6. That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured

hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee without demand on Trustor shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United State, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement, Trustee shall deliver to such purchaser its deed conveying the property sold, but without any covenant or warrant, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, of Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, trustee shall apply the proceeds of sale to payment of: all other sums then secured hereby; and the remainder, if any to the person or persons legally entitled thereto.

7. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all title, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8. That this Deed applies or, inures to the benefit of, binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

9. The Trustee accepts this Trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him/her at his/her address hereinbefore set forth.

**COMMUNITY DEVELOPMENT COMMISSION OF
THE CITY OF OCEANSIDE**, a public body,
corporate and politic

By: _____
Executive Director

EXHIBIT "A" TO DEED OF TRUST

LEGAL DESCRIPTION

Parcel A:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being Lots 5 and 6, in Block 24 of A.J. Myers Addition, according to Map thereof No. 334, filed in the Office of the County Recorder of San Diego County on July 1, 1885, together with the easterly 10 feet of the adjacent closed ally abutting the westerly line of said Lots 5 and 6, and all underlying fee ownership to any adjoining public streets and or rights-of-way attributed or appurtenant to said Lots, described in that certain Grant Deed dated August 19, 2002 from Howard Joseph Bode, III, et al, to the Community Development Commission of the City of Oceanside as filed in the Office of the County Recorder of San Diego as Document No. 2002-0827304 on September 26, 2001, Official Records of San Diego County

Assessor Parcel No. 143-201-03

Parcel B:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being portions of Lots 8 and 9 of Hill Street Annex to the City of Oceanside, according to Map thereof No. 1296 filed in the Office of the County Recorder of San Diego County, October 20, 1910, together with that portion of Hill Street (80.00 feet wide) of said Hill Street Annex, described in that certain Grant Deed dated May 12, 2004, from Jean M. Arthur, Surviving Trustee under the Arthur Declaration of Trust dated December 29, 1988, to said Commission as filed in the Office of the County Recorder of San Diego as Document No. 2004-0592705 on June 24, 2004, Official Records of San Diego County

Assessor Parcel No. 147-020-38

Parcel C:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being those portions of said Railway Company's 500-wide Oceanside Station Grounds as described in Deed dated February 19, 1887 to California Southern Railroad Company (predecessor in interest to said Railway Company) recorded February 23, 1887, in Book 78 of Deeds, Page 390, Records of said County, as more fully described as Parcel 2 in that certain Quitclaim Deed from The Atchison, Topeka and Santa Fe Railway Company dated September 19, 1989, to said Commission as filed in the Office of the County Recorder of San Diego as Document No. 89-683346 on December 18, 1989, Official Records of San Diego County

Assessor Parcel No. 147-161-11

Exhibit "A"

CERTIFICATE OF ACCEPTANCE

This is to certify that the fee interest in real property conveyed under the foregoing deed of trust by the Oceanside Community Development Commission, a public body, corporate and politic, to the City of Oceanside, as to the following property:

Real property in the City of Oceanside, County of San Diego, State of California, described as follows:

Parcel A:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being Lots 5 and 6, in Block 24 of A.J. Myers Addition, according to Map thereof No. 334, filed in the Office of the County Recorder of San Diego County on July 1, 1885, together with the easterly 10 feet of the adjacent closed ally abutting the westerly line of said Lots 5 and 6, and all underlying fee ownership to any adjoining public streets and or rights-of-way attributed or appurtenant to said Lots, described in that certain Grant Deed dated August 19, 2002 from Howard Joseph Bode, III, et al, to the Community Development Commission of the City of Oceanside as filed in the Office of the County Recorder of San Diego as Document No. 2002-0827304 on September 26, 2001, Official Records of San Diego County

Assessor Parcel No. 143-201-03

Parcel B:

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Document No. 89-683346 on December 18, 1989, Official Records of San Diego County

Assessor Parcel No. 147-161-11

Is hereby accepted by the City Manager of the City of Oceanside on behalf of the City pursuant to authority conferred by action of the City Council on March 16, 2011, and the Grantee consents to recordation thereof by its duly authorized officer.

CITY OF OCEANSIDE

By: _____
City Manager

1 RESOLUTION NO.

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
3 OCEANSIDE AUTHORIZING AND APPROVING A COOPERATION
4 AGREEMENT BETWEEN THE CITY AND THE COMMUNITY
5 DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE AND
6 MAKING CERTAIN DETERMINATIONS AND APPROVALS IN
7 CONNECTION THEREWITH

8 WHEREAS, the Community Development Commission of the City of Oceanside (the
9 "Agency") is a redevelopment agency duly created, established and authorized to transact
10 business and exercise its powers, all under and pursuant to the Community Redevelopment
11 Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code
12 of the State of California) and the powers of the Agency include the power to borrow
13 moneys for any of its corporate purposes;

14 WHEREAS, a Redevelopment Plan known as the "Oceanside Downtown
15 Redevelopment Area Plan" (the "Redevelopment Plan") has been adopted and approved by
16 ordinance of the City of Oceanside (the "City"), and all requirements of law for and
17 precedent to the adoption and approval of said Redevelopment Plan have been duly
18 complied with; and

19 WHEREAS, the Agency and the City have entered into previous agreements which
20 establish or evidence certain indebtedness of the Agency to the City, including that certain
21 loan agreement dated June 18, 2008; and

22 WHEREAS, Under Article XVI, Section 16 of the California Constitution and the
23 Redevelopment Law, including without limitation Sections 33671 and 33671.5 of the
24 Redevelopment Law, and under the Redevelopment Plan, the Agency is authorized to and
25 may pledge taxes allocated to it to secure the repayment of obligations;

26 WHEREAS, under Section 33601 of the Redevelopment Law, the Agency may borrow
27 money any may execute trust deeds or mortgages on any real or personal property owned or
28 acquired by the Agency;

1 WHEREAS, the Agency has incurred a significant amount of indebtedness to the City,
2 substantially all of which is immediately repayable by Agency upon receipt of demand therefor
3 by the City;

4 WHEREAS, the City is amenable to forbearing from enforcing immediate repayment of
5 certain amounts owed by Agency to City provided that Agency encumbers its properties, as
6 more particularly provided in that certain agreement submitted herewith, entitled "Cooperation
7 Agreement" attached hereto as "Attachment No. 1" incorporated herein and made apart
8 hereof by this reference (the "Cooperation Agreement") secured by a deed of trust or deeds of
9 trust securing repayment of the indebtedness of the Agency to the City, in consideration of the
10 provision of which security the City is amenable to the scheduling of repayments according to
11 a repayment schedule as set forth in the Cooperation Agreement.

12 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

13 Section 1. The foregoing recitals are true and correct.

14 Section 2. The Agency hereby authorizes and directs the Mayor or his authorized
15 designee ("Authorized Officers") to execute the Cooperation Agreement and all instruments
16 provided in connection therewith on behalf of the City.

17 Section 3. The Authorized Officers, on behalf of the City, are hereby authorized and
18 directed to take all actions necessary or convenient to implement the Cooperation Agreement.

19 PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this
20 16th day of March, 2011, by the following vote:

21 AYES:

22 NAYS:

23 ABSENT:

24 ABSTAIN:

MAYOR

25
26 ATTEST:

APPROVED AS TO FORM:

27
28 _____
CITY CLERK

CITY ATTORNEY

ATTACHMENT NO. 1
COOPERATION AGREEMENT

THIS COOPERATION AGREEMENT (the "Agreement") is entered into as of March 16, 2011 (the "Date of Agreement"), by and between the **CITY OF OCEANSIDE** a California Charter City created by its charter and California Statute (herein the "City") and the **COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE**, a public body corporate and politic in and of the State of California (herein the "Agency").

RECITALS

A. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*; the "Redevelopment Law"), the City Council of the City of Oceanside, activated the Agency and adopted the Oceanside Downtown Redevelopment Project Area Plan (the "Redevelopment Plan") for the Oceanside Downtown Redevelopment Project as heretofore merged and amended (the "Project").

B. Pursuant to the Community Redevelopment Law, the Agency is performing a public function of the City and may have access to services and facilities of the City.

C. The Agency and the City have entered into previous agreements which establish or evidence the indebtedness of the Agency to the City.

D. Under Article XVI, Section 16 of the California Constitution and the Redevelopment Law, including without limitation Section 33671.5 of the Redevelopment Law, and under the Redevelopment Plan, the Agency is authorized to and may pledge taxes allocated to it to secure the repayment of obligations;

E. Under Section 33601 of the Redevelopment Law, the Agency may borrow money any may execute trust deeds or mortgages on any real or personal property owned or acquired by the Agency;

F. The Agency has incurred a significant amount of indebtedness to the City, substantially all of which is immediately repayable by Agency upon receipt of demand therefor by the City;

G. The City is amenable to forbearing from enforcing immediate repayment of certain amounts owed by Agency to City provided that Agency encumbers its properties (which properties are described in Exhibit "A" hereto, the "List of Properties"; each such property is referred to as a "Listed Property") by a deed of trust or deeds of trust securing repayment of the indebtedness of the Agency to the City. In consideration of the provision of such security, the City is amenable to the scheduling of repayments according to a repayment schedule, which is set forth as Exhibit "B" hereto (the "Repayment Schedule");

H. The City and the Agency desire to enter into this Agreement:

(1) To set forth certain indebtedness of the Agency to the City as in effect prior to the Date of Agreement;

(2) To set forth a payment schedule for the repayment by Agency of such amounts as owing by Agency to City, as set forth in the Repayment Schedule;

(3) To provide for the execution and recording of a deed of trust or deeds of trust to be recorded as to property held by the Agency, as referenced in the List of Properties, to secure repayment of City by Agency for amounts owed;

(4) To provide that the Agency will reimburse the City for actions undertaken and costs and expenses incurred by it for and on behalf of the Agency.

AGREEMENTS

1. As of the Date of Agreement, the Agency is indebted to the City in the amount of Eleven million, two hundred thirty-four thousand, four hundred eighty-five dollars and forty-five cents (\$11,234,485.45) (the "Base Amount") based upon agreements entered into prior to the Date of Agreement. On June 25, 1986, the Agency entered into a loan agreement with the City in the amount of Two million dollars (\$2,000,000.00) for redevelopment infrastructure projects including the Railroad Switching Yard Relocation project. On March 21, 1989, the Agency entered into a loan agreement with the City in the amount of One million, four hundred seven thousand, nine hundred ninety-five dollars and twenty-three cents (\$1,407,995.23) for redevelopment infrastructure projects including the Strand Beach Park improvements. The loan agreement was subsequently increased by Thirty-five thousand, sixteen dollars and seventeen cents (\$35,016.17), for an aggregate amount of One million, four hundred forty-three thousand, one dollar and four cents (\$1,443,001.04). On June 20, 2001, the Agency entered into a loan agreement with the City in the amount of Five million, four hundred forty-eight thousand, five hundred four dollars and sixty cents (\$5,448,504.60) for the purpose of consolidating prior loan agreements, including accrued interest. On June 18, 2008, the Agency entered into a loan agreement in the amount of Eight million, nine hundred eighteen thousand, two hundred ninety-six dollars and seventy-six cents (\$8,918,296.76) for the purpose of extending the terms of the loan agreement to be consistent with the extension of the Agency's Redevelopment Plan as allowed by State Law to compensate for Educational Augmentation Relief Fund payments made by the Agency in 2004, 2005 and 2006. Interest accrues on the Base Amount at an interest rate of 8% through Fiscal Year 2018/2019, and increases to 10% in Fiscal Year 2019/2020 to maturity on December 1, 2027 ("Accruing Interest"). The Base Amount and the Accruing Interest, as the latter is subject to adjustment from time to time in the event such amount(s) have not been fully repaid, constitutes the "Total Accrued Amount".

2. Agency agrees to repay the Total Accrued Amount to City in accordance with the Schedule of Payments.

3. Agency agrees to record a deed of trust or deeds of trust, substantially in the form of Exhibit "C" hereto (the "Deed of Trust") as to each of the Listed Properties among the official land records of the County Recorder of the County of San Diego. City will, if necessary to effect recording of the Deed of Trust (or deeds of trust) execute a deed acceptance to be recorded with the Deed of Trust agreeing to accept the interest afforded City as a creditor thereunder.

4. City agrees to forbear from insisting upon the immediate repayment of the entire Base Amount and Accruing Interest in consideration of the promises and performance by Agency as described in Sections 3 and 5 hereof.

5. The Agency agrees to pay the City, with interest, an amount equal to the Accrued Amount and all expenditures made and obligations and liabilities incurred by the City pursuant to this Agreement from funds allocated to the Agency pursuant to Section 33670 of the Health and Safety Code ("Tax Increment"), and proceeds from the sale of properties for which deeds of trust are recorded pursuant to Section 3 above, and the Agency pledges, pursuant to Under Article XVI, Section 16 of the California Constitution and the Redevelopment Law, including without limitation Section 33671.5 of the Redevelopment Law, and under the Redevelopment Plan, the Tax Increment to repayment of its indebtedness to the City hereunder. The foregoing pledge shall be subject and subordinate to existing pledges of Tax Increment by the Agency. City will periodically compute amounts owing under this Agreement. Interest shall accrue based upon the respective interest rates set forth between the Agency and the City prior to the date hereto. Payment shall be made in accordance with the Repayment Schedule.

6. The obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency within the meaning of Section 33670 *et seq.* of the Community Redevelopment Law.

7. If this agreement is for any reason invalid the parties will be returned to their prior position.

8. The City agrees to release and reconvey from the deed(s) of trust property in the event such deed of trust is determined to violate material agreements of the Agency.

9. The Agency agrees to and shall take all action and shall refrain from taking any action with respect to the property acquired with the proceeds of bonds issued as obligations exempt from the payment of federal income tax ("Exempt Obligations"), as required in each case to preserve the tax exempt status of interest payable with respect to such Exempt Obligations for federal tax purposes.

10. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CITY OF OCEANSIDE

By: _____
Mayor

COMMUNITY DEVELOPMENT COMMISSION OF
THE CITY OF OCEANSIDE

By: _____
Executive Director

EXHIBIT "A"

LIST OF PROPERTIES

Parcel A:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being Lots 5 and 6, in Block 24 of A.J. Myers Addition, according to Map thereof No. 334, filed in the Office of the County Recorder of San Diego County on July 1, 1885, together with the easterly 10 feet of the adjacent closed ally abutting the westerly line of said Lots 5 and 6, and all underlying fee ownership to any adjoining public streets and or rights-of-way attributed or appurtenant to said Lots, described in that certain Grant Deed dated August 19, 2002 from Howard Joseph Bode, III, et al, to the Community Development Commission of the City of Oceanside as filed in the Office of the County Recorder of San Diego as Document No. 2002-0827304 on September 26, 2001, Official Records of San Diego County

Assessor Parcel No. 143-201-03

Parcel B:

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Assessor Parcel No. 147-020-38

Parcel C:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being those portions of said Railway Company's 500-wide Oceanside Station Grounds as described in Deed dated February 19, 1887 to California Southern Railroad Company (predecessor in interest to said Railway Company) recorded February 23, 1887, in Book 78 of Deeds, Page 390, Records of said County, as more fully described as Parcel 2 in that certain Quitclaim Deed from The Atchison, Topeka and Santa Fe Railway Company dated September 19, 1989, to said Commission as filed in the Office of the County Recorder of San Diego as Document No. 89-683346 on December 18, 1989, Official Records of San Diego County

Assessor Parcel No. 147-161-11

EXHIBIT "B"

REPAYMENT SCHEDULE

Redevelopment Loan Consolidation Amortization Schedule
Revised FY 2007-2008 (Plan Extension)

Approved by Council June 18, 2008, Loan Agreement Number 08-D0392-1

Conditions

- Phase 1: Beginning Balance is Outstanding Balance of Consolidated Loan as of 12/1/07, less outstanding optional principal payment of \$112,754 in FY 2007/2008
 Interest accrual beginning 12/01/08 @ 8%; Principal payments deferred until FY 2018/19.
- Phase 2: Beginning FY 2019/20 interest rate increases to 10%.

Beginning Principal \$ 8,918,296.76

Interest Rate: 8.00% (Through FY 2018/19) 10.00% (From FY 2019/20 to Maturity)

Maturity Date: 12/1/2027

Payment Dates: 1-Dec

Annual D/S Paymer \$ 2,870,000.00 (Beginning 12/01/18) 3,115,000.00 (Beginning 12/01/19)

Phase 1					
Payment Date	Beginning Balance	Principal Paid	Accrued Interest	Annual D/S Payment	Ending Balance
12/1/2008	\$ 8,918,296.76	0.00	713,463.74	0.00	9,631,760.51
12/1/2009	9,631,760.51	0.00	770,540.84	0.00	10,402,301.35
12/1/2010	10,402,301.35	0.00	832,184.11	0.00	11,234,485.45
12/1/2011	11,234,485.45	0.00	898,758.84	0.00	12,133,244.29
12/1/2012	12,133,244.29	0.00	970,659.54	0.00	13,103,903.83
12/1/2013	13,103,903.83	0.00	1,048,312.31	0.00	14,152,216.14
12/1/2014	14,152,216.14	0.00	1,132,177.29	0.00	15,284,393.43
12/1/2015	15,284,393.43	0.00	1,222,751.47	0.00	16,507,144.91
12/1/2016	16,507,144.91	0.00	1,320,571.59	0.00	17,827,716.50
12/1/2017	17,827,716.50	0.00	1,426,217.32	0.00	19,253,933.82
Totals:		0.00	10,335,637.05	0.00	

Phase 2					
Payment Date	Beginning Principal	Principal Paid	Interest Paid	Annual D/S Payment	Outstanding Principal
12/1/2018	19,253,933.82	1,329,685.29	1,540,314.71	2,870,000.00	17,924,248.52
12/1/2019		1,322,575.15	1,792,424.85	3,115,000.00	16,601,673.38
12/1/2020		1,454,832.66	1,660,167.34	3,115,000.00	15,146,840.71
12/1/2021		1,600,315.93	1,514,684.07	3,115,000.00	13,546,524.79
12/1/2022		1,760,347.52	1,354,652.48	3,115,000.00	11,786,177.26
12/1/2023		1,936,382.27	1,178,617.73	3,115,000.00	9,849,794.99
12/1/2024		2,130,020.50	984,979.50	3,115,000.00	7,719,774.49
12/1/2025		2,343,022.55	771,977.45	3,115,000.00	5,376,751.94
12/1/2026		2,577,324.81	537,675.19	3,115,000.00	2,799,427.13
12/1/2027		2,799,427.14	279,942.71	3,079,369.85	(0.00)
Totals		\$ 19,253,933.82	\$ 11,615,436.03	\$ 30,869,369.85	

EXHIBIT "C"

WHEN RECORDED MAIL TO:

City of Oceanside
300 North Coast Highway
Oceanside, California 92054
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 143-201-03, 147-020-38 and 147-161-11

(This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.)

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This **DEED OF TRUST** is made as of March 16, 2011 between the **COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE**, a public body, corporate and politic in and of the State of California, herein called TRUSTOR or AGENCY, whose address is 300 North Coast Highway, Oceanside, California 92054, **CITY OF OCEANSIDE**, herein called TRUSTEE, and the **CITY OF OCEANSIDE**, a charter city created by its charter and California Statute, herein called BENEFICIARY or CITY.

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the City of Oceanside, County of San Diego, State of California, described as:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

For the purpose of securing (1) repayment of the sum due Beneficiary under that certain Cooperation Agreement more particularly described below, executed by and between the

Agency and the City dated as of March 16, 2011 (the "Agreement"); a copy of the Agreement is on file in the Office of the City Clerk of the City of Oceanside as a public record). All capitalized terms not defined herein shall have the meanings established therefore under the Agreement unless the context requires otherwise. This Deed of Trust secures payment by Agency to City under the Agreement, as to the Base Amount, together with interest as provided under the Agreement, (2) the performance by Agency under the Agreement and under each agreement of Trustor incorporated by reference or contained herein, and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his/her successors or assigns, or may otherwise become due hereunder.

A. To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly agrees:

1. To keep said property in good condition and repair, not to remove or demolish any building thereon, to complete or restore promptly and in good and workmanlike manner any building which may be constructed. Damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefore, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary,, the specific enumerations herein not exceeding the general.

2. To provide, provide and maintain insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive and default or notice of default hereunder or invalidate any act done pursuant to said notice.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses. Including cost of evidence of title and attorney's fees in a reasonable sum, in any action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4. To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

5. To pay immediately and without demand all sums expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured herein, any amount demanded by the Beneficiary not exceeding the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1. That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him or her in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2. That by accepting payment of any sum secured hereby after it is due, beneficiary does not waive his or her right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3. That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment for the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of a map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the trustfulness thereof. The Trustee in such reconveyance may be described as "the person or persons legally entitled thereto".

5. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his or her own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6. That upon default by Trustor in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may declare all sums secured

hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee without demand on Trustor shall sale said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United State, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement, Trustee shall deliver to such purchaser its deed conveying the property sold, but without any covenant or warrant, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of f the truthfulness thereof. Any person, including Trustor, Trustee, of Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, trustee shall apply the proceeds of sale to payment of: all other sums then secured hereby; and the remainder, if any to the person or persons legally entitled thereto.

7. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all title, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

8. That this Deed applies or, inures to the benefit of, binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or the neuter, and the singular number includes the plural.

9. The Trustee accepts this Trust when this deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him/her at his/her address hereinbefore set forth.

**COMMUNITY DEVELOPMENT COMMISSION OF
THE CITY OF OCEANSIDE**, a public body,
corporate and politic

By: _____
Executive Director

EXHIBIT "A" TO DEED OF TRUST

LEGAL DESCRIPTION

Parcel A:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being Lots 5 and 6, in Block 24 of A.J. Myers Addition, according to Map thereof No. 334, filed in the Office of the County Recorder of San Diego County on July 1, 1885, together with the easterly 10 feet of the adjacent closed ally abutting the westerly line of said Lots 5 and 6, and all underlying fee ownership to any adjoining public streets and or rights-of-way attributed or appurtenant to said Lots, described in that certain Grant Deed dated August 19, 2002 from Howard Joseph Bode, III, et al, to the Community Development Commission of the City of Oceanside as filed in the Office of the County Recorder of San Diego as Document No. 2002-0827304 on September 26, 2001, Official Records of San Diego County

Assessor Parcel No. 143-201-03

Parcel B:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being portions of Lots 8 and 9 of Hill Street Annex to the City of Oceanside, according to Map thereof No. 1296 filed in the Office of the County Recorder of San Diego County, October 20, 1910, together with that portion of Hill Street (80.00 feet wide) of said Hill Street Annex, described in that certain Grant Deed dated May 12, 2004, from Jean M. Arthur, Surviving Trustee under the Arthur Declaration of Trust dated December 29, 1988, to said Commission as filed in the Office of the County Recorder of San Diego as Document No. 2004-0592705 on June 24, 2004, Official Records of San Diego County

Assessor Parcel No. 147-020-38

Parcel C:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being those portions of said Railway Company's 500-wide Oceanside Station Grounds as described in Deed dated February 19, 1887 to California Southern Railroad Company (predecessor in interest to said Railway Company) recorded February 23, 1887, in Book 78 of Deeds, Page 390, Records of said County, as more fully described as Parcel 2 in that certain Quitclaim Deed from The Atchison, Topeka and Santa Fe Railway Company dated September 19, 1989, to said Commission as filed in the Office of the County Recorder of San Diego as Document No. 89-683346 on December 18, 1989, Official Records of San Diego County

Assessor Parcel No. 147-161-11

Exhibit "A"

CERTIFICATE OF ACCEPTANCE

This is to certify that the fee interest in real property conveyed under the foregoing deed of trust by the Oceanside Community Development Commission, a public body, corporate and politic, to the City of Oceanside, as to the following property:

Real property in the City of Oceanside, County of San Diego, State of California, described as follows:

Parcel A:

That certain real property situated in the City of Oceanside, County of San Diego, State of California, being Lots 5 and 6, in Block 24 of A.J. Myers Addition, according to Map thereof No. 334, filed in the Office of the County Recorder of San Diego County on July 1, 1885, together with the easterly 10 feet of the adjacent closed ally abutting the westerly line of said Lots 5 and 6, and all underlying fee ownership to any adjoining public streets and or rights-of-way attributed or appurtenant to said Lots, described in that certain Grant Deed dated August 19, 2002 from Howard Joseph Bode, III, et al, to the Community Development Commission of the City of Oceanside as filed in the Office of the County Recorder of San Diego as Document No. 2002-0827304 on September 26, 2001, Official Records of San Diego County

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Document No. 89-683346 on December 18, 1989, Official Records of San Diego County

Assessor Parcel No. 147-161-11

Is hereby accepted by the City Manager of the City of Oceanside on behalf of the City pursuant to authority conferred by action of the City Council on March 16, 2011, and the Grantee consents to recordation thereof by its duly authorized officer.

CITY OF OCEANSIDE

By: _____
City Manager

