

**CITY OF SAN DIEGO
NONPROFIT FLAT RATE LEASE**

This Nonprofit Flat Rate Lease [Lease] dated as of October 1, 2002, is entered into between the City of San Diego, a municipal corporation [City], and San Diego Center for Children Foundation, a California nonprofit public benefit corporation [Foundation]. Collectively, City and Foundation are referred to as the Parties.

RECITALS

A. City is the owner and operator of that certain body of water known as Lake Sutherland [Lake] and real property immediately surrounding the Lake [collectively, the Lake and surrounding real property are referred to as the "Property"], located in the County of San Diego. Exhibit 1 hereto generally delineates the Property.

B. City desires to cause the establishment of a camp [Camp] to be utilized by adult victims of domestic violence, children who have suffered child abuse and children with special needs, including, but not limited to, those with disabilities or mental or emotional problems, all of whom have been referred to the Camp by the San Diego Family Justice Center, any nonprofit organization in San Diego County, or any other government or governmentally funded social service agency in San Diego County. Foundation desires to cause the Camp to be constructed and operated in consultation with the San Diego Family Justice Center.

C. The Parties agree that the Property provides a desirable and suitable location for the Camp, and desire to enter into this Lease to provide for the development, construction and operation of the Camp on the terms set forth herein, or as may be more fully set forth in further agreements between the Parties.

NOW, THEREFORE, in consideration of the recitals and the mutual obligations of the parties as herein expressed, City and Foundation agree as follows:

SECTION 1: PREMISES

City leases to Foundation, and Foundation leases from City, a portion of the Property containing approximately 12.88 acres and legally described on Exhibit 2 attached hereto [Premises] on the terms and conditions set forth in this Lease.

SECTION 2: TERM, EXTENSIONS, AND TERMINATION

2.1 **Initial Term.** The initial term of this Lease [Initial Term] shall be five (5) years commencing on the date set forth above [Effective Date], subject to the extension and termination provisions as more fully set forth herein.

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2.2 Extensions and Option to Renew.

2.2.1 Initial Extensions. Upon Foundation's written request, the City Manager may, from time to time and in his reasonable discretion, extend the Initial Term of this Lease to allow Foundation to complete the performance standards and milestones [Milestones] set forth in Exhibit 3 hereto. Such extensions shall be considered as part of the Initial Term but shall not cause the Initial Term to exceed a period that is seven (7) years from the Effective Date.

2.2.2 Extension to Full Term. Provided that the Milestones are met to the reasonable satisfaction of the City Manager within the Initial Term, the term of this Lease shall, upon Foundation's written request, be extended for a period of thirty (30) years from the Effective Date [Full Term], subject to the termination provisions of this Lease.

2.2.3 Option to Renew. Foundation shall have one (1) option to renew this Lease for an additional term of twenty (20) years beyond the expiration of the Full Term [Option]. The Option shall be exercised by Foundation giving written notice to City no earlier than one and one-half (1-1/2) years, and no later than one (1) year, prior to the expiration of the Full Term.

2.3 Termination.

2.3.1 Termination by Mutual Consent. By mutual consent, the Parties may terminate this Lease at any time. If such termination occurs during the Initial Term, Foundation shall cause the Premises to be returned to City in its original state, free and clear of any liens or other encumbrances, without cost to City. If such termination occurs during the Full Term, Foundation shall turn the Premises over to City in its improved state, free and clear of any liens and encumbrances, without cost to City. City shall receive full title to all improvements to the Premises or Property, without cost to City.

2.3.2 Termination by City. City may not terminate this Lease during the Initial Term except for an Event of Default, as more fully set forth in Section 8.1 below. City may terminate this Lease during the Full Term upon 180 days written notice to Foundation on the condition that City pay to Foundation the fair market value (as determined by an appraiser who has been mutually selected by an appraiser chosen by Foundation and an appraiser chosen by City) of any improvements to the Premises or Property, and pay Foundation's reasonable expenses in terminating its use of the Premises and vacating the Premises, including expenses reasonably necessary to provide clear title of the Premises and improvements to City. City may terminate this Lease during the Full Term for an Event of Default, as more fully set forth in Section 8.1 below.

2.3.3 Termination by Foundation. Foundation may terminate this Lease at any time for an Event of Default as set forth in Section 8.2 below. Foundation may terminate this Lease at any time upon sixty (60) days written notice to City. If such termination occurs during the Initial Term, Foundation shall cause the Premises to be returned to City in its original state, free and clear of any liens or other encumbrances, without cost to City. If such termination occurs during the Full Term prior to the issuance of a certificate of occupancy for the Camp,

Foundation shall cause the Premises to be returned to City in its original state, free and clear of any liens or other encumbrances, without cost to City. If such termination occurs during the Full Term subsequent to the issuance of a certificate of occupancy for the Camp, Foundation shall turn the Premises over to City in its improved state, free and clear of any liens and encumbrances, without cost to City. City shall receive full title to all improvements to the Premises or Property without cost to City.

2.4 Vacation of Premises. Foundation shall promptly vacate the Premises upon the expiration or earlier termination of the Lease. Any holding over by Foundation after expiration or termination shall not be considered as a renewal or extension of this Lease.

SECTION 3: RENT

3.1 Amount of Rent for Initial Term. The rent for lease of the Premises during the Initial Term shall be \$500.00 per annum.

3.2 Base Rent for Full Term. The rent for lease of the Premises during the Full Term [Base Rent] shall be determined by the City Manager based upon the fair rental value of the Premises, without consideration of any improvements constructed by Foundation, as determined by an appraiser reasonably acceptable to Foundation. The Base Rent for the first year of the Full Term shall be determined by the City Manager no later than ninety (90) days prior to the commencement of the Full Term. The Base Rent for the first year of the Full Term [Initial Base Rent] as determined by the City Manager shall be \$_____ per annum [to be inserted upon determination as set forth in this section].

3.3 Annual Rent Adjustment. Commencing with the second year of the Full Term the Base Rent shall be subject to an annual increase (but not decrease) effective on each anniversary of the Effective Date, which rent as increased shall be referred to as the Adjusted Base Rent. The basis for computing the Adjusted Base Rent shall be the Consumer Price Index [CPI] for "All Urban Consumers", all items, for the Los Angeles/Anaheim/Riverside area (1982-84 = 100) published by the United States Department of Labor, Bureau of Labor Statistics [Index], which is published for the nearest month preceding the month of the Effective Date [Beginning Index]. The Index published for the nearest month preceding the month of each anniversary of the Effective Date [Extension Index] shall be used in determining the amount of the increase from one year to the next. The Adjusted Base Rent shall be the Initial Base Rent as increased to equal the product achieved by multiplying the Initial Base Rent by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index. If there is a decline from one year to the next in the Extension Index, the Adjusted Base Rent due during the subsequent year shall equal the Adjusted Base Rent due during the then-present year.

If the Index is changed so that the (1982-84 = 100) base year differs from that in effect on the Effective Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or materially revised during the term of this Lease, such other government index or computation with which it is replaced shall be selected by agreement of City and Foundation in order to obtain substantially the same result as would be obtained if the Index had not been

discontinued or revised. The mathematical method for calculating the Adjusted Base Rent is described in attached Exhibit 4.

3.4 Payment of Rent. Rent shall be payable in advance in two equal installments: on or before June 30 of each calendar year, and on or before December 31 of each calendar year. The initial payment of rent shall be prorated based upon the Effective Date. All rents required in this Lease must be made payable to the City Treasurer and mailed to the Office of the City Treasurer, City of San Diego, P.O. Box 122289, San Diego, California, 92112-4165, or delivered to the Office of the City Treasurer, located at the Civic Center Plaza, 1500 Third Avenue, First Floor, San Diego, California.

SECTION 4: USE

4.1 Purpose and Use.

4.1.1 Initial Term. During the Initial Term, the purpose of this Lease shall be to allow Foundation (which shall include its agents, invitees and consultants) to study and analyze the feasibility of developing, constructing and operating the Camp, and to obtain any necessary entitlements for such development, construction or operation. Accordingly, during the Initial Term, Foundation shall have access to the Premises at all times to conduct such studies or analyses as may be advisable to implement the purposes of this Lease during the Initial Term. Foundation shall also have the right to enter the Property, including the Lake, at all reasonable times to conduct such studies or analyses and to access the Premises. Foundation may disturb the Premises as may be necessary to implement the purposes of this Lease during the Initial Term, but shall comply with all applicable laws and regulations in pursuing such activity. Foundation may not improve the Premises during the Initial Term except as may be authorized in writing by the City Manager. Foundation may utilize the Premises for recreational and overnight camping purposes during the Initial Term on terms reasonably acceptable to the City Manager. Subject to local and state health department approvals, Foundation may utilize the Lake for water activities including motorized boating activities and limited body contact activities, as defined in state law, on terms reasonably acceptable to the City Manager.

4.1.2 Full Term. During the Full Term, the purpose of this Lease shall be for the development, construction and operation of the Camp and all things incidental thereto and consistent therewith. Accordingly, during the Full Term, Foundation shall have full access to the Premises for such purpose. Foundation shall also have the right to enter the Property, including the Lake, at all reasonable times to access the Premises and to conduct activities ancillary to the operation of the Camp, such as hiking, camping and authorized water activities subject to all necessary city, county, and state regulatory approvals. Foundation's use and entry upon the Property may be subject to such reasonable terms and conditions as the City Manager and the Foundation may in good faith negotiate. Foundation shall be allowed to drill a well on the Premises, subject to all necessary county and state approvals, for the provision of water for the Camp, and make such other arrangements for the provision of water as may be required by law, at no expense to City. The City Manager is authorized and shall enter into a separate agreement with Foundation, upon reasonably acceptable terms, if Foundation requests to purchase water from City at market rates, if necessary, for operation of the Camp on the condition that

Foundation shall comply with all laws regarding the provision of water for such purposes at no cost to City. In no event shall Foundation purchase water in excess of the needs for operation of the Camp. The City Manager shall apply for a grant from the State Department of Boating and Waterways for a dock at the shoreline at the Lake, which may be used by Foundation in connection with authorized water activities. The City will work cooperatively with Foundation to place the dock as close as practicable to the Premises. Any dock facility funded by such grant funds will remain the property of the City. In the event City is unable to secure such funds, Foundation shall be authorized to develop and construct, subject to all necessary city, county, and state regulatory approvals, a dock at the shoreline of the Lake for water activities associated with the Camp and shall, at its option, be allowed to secure the dock from unauthorized users and post signs prohibiting unauthorized use. In the event state or local authorities allow water contact activities greater than limited body contact, the City Manager is authorized and shall negotiate reasonable terms upon which full body contact water activities shall be permitted and the areas of the Lake where such activities shall be permitted. In no event shall any term of this Lease be construed to authorize any other organization or individual to engage in water activities at the Lake. At all times Foundation shall have first priority for children in its programs to use the Camp at times scheduled by Foundation.

4.2 Unauthorized Use. Foundation covenants and agrees to use the Premises exclusively for the uses specified in Sections 4.1.1 and 4.1.2, as such sections may be amended from time to time. The Premises shall not be used for working or campaigning for the nomination or election of any individual to any public office, be it partisan or nonpartisan. The use of the Premises for any unauthorized purpose shall constitute an Event of Default and subject this Lease to termination at the sole option of City as more fully set forth in Section 8.1 below.

4.3 Diligent Use and Competent Management. Foundation agrees to exercise reasonable diligence to pursue the activities as set forth in Sections 4.1.1 and 4.1.2 throughout the term of this Lease. A material failure to do so shall constitute an Event of Default and subject this Lease to termination at the sole option of City as more fully set forth in Section 8.1 below. Throughout the term of this Lease, Foundation shall manage the operation of the Camp in a fiscally responsible manner and in accordance with all applicable laws and regulations, including, but not limited to, the following:

4.3.1 Water Quality – Best Management Practices and Storm Water Pollution Prevention Plan. City and Foundation are committed to the implementation of programs to manage activities on the Premises in a manner which aids in the protection of San Diego's precious water resources. Foundation shall comply with the Best Management Practices ("BMP") including the Storm Water Pollution Prevention Plan ("SWPPP") approved by City's Storm Water Pollution Prevention Program. Foundation shall submit for review and approval by City Manager or its designee, within one hundred eighty (180) days of the execution of this Lease, BMP and SWPPP that will control erosion and reduce the amount of pollutants and other sediments discharged from the Premises. The BMP and SWPPP will be reviewed annually by City. Upon written notice from the City Manager requesting an update of the BMP, Foundation shall submit updated BMP and SWPPP for City Manager review and approval within ninety (90) days of receipt of notice. Foundation shall implement any necessary changes to the BMP and

SWPPP as a result of any review by City to ensure compliance with any changes in laws or regulations.

When the BMP and SWPPP have been developed and implemented by the Foundation, Foundation shall be required to strictly adhere to the practices of the approved BMP and SWPPP. Foundation shall inform all employees, contractors, subcontractors, agents and vendors of the BMP and SWPPP in writing and shall keep a copy of such notifications on file for review by the City upon request.

The BMP and SWPPP will be incorporated into this Lease as Exhibit 6.

4.3.2 Noxious Weeds, Pests and Erosion. During the Full Term Foundation shall take proper corrective action, to the satisfaction of City, to prevent the infestation of noxious weeds, pests and erosion throughout the entire Premises.

4.3.3 Cutting of Trees. No growing or mature trees are to be destroyed or removed without prior written consent of the City Manager; trees growing along roadways may be trimmed back as required by the Foundation. Foundation may remove trees growing in manmade ditches or containers. Trees growing in natural drainage channels may not be removed without written consent of the City Manager.

4.3.4 Reporting Requirements. Foundation agrees to provide to the Water Department reports about water usage and activities conducted on the Premises which affect water quality. These reports will detail the usage of water, and any use of pesticides, herbicides, fertilizers, and soil amendments. The required reports are specified in the SWPPP and BMP. In addition, Foundation shall provide to City, upon request by the City, the following information: map showing location of well(s), well installation permit(s), drillers' logs, well construction details, well modifications or rehabilitations, all pump test data and analysis, electrical efficiency tests of well pump, all groundwater-level measurements, and results of laboratory and field analysis of all samples collected for water quality analyses. A material failure to provide the information requested under this Section 4.3.4, Reporting Requirements, shall constitute an Event of Default under the terms of this Lease.

4.4 Quiet Enjoyment. Foundation, performing the covenants and agreements herein, shall at all times during the term of this Lease peaceably and quietly have, hold, and enjoy the Premises.

4.5 Easements and Reservations. City reserves all rights, title and interest in any and all subsurface natural gas, oil, minerals, and water on or within the Premises, except as specifically set forth herein; the right to grant and use easements or to establish and use rights-of-way over, under, along, and across the Premises for utilities as it deems advisable for the public benefit; and the right to enter the Premises at reasonable times for the purpose of making repairs to municipal resources. City shall not, however, unreasonably or substantially interfere with Foundation's use of the Premises and will reimburse Foundation for physical damages, if any, to any improvements located on the Premises resulting from City's exercising the rights reserved to City by this section. City will pay the costs of maintenance and repair of all

City installations made pursuant to these reserved rights.

4.6 Compliance with Law. With respect to Foundation's use of the Premises and operation of the Camp, during the term of this Lease Foundation, at its sole cost and expense, shall comply with all applicable laws, regulations, and orders of all applicable federal, state, and municipal governments or agencies, including but not limited to the following:

4.6.1 All applicable review, permitting, and other requirements of applicable municipal, state, and federal agencies and laws that apply to Foundation's use of the Premises.

4.6.2 California Environmental Quality Act.

4.6.3 Title VII of the Civil Rights Act of 1964, as amended, Executive Orders 11246, 11375, and 12086, the California Fair Employment Practices Act, and any other applicable federal and state laws and regulations hereinafter enacted.

4.6.4 California Government Code, Sections 11135-11139.5; the Federal Rehabilitation Act of 1973, Section 504, Title V; the Americans with Disabilities Act of 1990 (ADA); and any other applicable state and federal laws and regulations hereafter enacted protecting the rights of people with disabilities and requiring access for disabled persons. Foundation acknowledges and agrees that the Foundation is aware of and will comply with Council Policy 100-04, incorporated in this Lease by this reference, adopted by Resolution No. R-282153, relating to the federally-mandated ADA. Foundation will be individually responsible for administering its own ADA and Title 24 program. Foundation's compliance shall include but not necessarily be limited to the following:

A. Foundation shall not discriminate against qualified persons with disabilities in any aspects of employment, including recruitment, hiring, promotions, conditions and privileges of employment, training, compensation, benefits, discipline, layoffs, and termination of employment.

B. No qualified individual with a disability may be excluded on the basis of disability from participation in, or be denied the benefits of, services, programs, or activities of Foundation.

C. Foundation shall post a statement addressing the requirements of the ADA in a prominent place at the Premises.

D. Where required by law, Foundation shall comply with City's disabled access requirements by bringing up to code and making accessible any areas of the Premises which deny access to disabled persons. All such improvements and alterations shall be at the sole cost of Foundation.

Foundation shall be solely responsible for processing all land use, development and construction approvals required for the use and occupancy of the Premises. This Lease shall not be interpreted by any decision maker on any City-issued permit or approval to override or dictate

the outcome of any finding required for any permit or development approval.

4.7 Hazardous Substances. Foundation shall not use or store in or around the Premises any Hazardous Substance, with the sole exception of substances that are reasonably necessary for normal maintenance and operation of the Camp, provided that the use and storage of the substances are in accordance with applicable laws. In the event of any illegal release of a Hazardous Substance by Foundation, Foundation shall be responsible for all costs of remediation and removal of such substances in accordance with all applicable rules and regulations of governmental authorities. Moreover, if Foundation knows or has reasonable cause to believe that any Hazardous Substance has been released on, around, or beneath the Premises by Foundation, Foundation shall immediately notify City of such knowledge or cause for belief and shall take all actions necessary to alleviate any imminent and substantial danger to public health and safety. Within thirty (30) days after the Effective Date, City shall provide Foundation with a letter stating that City has no record of any release of Hazardous Substances on or about the Premises and that the Premises has not been used for any activity other than preservation of the Premises as open space.

SECTION 5: CONDITION OF PREMISES

5.1 Waste, Damage, or Destruction. Foundation shall maintain the Premises in a safe, healthy, and sanitary condition at all times during the Initial Term and Full Term. Foundation agrees not to commit or suffer to be committed any waste or injury or any public or private nuisance, to keep the Premises and Property clean and clear of refuse and obstructions, and to properly dispose of all garbage, trash, and rubbish.

5.2 Improvements and Alterations. No permanent improvements, structures, or installations shall be constructed on the Premises or Property by Foundation without the prior written approval of the City Manager (which shall not be unreasonably withheld) and without any and all discretionary approvals required by law. City shall not be obligated by this Lease to make or assume any expense for any improvements or alterations except as specifically agreed to in writing.

SECTION 6: ADDITIONAL TERMS AND CONDITIONS DURING FULL TERM

Prior to the commencement of the Full Term, the Parties shall negotiate in good faith regarding any additional terms and conditions that may reasonably be necessary or appropriate for the development, construction and operation of the Camp. The City Manager is authorized to execute any such further agreement negotiated pursuant to this section.

SECTION 7: INSURANCE AND INDEMNIFICATION

7.1 Insurance. Foundation shall at its sole expense keep in full force and effect at all times during the Initial Term and the Full Term, or otherwise upon its entry onto or occupation of the Premises pursuant to the terms of this Lease, all applicable commercial general liability insurance necessary to cover personal injury, bodily injury and property damage, providing coverage to a combined single limit of no less than One Million Dollars (\$1,000,000) per

occurrence, subject to an annual aggregate of no less than One Million Dollars (\$1,000,000) for general liability, completed operations, and personal injury other than bodily injury. Foundation and City agree to negotiate in good faith to increase the limits of such insurance in the event the activities of Foundation on the Premises reasonably warrant such increase. Contractual liability shall include coverage of tort liability of another party to pay for bodily injury or property damage to a third person or organization. Contractual liability limitation endorsement is not acceptable.

Foundation shall at its sole expense keep in full force and effect at all times during the Initial Term and the Full Term, or otherwise upon its entry onto or occupation of the Premises pursuant to the terms of this Lease fire, extended coverage and vandalism insurance on all insurable property on the premises in an amount to cover one hundred percent (100%) of the replacement costs. Any proceeds from such policy shall be used to rebuild or repair the damaged property unless the Parties agree in writing that the use of the Premises shall be abandoned and this Lease terminated.

Foundation shall at its sole expense keep in full force and effect at all times during the Initial Term and the Full Term, or otherwise upon its entry onto or occupation of the Premises pursuant to the terms of this Lease a workers' compensation policy of insurance for all of Foundation's employees who are employed to work exclusively at the Camp. Such policy shall provide coverage in the amount required by law and Foundation shall provide an endorsement that the insurer waives the right of subrogation against City, its elected officials, officers, employees, agents and representatives.

City and its elected officials, officers, employees, agents, and representatives shall be named as additional insureds on all insurance policies required by this section, to the extent such policies allow additional insureds. Additional insured status must be reflected on additional insured endorsement form CG 20 10, or equivalent, which shall be submitted to City. Further, all insurance required by express provision of this Lease shall be carried only by responsible insurance companies that have been given at least an "A" or "A-" and "VII" rating by AM BEST, that are licensed to do business in the State of California, and that have been approved by City. The policies cannot be canceled, non-renewed, or materially changed except after thirty (30) calendar days prior written notice by Foundation or Foundation's insurer to City by certified mail, as reflected on an endorsement which shall be submitted to City, except for non-payment of premium, in which case ten (10) days notice must be provided. Further, the policies must be primary and non-contributing to any insurance that may be carried by City, as reflected in an endorsement which shall be submitted to City. Foundation shall provide City with all Certificates of Insurance accompanied with all endorsements prior to execution of this Lease by City.

7.2 Accident Reports. Foundation shall report to City any accident causing more than Ten Thousand Dollars (\$10,000) worth of property damage or any serious injury to persons on the Premises or Property. Such reports shall contain the names and addresses of the parties involved, a statement of the circumstances, the date and hour, the names and addresses of any witnesses, and other pertinent information.

7.3 Indemnification and Hold Harmless. Foundation agrees to defend, indemnify, protect and hold City and its agents, officers and employees harmless from and against all claims asserted or liability established for damages or injuries to any person or property, including injury to Foundation's employees, invitees, guests, agents or officers, which arise out of or result from the use or occupation of the Premises or Property by Foundation, or any other activity related to the use or occupation of the Premises or Property by Foundation, and all expenses of investigating and defending against same; provided, however, that Foundation's duty to indemnify and hold harmless shall not include any claims or liability arising from the established gross negligence or willful misconduct of City, its agents, officers or employees.

7.4 Entry and Inspection. City reserves and shall always have the right, but not the obligation, to enter the Premises at reasonable times and with reasonable advance notice (except in an emergency) for the purpose of viewing and ascertaining the condition of the same or to protect its interests in the Premises. The rights reserved in this section shall not create any obligations on City or increase obligations elsewhere in this Lease imposed on City. Foundation agrees to make any and all records and accounts, or portions thereof, which directly and solely relate to its use and occupancy of the Premises available to City for inspection at reasonable times upon reasonable advance notice so that City may determine Foundation's compliance with the terms of this Lease, except such records or accounts as Foundation may be required by law to keep confidential. Such records and accounts will be complete and accurate. City, in its entry and inspection of the Premises and inspection of Foundation's records and accounts shall not unreasonably interfere with Foundation's use of the Premises or operation of the Camp. All inspections shall be at City's expense. Foundation's failure to keep and maintain such records or accounts and make them available for inspection by City, shall be an Event of Default and subject this Lease to termination at the sole option of City as more fully set forth in Section 8.1 below. Foundation shall maintain all such records and accounts for a minimum period of five (5) years.

SECTION 8: DEFAULT

8.1 Default by Foundation. Any violation of a material provision of this Lease by Foundation shall constitute an Event of Default. Upon the occurrence of an Event of Default on the part of Foundation, City shall provide written notice to Foundation specifying in detail the acts or omissions alleged to be an Event of Default and referring to the section(s) of this Lease alleged to have been violated. Foundation shall have a period not to exceed sixty (60) days from the date of such written notice to cure such Event of Default. If Foundation does not cure such Event of Default to the reasonable satisfaction of the City Manager, City may terminate the Lease effective sixty (60) days after City provides written notice to Foundation that City is terminating the Lease pursuant to this Section 8.1. Failure of City to provide any notice as provided in this Section 8.1 shall not constitute a waiver of any Event of Default, but shall merely toll the time for the exercise of the termination rights pursuant to this Section 8.1.

8.2 Default by City. Any violation of a material provision of this Lease by City shall constitute an Event of Default. Upon the occurrence of an Event of Default on the part of City, Foundation shall provide written notice to City specifying in detail the acts or omissions alleged to be an Event of Default and referring to the section(s) of this Lease alleged to have been

violated. City shall have a period not to exceed sixty (60) days from the date of such written notice to cure such Event of Default. If City does not cure such Event of Default to the reasonable satisfaction of Foundation, Foundation may either terminate the Lease effective sixty (60) days after Foundation provides written notice to City that Foundation is terminating the Lease pursuant to this Section 8.2, or seek to compel City to comply with the provisions of this Lease by court action. Failure of Foundation to provide any notice as provided in this Section 8.2 shall not constitute a waiver of any Event of Default, but shall merely toll the time for the exercise of the termination or other rights pursuant to this Section 8.2.

SECTION 9: ADDITIONAL PROVISIONS

9.1 Limitations on Provisions. The provisions of sections 9.2 and 9.4 of this Section 9 apply solely to Foundation's employee policies and practices at the Premises.

9.2 Compliance with City's Equal Opportunity Contracting Program. Foundation acknowledges and agrees that it is aware of, and will comply with, City Council Ordinance No. 18173 (San Diego Municipal Code Sections 22.2701 through 22.2708, as amended), EQUAL EMPLOYMENT OPPORTUNITY OUTREACH PROGRAM, a copy of which is on file in the Office of the City Clerk and by this reference is incorporated in this Lease. Foundation and all of its subcontractors are individually responsible to abide by its contents.

Foundation will comply with Title VII of the Civil Rights Act of 1964, as amended; Executive Orders 11246, 11375, and 12086; the California Fair Employment Practices Act; and any other applicable federal and state laws and regulations hereafter enacted. Foundation will not discriminate against any employee or applicant for employment on any basis prohibited by law.

Foundation submitted and City acknowledges receipt of a current Work Force Report or a current Equal Employment Opportunity (EEO) Plan as required by Section 22.2705 of the San Diego Municipal Code, which sets forth the actions that Foundation will take to achieve City's commitment to equal employment opportunities.

Foundation agrees to insert the foregoing provisions in all subcontracts for any work covered by this Lease agreement so that such provisions will be binding upon each subcontractor. Foundation agrees that compliance with EEO provisions flowing from the authority of both parties will be implemented; monitored, and reviewed by City's Equal Opportunity Contracting Program staff.

9.3 City Employee Participation Policy. This Lease may, at the sole option of City, be unilaterally and immediately terminated by City if Foundation employs an individual who, within the twelve (12) months immediately preceding such employment, did in his/her capacity as a City officer or employee participate in negotiations with or otherwise have an influence on the recommendation made to the City Council in connection with the selection of the Foundation as the lessee hereunder. The names of the affected individuals are provided on attached Exhibit 5. These provisions do not apply to members of the City Council or to City officers or employees who provide volunteer services to Foundation without compensation.

Foundation understands that failure to comply with the above requirements and/or submitting false information in response to these requirements shall constitute an Event of Default under this Lease.

9.4 Drug-free Workplace. Foundation shall be required to abide by the omnibus drug legislation passed by Congress on November 18, 1988, by adopting and enforcing a policy to maintain the Premises as a "drug-free workplace" by doing all of the following:

a. Publish a statement notifying Foundation's employees that the unlawful manufacture, distribution, dispensation, possession, or use of controlled substances are prohibited on the Premises and specifying the actions that will be taken against employees for violations of the prohibition.

b. Establishing a drug-free awareness program to inform Foundation's employees about all of the following:

- (1) The dangers of drug abuse in the workplace.
- (2) The Foundation's policy of maintaining a drug-free workplace.
- (3) Any available drug counseling, rehabilitation, and employees assistance programs.
- (4) The penalties that may be imposed upon Foundation's employees for drug abuse violations.

c. Foundation shall include in each sublease agreement language which indicates the sublessee's agreement to abide by the provisions of a drug-free workplace. Foundation and sublessees shall be individually responsible for their own drug-free workplace programs.

9.5 Possessory Interest Tax. Foundation is advised, pursuant to Revenue and Taxation Code section 107.6, that this Lease may create a possessory interest which is subject to property taxation and accordingly, that Foundation shall be responsible for such payment (unless otherwise exempt from payment) or any proceedings in connection therewith. City agrees to cooperate in good faith with Foundation to obtain exemption(s) from the payment of real property taxes related to the Premises and personal property taxes related to Foundation's personal property located on the Premises or the Property.

9.6 Notice. All notices, demands or other communications required by this Lease shall be made in writing and shall be delivered personally, or sent by courier, registered or certified mail, return receipt requested, postage prepaid. Every notice shall be addressed to the party to whom they are directed at the following addresses, or at such other addresses as may be designated by notice from such party:

To City: City Manager
1200 Third Ave., Ste. 1700
San Diego, CA 92101
Attn: Real Estate Assets Director

with a copy to: San Diego Family Justice Center
202 C Street
San Diego, CA 92101
Attn: City Manager

and to: City Attorney
1200 Third Avenue, Suite 1620
San Diego, CA 92101
Attn: Les Girard

To Foundation: San Diego Center For Children Foundation
3002 Armstrong Street
San Diego, CA 92111
Attn: Chief Executive Officer

with a copy to: San Diego Center for Children
3002 Armstrong Street
San Diego, CA 92111
Attn: Chief Executive Officer

Any notice, demand or other communication made solely by mail in the manner prescribed in this paragraph shall be deemed to have been given and to be effective three (3) working days after the date of mailing the notice.

9.7 Corporate Authority. The individual executing this Lease on behalf of Foundation represents and warrants that he or she is duly authorized to execute this Lease on behalf of Foundation, that this Lease is binding upon Foundation in accordance with its terms, and that Foundation is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify Foundation to do business in the State of California.

9.8 Nondiscrimination in Employment. With respect to persons employed or considered for employment at the Camp, Foundation shall not discriminate against any employee or applicant for employment on any basis prohibited by law. Foundation shall provide equal opportunity in all employment practices. Foundation shall ensure that its subcontractors, if any, comply with this section. Nothing in this Section shall be interpreted to hold Foundation liable for any discriminatory practice of its subcontractors.

9.9 Nondiscrimination in Provision of Services. Foundation shall not discriminate in any manner against any person or persons on account of race, color, religion, gender, sexual orientation, medical status, national origin, age, marital status, or physical disability in Foundation's use of the Premises, including but not limited to the providing of goods, services,

facilities, privileges, advantages, and accommodations.

9.10 Assignment and Subletting. Foundation shall not assign this Lease or any interest therein, by operation of law or otherwise, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person, except employees, agents, invitees, contractors, subcontractor and guests of Foundation, to use or occupy the Premises or any part thereof, without the prior written consent of the City Manager in each instance. Any such assignment or subletting without such consent shall be void. Approval of any assignment or sublease shall be conditioned upon the assignee or sub-lessee agreeing in writing that it will assume the rights and obligations thereby assigned or subleased and that it will keep and perform all covenants, conditions, and provisions of this Lease which are applicable to the rights acquired. Pursuant to City Charter Section 225, the City Manager must review and approve every person or entity which will have an interest in this Lease as a sub-lessee or assignee. All approvals or consents by City under this section shall not be unreasonably withheld.

9.11 Authority of City Manager. Wherever City is authorized or required to take any action pursuant to this Lease such action may be taken by the City Manager or his authorized designee, provided that the City Manager may not take any action relative to this Lease that the City Council is required to undertake pursuant to law.

9.12 Amendment. Any changes, amendments, or modifications to this Lease are effective only if made in writing and signed by both Parties.

9.13 Counterparts. This Lease may be executed in counterparts, which when taken together shall constitute a single signed original as though all Parties had executed the same page.

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

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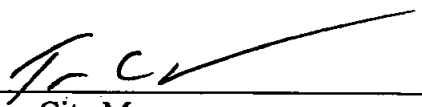
9.15 Time is of the Essence. The parties agree and acknowledge that time is of the essence in the performance of all duties and obligations contained in this Lease.

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

City:

THE CITY OF SAN DIEGO

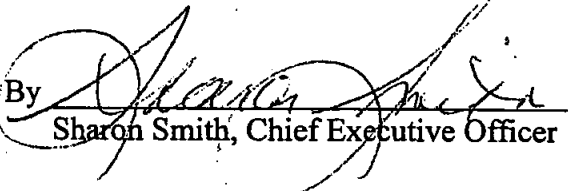
By


City Manager

Foundation:

SAN DIEGO CENTER FOR CHILDREN
FOUNDATION
A California nonprofit public benefit corporation

By


Sharon Smith, Chief Executive Officer

APPROVED as the form and legality
this 7th day of October, 2002.

CASEY GWINN, City Attorney

By

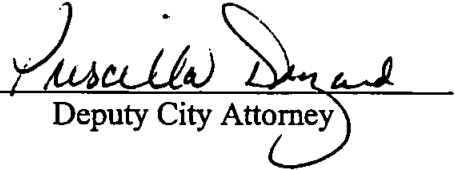

Deputy City Attorney

EXHIBIT 1
THE "PROPERTY"

EXHIBIT 2

LEGAL DESCRIPTION OF THE PREMISES

CAMP SUTHERLAND LEASE AREA BOUNDARY

All that portion of Section 28 in Township 12 South, Range 2 East, San Bernardino Base Meridian, per US Government Survey thereof, as filed in the Office of the County Recorder of San Diego County, more particularly described as follows:

BEGINNING at a point on said lease area boundary having the Lambert NAD83 Epoch 91.35 coordinates of North 1981235.18 and East 6398670.33, said point also bears South 86°12'41" East 15,085.20 feet from San Diego County Survey Monument Station 0010-085-X1, said San Diego County Monument Station having the Lambert NAD83 Epoch 91.35 coordinates of North 1982231.91 and East 6383618.09; Thence North 41°06'40" W 69.12 feet; Thence North 58°56'50" West 90.42 feet; Thence North 32°30'31" W 147.15 feet; Thence North 34°34'28" West 185.81 feet; Thence North 7°47'38" East 91.07 feet; Thence North 27°48'50" West 120.04 feet; Thence North 3°20'47" W 143.22 feet; Thence North 5°41'55" West 134.44 feet; Thence North 24°30'23" East 63.86 feet; Thence North 46°46'39" East 217.25 feet; Thence North 88°20'10" East 287.55 feet; Thence South 60°38'41" East 158.66 feet; Thence South 11°57'47" East 68.99 feet; Thence South 20°20'42" West 98.86 feet; Thence South 40°59'39" East 153.25 feet; Thence South 3°49'23" East 110.84 feet; Thence South 0°58'44" East 134.05 feet; Thence South 12°45'22" West 115.40 feet; Thence South 24°27'27" West 152.87 feet; Thence South 23°42'23" West 190.20 feet; Thence South 76°08'53" West 167.49 feet to the POINT OF BEGINNING.

Above described parcel contains 12.8482 acres.

[Prepared by Lester E. Carter Jr., PLS 6148

Sr. Land Surveyor, Field Engineering

Registration Expires 3/31/2006

File: Camp_Suth.lgl

W.O. 020084 - 8/13/2002 (lec)]

EXHIBIT 3

MILESTONES

<u>Description</u>	<u>Completion Target Date</u> <u>(Days Prior to Expiration of Initial Term)</u>
1. Environmental Review	180
2. Applicable Land Use Approvals	180
3. County of San Diego Department of Health Approvals	90
4. State of California Department of Health Approvals	90

EXHIBIT 4

METHOD FOR CALCULATING ADJUSTED BASE RENT

The Adjusted Base Rent is computed by multiplying the Initial Base Rent (which for this illustration is \$1,000) by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index. The Beginning Index is the Consumer Price Index ("CPI") for All Urban Consumers, all items, for the Los Angeles/Anaheim/Riverside area (1982-84 = 100) published for the nearest month preceding the month of the Effective Date (which for this illustration is 176.2 for the month of September 2002). The Extension Index is the same CPI published for the nearest month preceding the month of each anniversary of the Effective Date (which for this illustration is 181.1 for the month of September 2003).

The calculation is as follows:

$$\text{(Initial Base Rent) } \$1,000 \times \frac{181.1 \text{ (Extension Index)}}{176.2 \text{ (Beginning Index)}} = \$1,028 \text{ (Adjusted Base Rent)}$$

EXHIBIT 5

**INDIVIDUALS AFFECTED BY
CITY EMPLOYEE PARTICIPATION POLICY
(Section 9.3)**

Casey Gwinn

Les Girard

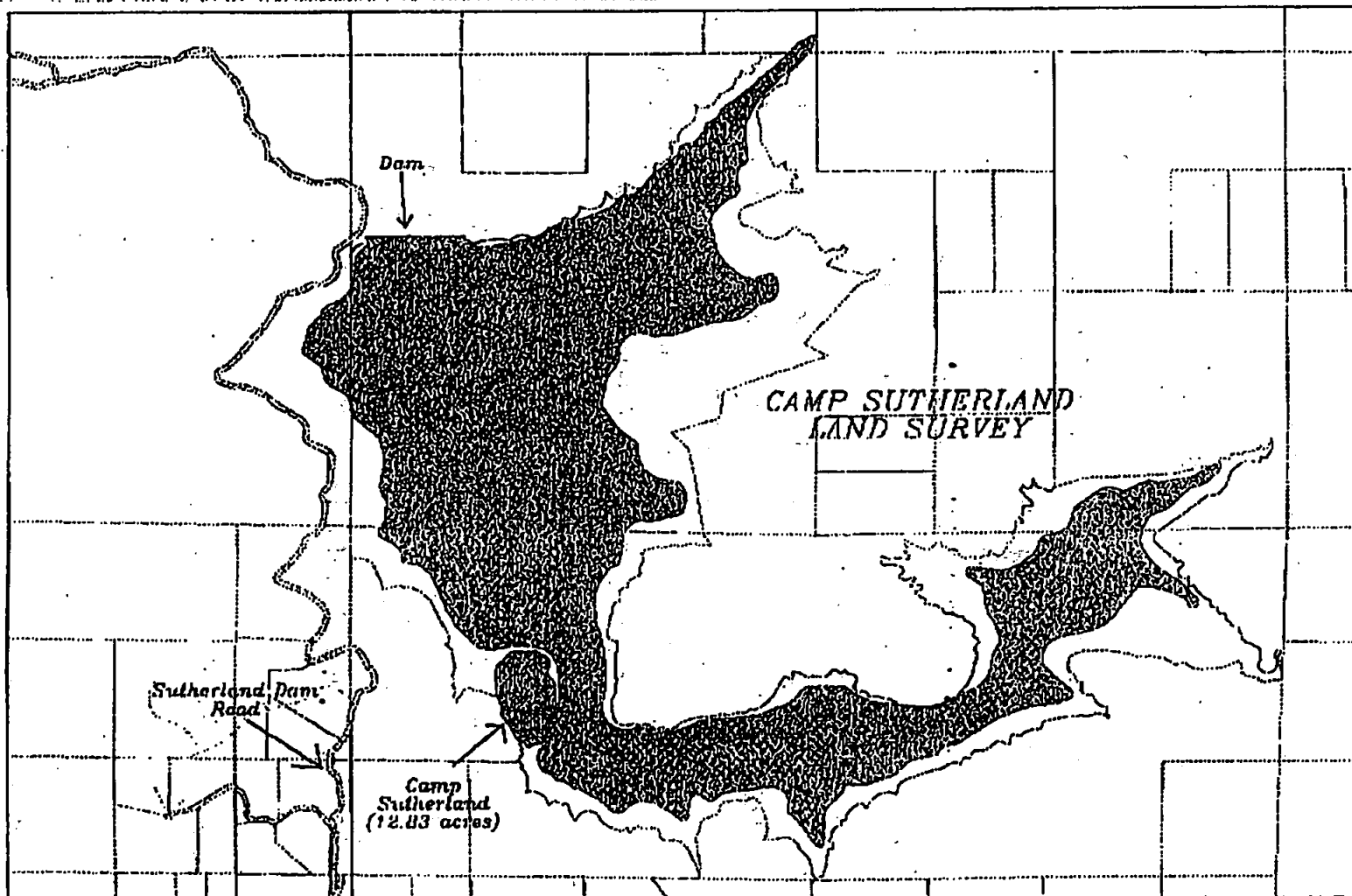
Prescilla Dugard

Mark Stone

Tim Rothans

EXHIBIT 6

**BEST MANAGEMENT PRACTICES AND
STORM WATER POLLUTION PREVENTION PLAN**

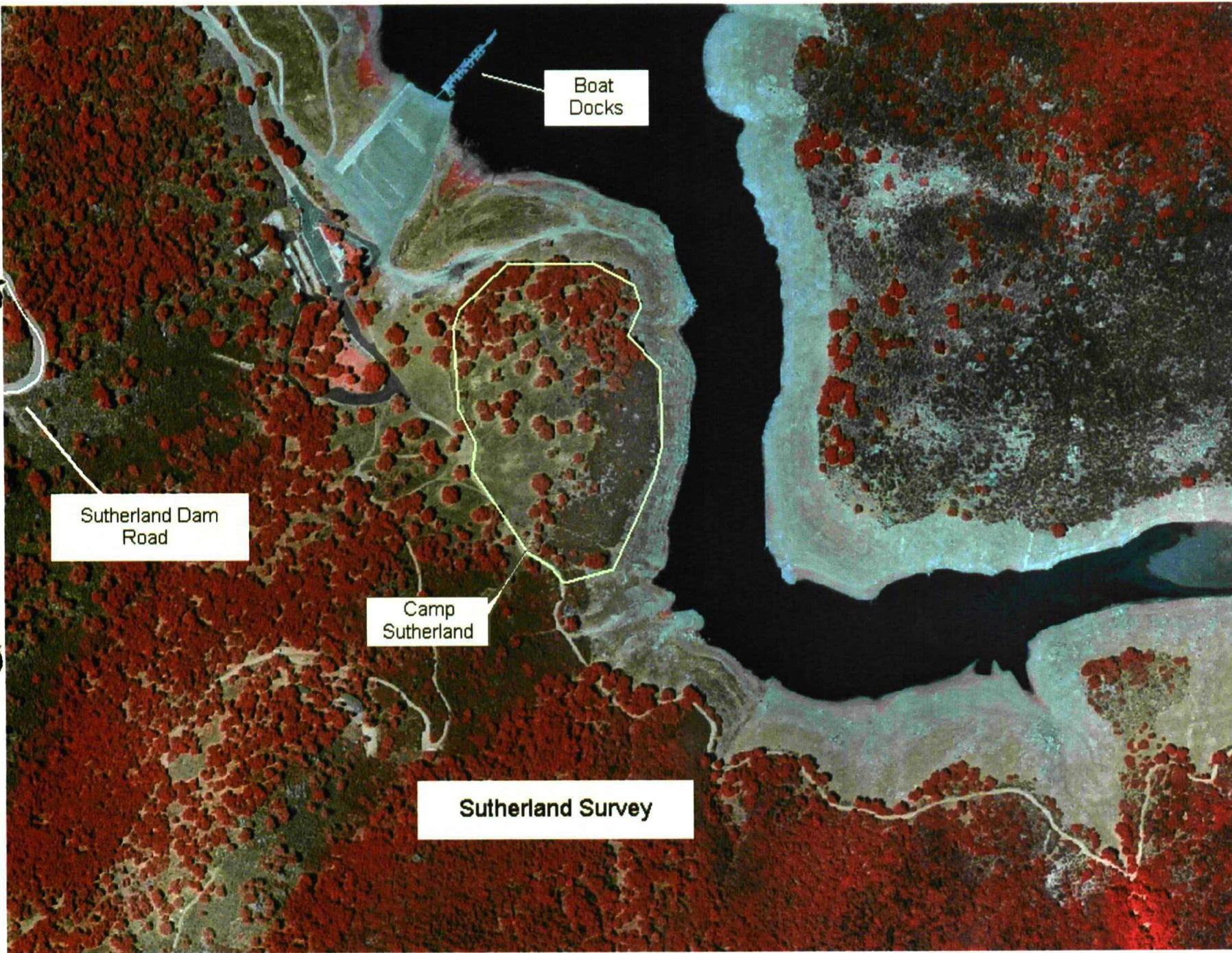


07-10-02
Scale in inches: 1:1025



City of San Diego, Water Department
Facility Information Management Section



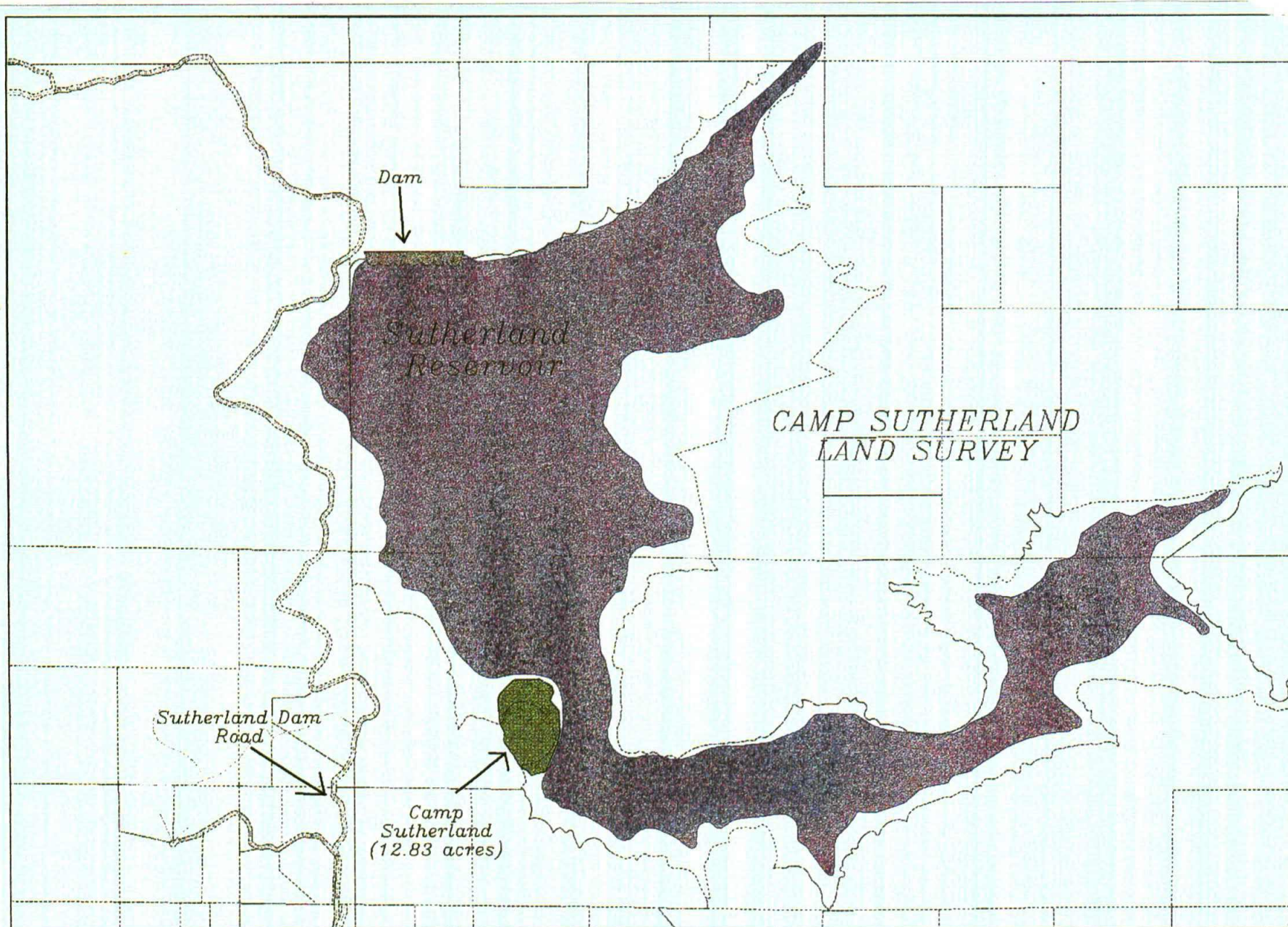
An aerial photograph of a river area. The river is dark and winding. On the left bank, there is a road labeled 'Sutherland Dam Road'. Further up the river, there are 'Boat Docks'. A yellow line outlines a specific area on the left bank labeled 'Camp Sutherland'. At the bottom, a label 'Sutherland Survey' points to a large area of dense vegetation. The vegetation is a mix of green and brown, indicating different types of trees or shrubs.

Boat
Docks

Sutherland Dam
Road

Camp
Sutherland

Sutherland Survey

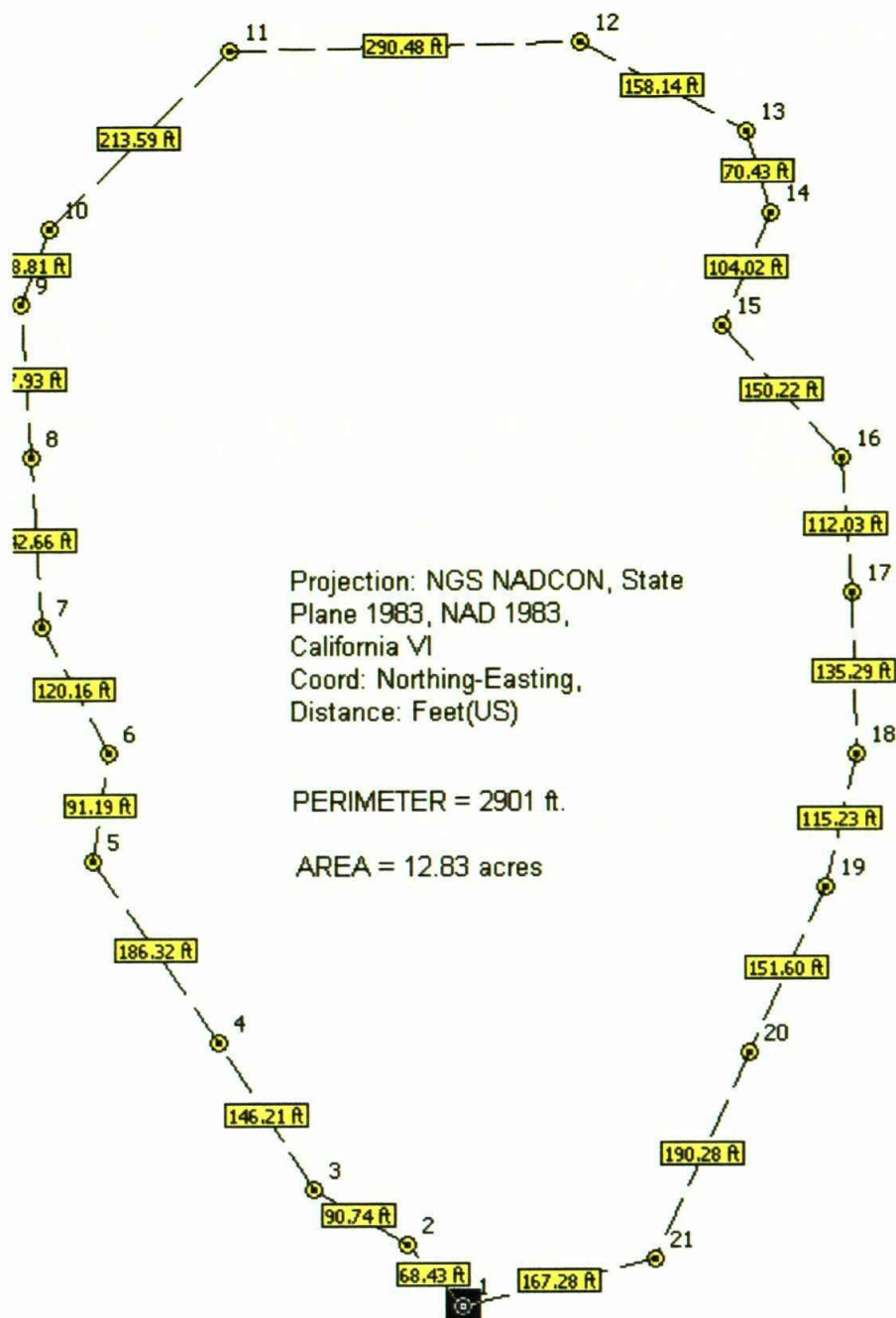


07-10-02
Scale in inches: 1:1025



City of San Diego, Water Department
Facility Information Management Section





int	Coordinate
)	1981235.18 N, 6398670.33 E
)	1981287.26 N, 6398624.88 E
)	1981333.90 N, 6398547.42 E
)	1981457.99 N, 6398468.34 E
)	1981610.98 N, 6398362.90 E
)	1981701.21 N, 6398375.25 E
)	1981807.38 N, 6398319.24 E
)	1981950.36 N, 6398310.88 E
)	1982084.14 N, 6398297.53 E
)	1982142.25 N, 6398324.02 E

Point	Coordinate
11)	1982291.03 N, 6398482.33 E
12)	1982299.38 N, 6398769.76 E
13)	1982221.60 N, 6398908.05 E
14)	1982154.11 N, 6398922.35 E
15)	1982061.42 N, 6398887.98 E
16)	1981945.75 N, 6398988.51 E
17)	1981835.16 N, 6398995.90 E
18)	1981701.13 N, 6398998.19 E
19)	1981588.58 N, 6398972.71 E
20)	1981449.43 N, 6398909.42 E
21)	1981275.28 N, 6398832.95 E

RESOLUTION NUMBER R- 296874

ADOPTED ON JUL 29 2002

WHEREAS, the City and San Diego Center for Children Foundation, a non-profit corporation, [Foundation] have negotiated a lease agreement with an initial term of five years at the initial rental rate of \$500 per annum, the fair market rate as determined by City valuation staff; and

WHEREAS, the purpose of the lease is for the potential development of a camping facility for victims of family-related violence [the Project]; and

WHEREAS, the property to be leased is located at Lake Sutherland, a City reservoir in eastern San Diego County near Ramona, as more particularly described in Exhibit 2 to the lease; and

WHEREAS, during the initial five-year term of the lease, Foundation's use will be restricted to access to conduct studies and analyses to determine the feasibility of the proposed Project; and

WHEREAS, Foundation will be required to complete environmental review and obtain all necessary permits for use and occupancy of the property; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the City Manager is authorized to execute, for and on behalf of the City of San Diego, a lease agreement, with limited use rights and subsequent term subject to full environmental review, with the San Diego Center for Children Foundation, a non-profit corporation, for the potential development of a camping facility for victims of family-related violence, for City-owned property located near Lake

Sutherland, being a portion of APN, at an initial annual rent of \$500, substantially in the form attached as Exhibit 1 to this resolution. The final lease shall be filed in the office of the City

Clerk as Document No. RR- 296874.

APPROVED: CASEY GWINN, City Attorney

By Prescilla Dugard
Prescilla Dugard
Deputy City Attorney

PD:cdk
07/22/02
10/02/02 COR. COPY
Or.Dept:CA
R-2003-184
Form=leaser.frm

BYLAWS
OF
SAN DIEGO FAMILY JUSTICE CENTER FOUNDATION, INC.
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

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**BYLAWS
OF
SAN DIEGO FAMILY JUSTICE CENTER FOUNDATION
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION**

**ARTICLE I.
Name, Offices and Purposes**

Section 1.01 Name. The name of the corporation is the San Diego Family Justice Center (the "Corporation").

Section 1.02 Principal Office. The Board of Directors (hereinafter referred to as "Trustees") of the Corporation (the "Board") shall determine where to locate the principal office of the Corporation. The Board may change the principal office from one location to another and may establish additional offices.

Section 1.03 Purposes. The Corporation is a nonprofit public benefit corporation as described in the California Nonprofit Public Benefit Corporation Law (the "Law"). The property of the Corporation is irrevocably dedicated to charitable purposes in a manner which meets the requirements of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Internal Revenue Code"), and Sections 23701(d) and 214 of the California Revenue and Taxation Code.

**ARTICLE II.
Membership**

The Corporation shall have no members within the meaning of Section 5056 of the Law. Any action which otherwise would require approval of the members shall require approval only of the Board.

**ARTICLE III.
Board of Trustees**

Section 3.01 Duties and Powers of Board. Subject to any limitations in the Corporation's Articles of Incorporation (the "Articles") or these Bylaws, the Board shall manage

approval only of the Board.

ARTICLE III. Board of Trustees

Section 03.01 Duties and Powers of Board

. Subject to any limitations in the Corporation's Articles of Incorporation (the "Articles") or these Bylaws, the Board shall manage the activities of the Corporation and shall exercise or oversee the exercise of all corporate powers. The Board may delegate its duties and powers as it sees fit, *provided however*, that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. The Board shall have all powers permitted to or conferred on a board of directors of a nonprofit public benefit corporation under the Law, except as limited under the Articles or these Bylaws.

Section 03.02 Number of Directors

The number of directors (referred herein as "trustees" for all other purposes) of the Corporation shall be a minimum of three (3) and a maximum of fifteen (15). The authorized number of trustees of the Corporation may be changed by resolution of the Board.

Section 03.03 Election and Term of Office

. Trustees shall be elected at each annual meeting of the Board for a one-year term. Each trustee, including a trustee elected to fill a vacancy, shall hold office until the earlier of the expiration of the term for which he or she was elected or until the election and qualification of a successor. By resolution, the Board may arrange for terms to be staggered.

Section 03.04 Interested Persons

. No more than forty-nine percent (49%) of the trustees serving at any one time may be "interested persons." For purposes of this Section 3.04, an "interested person" is:

(a) Any person currently being compensated by the corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a trustee as a trustee; or

(b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any person listed in Section 3.04(a) above.

Any violation of the provisions of this Section 3.04 shall not affect the validity or enforceability of any transaction entered into by the Corporation.

Section 03.05 Resignation, Removal, and Vacancies

(a) A trustee may resign effective upon giving written notice to the Chair of the Board (the "Chair") if any, the Corporation's President, the Corporation's Secretary, or the Board, unless the notice specifies that the resignation shall be effective at a later time; *provided, however*, that a director may not resign without permission of the Attorney General in a case where the Corporation would be left without a duly elected director in charge of its affairs.

(b) The Board may remove a trustee who fails to fulfill his or her duties, including failing to attend Board meetings or failing to fulfill tasks designated by the Board; *provided, however*, that such removal must be authorized by an affirmative vote of a majority of trustees then in office.

(c) The Board may fill vacancies as and when it sees fit. If the number of trustees would fall below three (3), the Board shall fill vacancies as promptly as

possible to avoid such result. A trustee elected to fill a vacancy shall hold office until the expiration of the term of the replaced trustee or until his or her successor has been elected and qualified, unless the Board otherwise determines.

(d) A vacancy in the Board shall be deemed to exist upon the occurrence of the death, resignation, or removal of any trustee, or if the authorized number of trustees is increased.

(e) The Board may declare vacant the office of a trustee who has been declared of unsound mind by a final order of court, or is convicted of a felony, or has been found by a final order or judgment of any court to have breached a duty to the Corporation.

Section 03.06 Place of Meetings

The Board may meet at any place designated in the notice of the meeting or, if not stated in the notice or if there is no notice, as designated by the Chair Board, if any, and if none, a majority of the trustees then in office.

Section 03.07 Annual Meetings

The Board shall hold an annual meeting to elect trustees and officers then up for election, and to conduct all other business as may properly come before the Board. The annual meeting shall take place at such time and place as determined by resolution of the Board.

Section 03.08 Regular Meetings

Regular meetings of the Board shall be held at such time and place as may be fixed by the Board.

Section 03.09 Special Meetings

Special meetings of the Board for any purpose may be called at any time by the

Chair (if any), the President, or any two (2) trustees.

Section 03.10 Notice

Annual, regular and special meetings of the Board shall be held upon at least one (1) week's notice by first-class mail or forty-eight (48) hours' notice given personally or by telephone, electronic mail, facsimile, or other equivalent means of communication. Such notice shall contain the date, time, and place of meeting and the agenda of business to be discussed at such meeting.

Any such notice shall be addressed or delivered to each director at his or her address or contact number as it is shown upon the records of the Corporation, or, if such address or number is not shown on such records or is not readily ascertainable, at the principle place of business of the Corporation.

Notice by mail shall be deemed to have been given at the time that the notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or to a common carrier for transmission. Notice by electronic mail shall be deemed to have been given when it is actually transmitted by the person sending the notice by electronic means to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone, to the recipient or to a person at the office of the recipient who, the person giving the notice has reason to believe, will promptly communicate it to the recipient.

Section 03.11 Quorum and Action of the Board

(a) A majority of trustees currently in office (but no fewer than two) constitutes a quorum of the Board for the transaction of business, except for purposes of

adjournment as provided in Section 3.14 of these Bylaws. Unless a greater number is expressly required by law, the Articles or these Bylaws, every action taken or decision made by a majority of the trustees present at a meeting duly held at which a quorum is present is the act of the Board; *provided, however*, that a meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of trustees, if any action taken is approved by at least a majority of the required quorum for such meeting.

(b) The following actions shall require a vote by a majority of *all* trustees then in office in order to be effective:

- (i) the amendment of the Articles or these Bylaws;
- (ii) creation or dissolution of a committee of the Board (as provided in Section 3.16) or an advisory committee (as provided in Section 3.18);
- (iii) the election of new trustees or a vote to change the number of trustees (as provided in Section 3.02); and
- (iv) the dissolution of the Corporation and winding up of business.

Section 03.12 Participation in Meetings by Conference Telephone

Trustees may participate in a Board meeting through the use of conference telephone or equivalent communications equipment, so long as trustees participating in the meeting can hear one another. Participation in a meeting pursuant to this Section 3.12 constitutes presence in person at the meeting.

Section 03.13 Waiver of Notice

. Notice of a meeting need not be given to any trustee who signed a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, before or at its commencement, the lack of notice to such director. All such waivers, consents, and approvals shall be filed with the Corporation's records or made a part of the minutes of the meetings.

Section 03.14 Adjournment

. A majority of the trustees present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 03.15 Action Without Meeting

(a) Any action required or permitted to be taken by the Board may be taken without a meeting, if all trustees consent in writing to such action. Such written consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as the unanimous vote of such directors taken at a meeting.

(b) Trustees may consent, vote, or otherwise take action under this Section 3.15 by a signed document transmitted by mail, messenger, courier, facsimile, or any other reasonable method satisfactory to the Chair (if any) or the President.

Section 03.16 Committees of the Board

. The Board may, by resolution adopted by a majority of the number of trustees then in office, create one or more Board committees, each consisting of at least two trustees, to

serve at the pleasure of the Board. Board committees may be standing (no set term) or special (set term). Appointments of trustees to Board committees shall be made by the Board. Any such Board committee, to the extent provided in a resolution of the Board, may be given the authority of the Board except with respect to:

- (a) The approval of any action for which the Law requires approval of the Board or of a majority of the Board;
- (b) The filling of vacancies on the Board or in any Board committee;
- (c) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (e) The appointment of Board committees or the members thereof; or
- (f) The approval of any self-dealing transaction, as defined in § 5233(a) of the Law or any successor provision thereto.

Section 03.17 Meetings and Actions of Board Committees

Regular and special meetings and actions of Board committees shall be governed by the provisions of this Article III applicable to meetings and actions of the Board; *provided, however*, that the Board may adopt rules for the conduct of the business of any Board committee consistent with these Bylaws, or in the absence of rules adopted by the Board, the Board committee may adopt such rules.

Section 03.18 Advisory Committees

The Board may, by resolution adopted by a majority of the number of trustees then in office, create one or more advisory committees to serve at the pleasure of the Board.

Each advisory committee shall have at least one (1) trustee as a member at all times. Other appointments to such advisory committees need not, but may, be directors. The Board shall appoint and discharge advisory committee members. All actions and recommendations of an advisory committee shall require ratification by the Board before being given effect.

Section 03.19 Fees and Compensation

. The Corporation shall not pay any compensation to trustees for services rendered to the Corporation as trustees, except that trustees may be reimbursed for expenses incurred in the performance of their duties to the Corporation, in reasonable amounts as approved by the Board.

ARTICLE IV. **Officers**

Section 04.01 Officers

. The officers of the Corporation shall be a President, a Secretary, and a Chief Financial Officer. The Corporation may also have, at the discretion of the Board, a Chair. The Board shall have the power to designate additional officers of the Corporation, who need not be directors, with such duties, powers, titles, and privileges as the Board may fix. Any number of offices may be held by the same person except that neither the Secretary nor the Chief Financial Officer may serve concurrently as President or Chair.

Section 04.02 Election

. The officers of the Corporation (except such officers as may be elected or appointed in accordance with the provisions of Section 4.03 or Section 4.05 of this Article IV), shall be chosen annually by, and shall serve at the pleasure of, the Board, and shall hold their respective offices until their resignation, removal, or other disqualification from service, or until

their respective successors are elected and qualified.

Section 04.03 Chair of the Board's Power to Appoint Officers

The Board may empower the Chair, or if none, the President, to appoint or remove such other officers as the business of the Corporation may require, each of whom shall hold office for such period, having such authority, and perform such duties as are provided in these Bylaws or as the Board from time to time may determine.

Section 04.04 Removal and Resignation

(a) Any officer may be removed with or without cause by the Board at any time or by any officer upon whom such power of removal may be conferred by the Board.

(b) Any officer may resign at any time by giving written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein.

Section 04.05 Vacancies

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular election or appointment to such office, *provided, however*, that such vacancies may be filled as they occur and not necessarily at the annual meeting.

Section 04.06 Chair of the Board

The Chair, if any, shall preside at, or, if unavailable, shall designate another member of the Board to preside at, all meetings of the Board. The Chair shall exercise and

perform such other powers and duties as may be assigned from time to time by the Board. There shall be no limit on the term of a Chair as Chair, except as relates to the Chair's status as trustee.

Section 04.07 President

. Subject to such powers as may be given by the Board to the Chair, if any, the President is the general manager and chief executive officer of the Corporation and, subject to the control of the Board, shall have general supervision, direction, and control of the business and officers of the Corporation. In the absence of the Chair, or if there is none, the President shall preside at all meetings of the Board. The President has the general powers and duties of management usually vested in the office of president and general manager of a Corporation and such other powers and duties as may be prescribed by the Board.

Section 04.08 Vice-Presidents

. In the absence or disability of the President, the Vice- Presidents, if any, are appointed in order of their rank as fixed by the Board or, if not ranked, a Vice-President designated by the Board, shall perform all the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. Vice-Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them by the Board.

Section 04.09 Secretary.

(a) The Secretary shall keep or cause to be kept, at the principal office of the Corporation or such other place as the Board may order, a book of minutes of all meetings of the Board and any Board committees. The minutes shall include the time and place of meetings, whether annual, regular, or special, and if special, how authorized, the notice thereof given, the names of those present at Board and committee of the Board

meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office of the Corporation, the original or a copy of the Corporation's Articles and Bylaws, as amended.

(b) The Secretary shall give, or cause to be given, notice of all meetings of the Board and its committees of the Board required by law or by these Bylaws to be given, shall keep the seal of the Corporation, if any, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 04.10 Chief Financial Officer

(a) The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the properties and business transactions of the Corporation. The books of account shall be open at all reasonable times to inspection by a trustee.

(b) The Chief Financial Officer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board. The Chief Financial Officer shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the President and the trustees, whenever requested, an account of all transactions as Chief Financial Officer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE V.

Indemnification and Insurance

Section 05.01 Indemnification

. The Corporation shall, to the maximum extent permitted by the Law, indemnify each of its trustees, officers, employees, and agents against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was a director, officer, or agent of the Corporation, and shall advance to such person expenses incurred in defending any such proceeding to the maximum extent permitted by the Law. For purposes of this Section 5.01 a "trustee," "officer," "employee," or "agent" of the Corporation includes any person who is or was a trustee or officer of the corporation, or is or was serving at the request of the Corporation as a trustee or officer of a corporation which was a predecessor corporation of the Corporation or of another enterprise at the request of such predecessor corporation. The Board may, in its discretion, provide by resolution for indemnification of, or advance of expenses to, other agents of the Corporation, and likewise may refuse to provide for such indemnification or advance of expenses except to the extent such indemnification is mandatory under the Law.

Section 05.02 Insurance

The Corporation shall have the power to purchase and maintain insurance on behalf of any trustee, officer, employee, or agent of the Corporation against any liability asserted against or incurred by such person in such capacity or arising out of the person's status as such, whether or not the Corporation would have the power to indemnify the person against such liability under the provisions of this Article V, *provided, however*, that the Corporation shall have no power to purchase and maintain such insurance to indemnify any person in respect of a violation of Section 5233 of the Law (relating to self-dealing) or any successor provision.

ARTICLE VI.
Miscellaneous

Section 06.01 Fiscal Year

. The fiscal year of the Corporation shall be the calendar year unless otherwise fixed by the Board.

Section 06.02 Corporate Seal

. The corporate seal, if any, shall be in such form as may be approved from time to time by the Board.

Section 06.03 Checks, Notes, and Contracts

. The Board of Trustees shall determine which persons shall be authorized from time to time on the Corporation's behalf to sign checks, drafts, or other orders for payment of money; to sign acceptance notes, or other evidences of indebtedness; to enter into contracts; or to execute and deliver other documents and instruments.

Section 06.04 Endorsements of Documents; Contracts

. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between the Corporation and any other person, when signed by both the Chair, the President or any Vice-President, and the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Chief Financial Officer, shall be valid and binding on the Corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be

determined by the Board, and, unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 06.05 Representation of Shares of Other Corporations

. The Chair, or any other officer or officers authorized by the Board or the Chair, are each authorized to vote, represent, and exercise on behalf of the Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the Corporation. The authority herein granted may be exercised either by such officer in person or by any other person authorized to do so by proxy or power of attorney duly executed by said officer.

Section 06.06 Construction and Definitions

. Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the Law shall govern the construction of these Bylaws.

Section 06.07 Amendment of Articles and Bylaws

. The Articles and Bylaws may be adopted, amended, or repealed in whole or in part by majority vote of all trustees then in office.

Section 06.08 Maintenance of Certain Records

. The accounting books, records, minutes of proceedings of the Board and of the executive committee, if any, of the Board shall be kept at such place or places designated by the Board, or, in the absence of such designation, at the principal business office of the Corporation. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form, or in any other form capable of being converted into written, typed, or printed form.

Section 06.09 Annual Report.

No later than one hundred twenty (120) days after the close of the Corporation's fiscal year, the Corporation shall make available to each director an annual report in accordance with Section 6321 of the Law, which shall be accompanied by any report of independent accountants or, if there is no such accountant's report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

Section 06.10 Annual Statement of Certain Transactions and Indemnifications.

The Corporation shall make available to its trustees an annual statement affixed to the annual report described in Section 6.09 of these Bylaws which briefly describes (a) any transaction(s) during the previous fiscal year involving both (i) the Corporation and either a trustee or officer of the Corporation (or its parent or subsidiary) or any holder of more than ten percent (10%) of the voting power of the Corporation (or its parent or its subsidiary) and (ii) more than \$50,000; or (b) any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or trustee of the Corporation.

Section 06.11 Loans to Trustees and Officers

The Corporation shall not make any loan of money or property to or guarantee the obligation of any trustee or officer, unless approved by the Attorney General; *provided*, *however*, that the Corporation may advance money to a trustee or officer of the Corporation or of its parent or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such trustee or officer, *provided that* in the absence of such advance, such trustee or officer would be entitled to be reimbursed for such expenses by the Corporation, its parent, or

any subsidiary. The provisions of this Section 6.11 do not apply to (1) the payment of premiums in whole or in part by the Corporation on a life insurance policy of a trustee or officer so long as repayment to the Corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value; or (2) a loan of money to or for the benefit of an officer in circumstances where it is necessary, in the judgment of the Board, to provide financing for the purchase of the principal residence of the officer in order to secure the services or continued services of the officer and the loan is secured by real property located in the State of California.

[signature page follows]

THIS IS TO CERTIFY:

That I am the duly elected, qualified, and acting Secretary of the San Diego Family Justice Center Foundation and that the foregoing Bylaws were adopted as the Bylaws of the Corporation as of _____ by the Board of Directors of the Corporation.

Dated: _____, 2003

Name: _____

Title: Secretary



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY
FOR COMMUNITY PLANNING AND DEVELOPMENT

July 7, 2004

Re Note issued by the City of San
Diego, CA, in the amount of
\$280,000

Dear Sir or Madam:

Trust certificates guaranteed by the Secretary of Housing and Urban Development (HUD) were sold in an underwritten public offering on June 30, 2004. These trust certificates are backed by a pool composed of your note (number B-03-MC-06-0542-B) and the notes of other participating borrowers. Each borrower is responsible for its share of issuance costs related to this offering. The categories of issuance costs and your share under each are as follows:

Printing & legal expense	\$86.00
Trustee's fee	2,150.00
<u>Underwriters' fee</u>	<u>827.00</u>
Total	\$3,063.00

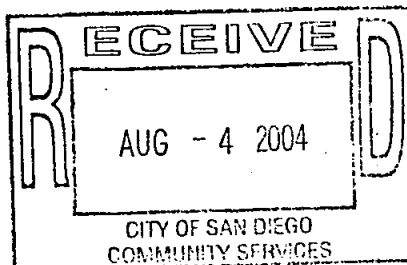
These issuance costs were paid with Guaranteed Loan Funds deducted from the proceeds of the notes. You should have received by wire transfer from JP Morgan Chase Bank, the Trustee, net proceeds in the amount of \$276,937.00.

Enclosed is a fully executed copy of the Contract for Loan Guarantee Assistance entered into in connection with the public offering. If you have any questions regarding this letter, please get in touch with me at 202.708.1871.

Very sincerely yours,

Paul D. Webster
Director, Financial
Management Division

Enclosure



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CONTRACT FOR LOAN GUARANTEE ASSISTANCE UNDER
SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
OF 1974, AS AMENDED, 42 U.S.C. §5308

For Series HUD 2004-A Certificates

This Contract for Loan Guarantee Assistance ("Contract") is entered into by the City of San Diego, California, as Borrower (the "Borrower"), and the Secretary of Housing and Urban Development ("Secretary"), as guarantor for the Guarantee made pursuant to section 108 ("Section 108") of title I of the Housing and Community Development Act of 1974, as amended (the "Act") and 24 CFR Part 570, Subpart M, of the promissory note executed contemporaneously herewith and numbered B-03-MC-06-0542-B, in the Aggregate Principal Amount of \$280,000, and any amended note or note issued in substitution for such note and having the same note number (the "Note"). This is the first Contract under the Funding Approval ("Commitment") of the same number, which was approved by the Secretary on June 7, 2004. Such Aggregate Principal Amount will be paid or credited to the account of the Borrower pursuant hereto (including any funds used to pay off prior interim notes refinanced by the Note), and all such amounts are collectively referred to herein as the "Guaranteed Loan Funds." The Note (including the Fiscal Agency Agreement and the Trust Agreement as defined in the Note and incorporated therein) is hereby incorporated into the Contract. Terms used in the Contract with initial capital letters and not otherwise defined in the text hereof shall have the respective meanings given thereto in the Note. The Fiscal Agency Agreement and the Trust Agreement are sometimes collectively referred to herein as the "Fiscal Agency/Trust Agreements," and the Fiscal Agent and the Trustee are sometimes collectively referred to as the "Fiscal Agent/Trustee."

PART I

- A. **The Note.** The Note is payable to the Trustee as Registered Holder. On the Public Offering Date, it is expected that trust certificates backed by the Note and similar notes issued by other Section 108 borrowers, denominated "Section 108 Government Guaranteed Participation Certificates Series HUD 2004-A," will be purchased for a purchase price of the full Aggregate Principal Amounts thereof by underwriters selected by the Secretary (the "Underwriters") pursuant to an Underwriting Agreement between the Underwriters and the Secretary, at a closing on such Public Offering Date as determined by the Secretary and the Underwriters. The Borrower agrees that the interest rate at which the trust certificate of a specified maturity is sold to the Underwriters shall be the interest rate inserted on the

Public Offering Date in Schedule P&I of the Note for the Principal Amount of corresponding maturity. The Note shall be effective as an obligation of the Borrower only upon its delivery by the Secretary to the Fiscal Agent/Trustee and sale to the Underwriters at the closing on the Public Offering Date. The Borrower authorizes the Secretary to deliver the Note, together with the Secretary's Guarantee thereof, to the Fiscal Agent/Trustee as of such closing on the Public Offering Date, in accordance with the Fiscal Agency/Trust Agreements. After the Public Offering Date, the Borrower agrees that the Trustee pursuant to the Trust Agreement will maintain the books and records of all payments on the Note and all Principal Amounts and interest rates on such Principal Amounts.

- B. **Consents.** By execution of this Contract, the Borrower ratifies and consents to the Secretary's selection of the Underwriters and authorizes the Secretary to negotiate with the Underwriters the terms of the Underwriting Agreement and of the public offering of interests in the trust certificates to investors (including the applicable interest rates). In addition, by execution hereof the Borrower ratifies and consents to the Secretary's selection of the Fiscal Agent/Trustee and agrees to the respective terms of the Fiscal Agency/Trust Agreements.

PART II

1. Receipt, Deposit and Use of Guaranteed Loan Funds.

(a) Except for fees and charges deducted on the Public Offering Date pursuant to paragraph 4(a) by the Fiscal Agent/Trustee, or funds used to pay off any interim note refinanced by the Note, the Guaranteed Loan Funds shall be electronically transferred in accordance with the Borrower's instructions for deposit in a separate, identifiable custodial account (the "Guaranteed Loan Funds Account") with a financial institution whose deposits or accounts are Federally insured. The Guaranteed Loan Funds Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (**Attachment 1**) and shall be continuously maintained for the Guaranteed Loan Funds. Such Letter Agreement must be executed when the Guaranteed Loan Funds Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.)

The Borrower shall make withdrawals from said account only for payment of the costs of Section 108 activities approved

*Set up account
sign letter*

by HUD, for transfer to the Loan Repayment Account or for the temporary investment of funds pursuant to this paragraph 1(a). Such temporary investment of funds into the Guaranteed Loan Funds Investment Account shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Guaranteed Loan Funds Account. At that time, any balance of funds in the Guaranteed Loan Funds Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof, held in the Guaranteed Loan Funds Investment Account.

Temp investment of \$ over FDIC insurance

All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities that are consistent with the cash requirements of the approved activities. In no event shall the investments mature on or after June 30, 2006, or have maturities which exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Guaranteed Loan Funds Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Guaranteed Loan Funds Account. The Guaranteed Loan Funds Investment Account need only be established if and when the Borrower is required to invest, or otherwise invests, the Guaranteed Loan Funds in Government Obligations. Such Letter Agreement must be executed when the Guaranteed Loan Funds Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Guaranteed Loan Funds Account.

All funds in the Guaranteed Loan Funds Account or the Guaranteed Loan Funds Investment Account must be withdrawn and disbursed by the Borrower for approved activities by June 30, 2006. Any funds remaining in either Account after this date shall be immediately transferred to the Loan Repayment Account established pursuant to paragraph 6 of this Contract.

Monthly reporting

(b) The Borrower shall by the fifteenth day of each month provide the Secretary with a written statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month, and a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account, until such Accounts are fully disbursed.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Guaranteed Loan Funds and Guaranteed Loan Funds Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligations of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, in each case as elected by the Secretary in his sole discretion.

2. **Payments Due on Note.** The Borrower shall pay to the Fiscal Agent/Trustee, as collection agent for the Note, all amounts due pursuant to the terms of the Note. In accordance with the Note and the Fiscal Agency/Trust Agreements, payment shall be made by 3:00 P.M. (New York City time) on the seventh Business Day (the "Note Payment Date") preceding the relevant Interest Due Date or Principal Due Date (each as defined in the Note). If any Note Payment Date falls on a day that is not a Business Day, then the required payment shall be made on the next Business Day. Payment may be made by check or wire transfer.

Upon final payment of all amounts due to Holders under the Note, including any payment made by the Secretary pursuant to the Guarantee, the Fiscal Agent/Trustee is required by the Fiscal Agency/Trust Agreements to return the Note to the Secretary. Upon final payment to the Secretary of any amounts due as a result of Guarantee Payments or otherwise due under this Contract, the Secretary will cancel and return the Note to the Borrower in discharge of the Borrower's obligations under the Note.

3. **Selection of New Fiscal Agent or Trustee.** The Secretary shall select a new Fiscal Agent or Trustee if the Fiscal Agent or Trustee resigns or is removed by the Secretary. The Borrower hereby consents in advance to any such selection and to any changes in the Fiscal Agency/Trust Agreements agreed to by any Fiscal Agent or Trustee and the Secretary, subject to paragraph 4(d) of this Contract.
4. **Payments Due Fiscal Agent or Trustee; Documents to the Secretary.**

(a) The Borrower agrees to pay the Borrower's share, as determined by the Secretary, of the customary and usual issuance, underwriting, and other costs related to the public offering and future administration of the Note and the trust certificates, as approved by the Secretary, including the cost of reimbursement and/or compensation of the Trustee pursuant to the Trust Agreement, including Sections 3.11 and 7.01 thereof. In connection with the public offering, such payment shall either be made by wire transfer to the Trustee

on the day prior to the Public Offering Date or shall be deducted from the Guaranteed Loan Funds on the Public Offering Date.

(b) The Borrower shall submit to the Secretary not later than twelve (12) Business Days prior to the Public Offering Date applicable to the Note, this executed Contract, the executed Note, and an opinion acceptable to the Secretary from the Borrower's counsel to the effect that: (i) the governing body of the Borrower has authorized by resolution or ordinance, in accordance with applicable State and local law, the issuance of the Note and the execution of this Contract; (ii) the Note and this Contract are valid, binding, and enforceable obligations of the Borrower; (iii) the pledge of funds pursuant to 24 CFR §570.705(b)(2) and paragraph 5(a) of this Contract is valid and binding; and (iv) there is no outstanding litigation that will affect the validity of the Note or this Contract. In addition, the Borrower shall submit any other additional documents or opinions specifically required by this Contract (e.g., paragraph 5(c), or paragraph 15, et seq.), at the time required thereby.

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(c) The Borrower agrees to reimburse the Underwriters upon demand by the Secretary for the Borrower's share, as determined by the Secretary, of all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with a proposed public offering, if the Underwriters incur such additional costs for the public offering because the Borrower withdraws from the offering within ten Business Days of the Public Offering Date, or if the Borrower fails for any reason timely to submit in acceptable form any document required by this Contract (including paragraph 4(b)) to be submitted before the Public Offering Date. By execution and delivery of this Contract to the Secretary, the Borrower hereby expressly authorizes the Secretary to pay amounts due under this paragraph from funds pledged under paragraph 5(a) of this Contract.

(d) The undertakings in paragraphs 3 and 4 of this Contract are expressly subject to the requirement that the Fiscal Agency/Trust Agreements shall in no event require payment of fees or charges, reimbursement of expenses, or any indemnification by the Borrower from any source other than funds or other security pledged pursuant to paragraphs D (if applicable), 5, or 15, et seq., of this Contract.

5. **Security.** The Borrower hereby pledges as security for repayment of the Note, and such other charges as may be authorized in this Contract, the following:

(a) All allocations or grants which have been made or for which the Borrower may become eligible under Section 106 of

the Act, as well as any grants which are or may become available to the Borrower pursuant to Section 108(q).

(b) Program income, as defined at 24 CFR 570.500(a) (or any successor regulation), directly generated from the use of the Guaranteed Loan Funds.

(c) Other security as described in paragraph 15, et seq., or incorporated herein by paragraph D hereof, as applicable.

(d) All proceeds (including insurance and condemnation proceeds) from any of the foregoing.

(e) All funds or investments in the accounts established pursuant to paragraphs 1 and 6 of this Contract.

6. **Loan Repayment Account.**

(a) All amounts pledged pursuant to paragraphs 5(b), 5(c), and 5(d) of this Contract shall be deposited immediately on receipt in a separate identifiable custodial account (the "Loan Repayment Account") with a financial institution whose deposits or accounts are Federally insured. The Loan Repayment Account shall be established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account" (**Attachment 1**) and shall be maintained for such pledged funds. The Loan Repayment Account need only be established if and when the Borrower receives amounts pledged pursuant to paragraph 5(b), 5(c) or 5(d). Such Letter Agreement must be executed when the Loan Repayment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) Borrower shall make withdrawals from said account only for the purpose of paying interest and principal due on the Note (including the purchase of Government Obligations in accordance with paragraph 10 hereof), for payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or for the temporary investment of funds pursuant to this paragraph, until final payment and discharge of the indebtedness evidenced by the Note, unless otherwise expressly authorized by the Secretary in writing. Such temporary investment of funds shall be required within three Business Days after the balance of deposited funds exceeds the amount of the Federal deposit insurance on the Loan Repayment Account. At that time, any balance of funds in the Loan Repayment Account exceeding such insurance coverage shall be fully (100%) and continuously invested in Government Obligations, as defined in paragraph 10 hereof.

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All temporary investments, whether or not required as above, shall be limited to Government Obligations having maturities

that are consistent with cash requirements for payment of principal and interest as required under the Note. In no event shall the maturities of such investments exceed one year. All such investments shall be held in trust for the benefit of the Secretary by the above financial institution in an account (the "Loan Repayment Investment Account") established and designated as prescribed in the attached form document entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Investment Account" (**Attachment 2**), which account shall be maintained for all Government Obligations purchased with funds from the Loan Repayment Account. Such Letter Agreement must be executed when the Loan Repayment Investment Account is established. (A fully executed copy of such Letter Agreement shall be submitted to the Secretary within thirty days of its execution.) All proceeds and income derived from such investments shall be returned to the Loan Repayment Account.

(b) Borrower shall by the fifteenth day of each month, provide the Secretary with a written statement showing the balance of funds in the Loan Repayment Account and the deposits and withdrawals of all funds in such account during the preceding calendar month and a statement identifying the obligations and their assignments in the Loan Repayment Investment Account, for any month in which there are funds in such Accounts.

(c) Upon the Secretary giving notice that the Borrower is in Default under this Contract or the Note, all right, title, and interest of the Borrower in and to the Loan Repayment and Loan Repayment Investment Accounts shall immediately vest in the Secretary for use in making payment on the Note, purchase of Government Obligations in accordance with paragraph 10, or payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, in each case as elected by the Secretary in his sole discretion.

7. **Use of CDBG or EDI Funds for Repayment.** Any funds available to the Borrower under Section 106 of the Act (including program income derived therefrom) are authorized to be used by the Borrower for payments due on the Note, Optional Redemption (as defined in the Note), payment of any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, or the purchase of Government Obligations in accordance with paragraph 10. Any funds specifically available to the Borrower for such payments or as a debt service reserve under an EDI Grant Agreement pursuant to Section 108(q) of the Act which supports the eligible project(s) and activities financed by the Note may also be used therefor; any other use of Section 108(q) funds for such purposes shall require the prior written approval of the Secretary. Unless otherwise specifically provided herein or unless otherwise expressly authorized by the Secretary in writing, the Borrower shall

substantially disburse funds available in the Loan Repayment or the Loan Repayment Investment Accounts before funds from grants under Section 106 of the Act are withdrawn from the U.S. Treasury for such purposes.

8. **Secretary's Right to Restrict Use of CDBG Funds to Repayment.** Upon a determination by the Secretary that payments required by paragraph 2 and/or paragraph 4 of this Contract are unlikely to be made as specified, the Secretary may give the Borrower notice that the availability to the Borrower of funds pledged under paragraph 5(a) of this Contract for purposes other than satisfaction of the pledge is being restricted. This restriction shall be in an amount estimated by the Secretary to be sufficient to ensure that the payments referred to in paragraph 2 and/or paragraph 4 hereof are made when due. This restriction may be given effect by conditioning the restricted amounts to prohibit disbursement for purposes other than satisfaction of the pledge at the time such restricted funds are approved as grants, by limiting the Borrower's ability to draw down or expend the restricted funds for other purposes, and by disapproving payment requests submitted with respect to such grants for purposes other than satisfaction of the pledge.
9. **Secretary's Right to Use Pledged Funds for Repayment.** The Secretary may use funds pledged under paragraph 5(a) of this Contract or funds restricted under grants pursuant to paragraph 8 of this Contract to make any payment required of the Borrower under paragraph 2 and/or paragraph 4, if such payment has not been timely made by the Borrower.
10. **Defeasance.** For purposes of this Contract, the Note shall be deemed to have been paid (defeased) if there shall have been deposited with the Trustee either moneys or Government Obligations (defined below), which in the sole determination of the Secretary, mature and bear interest at times and in amounts sufficient, together with any other moneys on deposit with the Trustee for such purpose, to pay when due the principal and interest to become due on the Note. The Aggregate Principal Amount of the Note or any unpaid Principal Amount may be so defeased, in whole or in part, as of any Interest Due Date, or any other Business Day acceptable to both HUD and the Borrower. In accordance with the Note and the Trust Agreement, the Borrower shall give timely notice and written instructions to the Secretary and the Trustee concerning any principal amounts proposed to be defeased, including any Optional Redemptions proposed, which instructions shall be approved by the Secretary. If the unpaid Aggregate Principal Amount of the Note guaranteed pursuant to this Contract shall be defeased and deemed to have been paid in full, then the Borrower shall be released from all agreements, covenants, and further obligations under the Note.

"Government Obligation" means a direct obligation of, or any obligation for which the full and timely payment of principal

and interest is guaranteed by, the United States of America, including but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government Series or certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

11. Default.

(a) A Default under the Note and this Contract shall occur upon failure by the Borrower to:

(i) pay when due an installment of principal or interest on the Note; or (ii) punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in: (A) this Contract, (B) any security agreement, deed of trust, mortgage, assignment, guarantee, or other contract securing payment of indebtedness evidenced by the Note, or (C) any future amendments, modifications, restatements, renewals, or extensions of any such documents.

(b) The Borrower waives notice of Default and opportunity for hearing with respect to a Default under paragraph 11(a).

(c) In addition to Defaults under paragraph 11(a), the Secretary may declare the Note in Default if the Secretary makes a final decision in accordance with the provisions of section 111 of the Act and 24 CFR 570.913 (or any successor provisions), including requirements for reasonable notice and opportunity for hearing, that the Borrower has failed to comply substantially with title I of the Act. Notwithstanding any other provision, following the giving of such reasonable notice, the Secretary may, in the Secretary's sole discretion pending the Secretary's final decision, withhold the guarantee of any or all obligations not yet guaranteed on behalf of the Borrower under outstanding commitments, and/or direct the Borrower's financial institution to: refuse to honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account initiated by the Borrower, and/or refuse to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account.

12. Remedial Actions. Upon a Default or declaration of Default under this Contract, the Secretary may, in the Secretary's sole discretion, take any or all of the following remedial actions:

(a) With any funds or security pledged under this Contract, the Secretary may (i) continue to make payments due on the Note, (ii) make an acceleration payment with respect to the principal amount of the Note subject to Optional Redemption as provided in Section B of the Note, (iii) purchase Government Obligations in accordance with paragraph 10 of this Contract, (iv) pay any interest due for late payment as provided in the Note, this Contract, or the Fiscal Agency/Trust Agreements, (v) pay any other obligation of the Borrower under this Contract or the Fiscal Agency/Trust Agreements, and/or (vi) pay any reasonable expenses incurred by the Secretary or the Fiscal Agent/Trustee as result of the Borrower's Default.

(b) The Secretary may withhold the guarantee of any or all obligations not yet guaranteed or the disbursement of any or all grants not yet disbursed in full under outstanding guarantee commitments or grant approvals for the Borrower under Sections 108 and/or 106 of the Act.

(c) The Secretary may direct the Borrower's financial institution to: refuse to honor any instruments drawn upon, or withdrawals from, the Guaranteed Loan Funds Account or the Loan Repayment Account by the Borrower, and/or refuse to release obligations and assignments by the Borrower from the Guaranteed Loan Funds Investment Account or the Loan Repayment Investment Account; and/or direct the Borrower and/or the Borrower's financial institution to transfer remaining balances from the Guaranteed Loan Funds Account to the Loan Repayment Account.

(d) With respect to amounts subject to Optional Redemption, the Secretary may accelerate the Note.

(e) The Secretary may exercise any other appropriate remedies or sanctions available by law or regulation applicable to the assistance provided under this Contract, or may institute any other action available under law, to recover Guaranteed Loan Funds or to reimburse the Secretary for any payment under the Secretary's Guarantee or any reasonable expenses incurred by the Secretary as a result of the Default.

(f) All notices and submissions provided for hereunder shall be in writing (including by telex, telecopier or any other form of facsimile communication) and mailed or sent or delivered, as to each party hereto, at its address set forth below or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and other communications shall be effective when received as follows: (i) if sent by hand delivery, upon delivery; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, postage prepaid; (iii) if sent by telex, upon receipt by the sender of an answer back; and (iv) if sent by telecopier, upon confirmed receipt.

The Secretary:

U.S. Dept. of Housing and Urban Development
Attention: Paul Webster, Director
Financial Management Division
451 7th Street, SW, Room 7180
Washington, DC 20410

Borrower:

City of San Diego
Community Services Division
1200 Third Avenue, Suite 924
San Diego, CA 92101
Attention: HUD 108 Coordinator

13. **Limited Liability.** Notwithstanding any other provision of this Contract, the Fiscal Agency/Trust Agreements or the Note, any recovery against the Borrower for any liability for amounts due pursuant to the Note, the Fiscal Agency/Trust Agreements and this Contract shall be limited to the sources of security pledged in paragraphs 5, or any Special Conditions of this Contract, as applicable. Neither the general credit nor the taxing power of the Borrower, or of the State in which the Borrower is located, is pledged for any payment due under the Note, the Contract, or the Fiscal Agency/Trust Agreements.
14. **Incorporated Grant Agreement.** The Contract and the Note are hereby incorporated in and made a part of the Grant Agreement authorized by the Secretary on June 18, 2003 under the Funding Approval for grant number B-03-MC-06-0534 to the Borrower. In carrying out activities with the Guaranteed Loan Funds hereunder, the Borrower agrees to comply with the Act and 24 CFR Part 570, as provided in Subpart M thereof.
15. **Special Conditions and Modifications:**
 - (a) Paragraph 5(c) of the contract is amended by deleting the paragraph as written in its entirety and substituting therefor the following:

"(c) Other security, including, but not limited to, all rights of the Borrower (but none of the obligations of the Borrower) in and to the "Security Documents" (as defined in paragraph 15(d) hereof) and to the Collateral described therein. If necessary to provide the Secretary with a valid security interest in such other security, the Borrower shall execute a security agreement (the "Borrower Security Agreement"), which shall be in a form acceptable to the Secretary."

- subrecipient agreement*
- (b) Guaranteed Loan Funds shall be used by the Borrower to convey funds to the San Diego Justice Center Foundation (the "Subrecipient"), to carry out construction of a public facility ("Camp Hope") pursuant to 24 CFR 570.703(l). The Subrecipient's obligations shall be evidenced in an agreement between the Borrower and the Subrecipient (the "Subrecipient Agreement"), pursuant to 24 CFR 570.503. The Subrecipient Agreement shall be in a form acceptable to the Secretary.
- (c) In order to secure the payment and performance of the secured obligations of the Borrower and the Subrecipient, the Borrower shall obtain the following collateral from the Subrecipient (collectively, the "Collateral"):
- (i) A sole first priority lien on the Subrecipient's interest in the real property described in **Attachment 3** hereof (the "Property"), established through an appropriate and properly recorded leasehold mortgage (the "Leasehold Mortgage"). The Leasehold Mortgage shall contain such provisions as the Secretary deems necessary. *subrecipient interest is leasehold*
 - (ii) Any and all rights, titles, and interests of the Subrecipient in and to any leases covering the Property. Such rights, titles, and interests of the Subrecipient shall be the subject of a collateral assignment of leases and rents (the "Collateral Assignment of Leases and Rents"), which shall be in a form acceptable to the Secretary. *no subleased*
 - (iii) Any and all rights, titles, and interests of the Subrecipient in and to any licenses, permits, and other agreements covering the Property. Such rights, titles, and interests shall be the subject of a collateral assignment of interest in licenses, permits, and other agreements (the "Collateral Assignment of Interest in Licenses, Permits, and Agreements"), which shall be in a form acceptable to the Secretary. *none*
 - (iv) Such other alternative collateral or security arrangements as may be requested by the Borrower and approved by the Secretary in writing.
- (d) The Borrower shall select a financial institution acceptable to the Secretary (the "Custodian") to act as custodian for the documents specified in (e) below (hereinafter referred to as the "Security Documents"). The Borrower and the Custodian shall enter into a
- select financial institution*

written agreement containing such provisions as the Secretary deems necessary. A fully executed copy of such agreement, with original signatures, shall be forwarded to the Secretary contemporaneously with the delivery of documents pursuant to (e) below.

- (e) Not later than five business days after the initial disbursement of the Guaranteed Loan Funds to the Subrecipient, the Borrower shall deliver to the Custodian the following:
 - (i) The original Subrecipient Agreement and an assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
 - (ii) The original recorded Leasehold Mortgage signed by the Subrecipient and an assignment thereof to the Secretary, in a recordable form but unrecorded, which assignment shall be in a form acceptable to the Secretary.
 - (iii) The original recorded Collateral Assignment of Leases and Rents and an assignment thereof to the Secretary, in a recordable form but unrecorded, which assignment shall be in a form acceptable to the Secretary.
 - (iv) The original Collateral Assignment of Interest in Licenses, Permits, and Agreements and an assignment thereof to the Secretary, which assignment shall be in a form acceptable to the Secretary.
 - (v) An opinion of the Borrower's counsel on its letterhead, addressed and satisfactory to the Secretary, that:
 - (A) The Subrecipient is duly organized and validly existing as a **[corporation, partnership, etc.]** under the laws of the State of _____ and is **[existing, qualified to do business, in good standing, as applicable]** in and under the laws of the State of California;
 - (B) The Subrecipient Agreement has been duly executed and delivered by a party authorized by the Subrecipient to take such action and is a valid and binding obligation of the Subrecipient, enforceable in accordance with its terms, except as limited by bankruptcy

and similar laws affecting creditors generally; and

- (C) The security instruments specified in (i) through (iv) above are valid and legally binding obligations, enforceable in accordance with their respective terms.

To the extent that the foregoing opinion deals with matters customarily within the due diligence of counsel to the Subrecipient, Borrower's counsel may attach and expressly rely on an opinion of Subrecipient's counsel satisfactory to the Secretary.

- (vii) A mortgagee title policy, issued by a company and in a form acceptable to the Secretary, naming the Borrower as the insured party. The policy must either include in the definition of the "insured" each successor in ownership of the indebtedness secured by the Leasehold Mortgage or be accompanied by an endorsement of the policy to the Secretary.
- (viii) A certified survey with a legal description conforming to the title policy and the Leasehold Mortgage. *LES*
Center
- (ix) An appraisal of the Subrecipient's leasehold interest in the Property specifying an estimate of fair market value, upon completion, of not less than \$350,000. The appraisal shall be completed by an appraiser who is certified by the state and has a professional designation (such as "SRA" or "MAI"), and shall conform to the standards of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA").
- (x) Any instruments, documents, agreements, and legal opinions required pursuant to paragraph 15(c)(iv).
- (f) Paragraph 12 is amended by adding at the end thereof the following language:
 - "(g) The Secretary may complete the endorsement of the Subrecipient Agreement and record the assignments referred to in paragraph 15(e) and thereby effectuate the transfer of the documents referenced and underlying indebtedness from the Borrower to the Secretary or the Secretary's assignee.

- "(h) The Secretary may exercise or enforce any and all other rights or remedies (including any and all rights and remedies available to a secured party under the Uniform Commercial Code) available by law or agreement (including any of the Security Documents, as defined in paragraph 15(d) against the Collateral, against the Borrower, against the Subrecipient, against the Personal Guarantors, or against any other person or property."
- (g) The Borrower agrees that it shall promptly notify the Secretary in writing upon the occurrence of any event which constitutes a default (an "Event of Default") under (and as defined in) any of the Security Documents, as defined in paragraph 15(d). Notification of an Event of Default shall be delivered to the Secretary as directed in paragraph 12(f) above. Upon the occurrence of an Event of Default, the Secretary may (without prior notice or hearing, which Borrower hereby expressly waives), in addition to (and not in lieu of) exercising any and all remedies that may be available under the Security Documents, declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph 15(g) shall not affect the right of the Secretary to declare the Note in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.
- (h) Additional Grounds for Default. Notice of Default. Restriction of Pledged Grants. Availability of Other Remedial Actions.
- (i) The Borrower acknowledges and agrees that the Secretary's guarantee of the Note is made in reliance upon the availability of grants pledged pursuant to paragraph 5(a) (individually, a "Pledged Grant" and, collectively, the "Pledged Grants") in any Federal fiscal year subsequent to the Federal fiscal year ending September 30, 2004 to: (A) pay when due the payments to become due on the Note, or (B) defease (or, if permitted, prepay) the full amount outstanding on the Note. The Borrower further acknowledges and agrees that if the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are unlikely to be available for either of such purposes, such determination shall be a permissible basis for any of the actions specified in paragraphs (ii) and (iii) below (without notice or hearing, which the Borrower expressly waives).
- (ii) Upon written notice from the Secretary to the Borrower at the address specified in paragraph 12(f)

above that the Secretary (in the Secretary's sole discretion) has determined that Pledged Grants are unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above (such notice being hereinafter referred to as the "Notice of Impaired Security"), the Secretary may limit the availability of Pledged Grants by withholding amounts at the time a Pledged Grant is approved or by disapproving payment requests (drawdowns) submitted with respect to Pledged Grants.

(iii) If after 60 days from the Notice of Impaired Security the Secretary (in the Secretary's sole discretion) determines that Pledged Grants are still unlikely to be available for either of the purposes specified in (A) and (B) of paragraph (i) above, the Secretary may declare the Note in Default and exercise any and all remedies available under paragraph 12. This paragraph (iii) shall not affect the right of the Secretary to declare the Note and/or this Contract in Default pursuant to paragraph 11 and to exercise in connection therewith any and all remedies available under paragraph 12.

(iv) All notices and submissions provided for hereunder shall be submitted as directed in paragraph 12(f) above.

(i) HUD Access To Loan Proceeds.

(i) Notwithstanding anything to the contrary in the Contract, the Borrower shall not be required to establish the separate custodial accounts specified in paragraph 1(a) and paragraph 6(a) or to execute the related agreements (each entitled "Letter Agreement for Section 108 Loan Guarantee Program Custodial Account"). The Borrower shall record the receipt and expenditure of all cash that would otherwise be required to be deposited in the Guaranteed Loan Funds Account and in the Loan Repayment Account pursuant to paragraph 1(a) and paragraph 6(a), respectively, together with all other related financial resources, liabilities and residual equities or balances, in a special fund (designated as "Special Fund # 18561, Camp Hope HUD 108 Loan"). The resources of Special Fund # 18561 shall be used solely for the purposes authorized under this Contract.

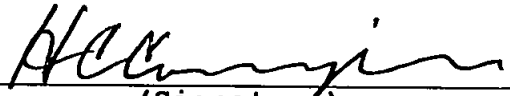
(ii) To secure the indebtedness evidenced by the Note, the Borrower hereby grants the Secretary a perfected security interest in the cash balance of Special Fund # 18561, whether such cash is now held or hereafter acquired, whether now existing or hereafter arising,

and wherever located (the ``Collateral''). The Borrower represents and warrants to the Secretary that the Collateral is free and clear of all other liens. In event of default, the Borrower agrees to comply with the Secretary's directions with respect to disposition of any or all funds in Special Fund # 18561 upon receipt of notice from the Secretary containing any such directions.

[Rest of Page Intentionally Left Blank]

THE UNDERSIGNED, as authorized officials on behalf of the Borrower or the Secretary, have executed this Contract for Loan Guarantee Assistance, which shall be effective upon delivery of the Note and Guarantee as of the Public Offering Date (except that paragraph 4 hereof shall be effective when this Contract is executed on behalf of the Borrower and delivered to the Secretary).

CITY OF SAN DIEGO, CALIFORNIA
BORROWER

BY: 

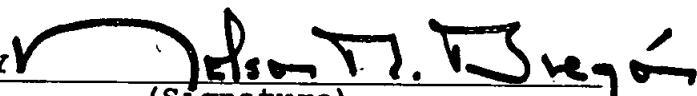
(Signature)

Hank Cunningham
(Name)

Director, Community and Economic
Development Department
(Title)

June 16, 2004
(Date)

SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

BY: 

(Signature)

Nelson R. Bregon
(Name)

General Deputy Assistant Secretary
for Community Planning and Development
(Title)

(Date)



THE CITY OF SAN DIEGO

January 28, 2004

Tiffanie Mills
Executive Director
Camp Hope Project
707 Broadway, Suite #700
San Diego, CA 92101

Dear Ms. Mills:

SUBJECT: Letter of Understanding Between the City of San Diego's Water Quality Laboratory (Laboratory) and Camp Hope Organization for Services Provided

The Laboratory, located at the Alvarado Water Treatment Facility, has agreed to develop and perform extensive monitoring at Lake Sutherland Reservoir in support of the new Camp Hope facility. In consideration of this agreement, the Laboratory will provide Camp Hope with services as follows:

1. The Sampling Plan (Attachment #1) describes services the Laboratory will complete from July 23, 2003 – August 29, 2003. Work to be performed by the Laboratory include: collection of samples at Sutherland Reservoir; transportation of samples to the laboratory; analyses for total and fecal coliform bacteria, *E. Coli* bacteria, enterococci bacteria, *Cryptosporidium* and *Giardia*; review and archiving of field and laboratory data; and reporting of monitoring results. All field work and analyses are performed using procedures accredited by the California Environmental Laboratory Program. Prices for these services are on a time and material basis. These prices have been determined to be competitive with commercial laboratories performing similar sampling and analyses. Rates are subject to change annually, per advance notice from the City.
2. In the event of an emergency that may potentially affect water quality at Sutherland Reservoir, the Emergency Response Plan (Attachment #2) outlines procedures and policies. The individuals listed below should be notified in the following order:

Jeff Pasek, Senior Biologist, pager (619) 232-3240, Code 8741
Dana Chapin, Senior Chemist, cell phone (619) 980-2302
John Chaffin, Water Production Superintendent, cell phone (619) 980-2908



Operations Division

Water Department • 2797 Caminito Chollas • San Diego, CA 92105-5097
Tel (619) 527-7470 Fax (619) 527-7417

Page 2

Tiffanie Mills, Executive Director

January 28, 2004

A written report of the accident or incident, including any water quality monitoring data, will be submitted to the California Department of Health Services, San Diego Drinking Water Field Operation Branch within two weeks of reported incident. A copy will be kept on file with the Water Operations Division of the Water Department.

3. Personnel expenses will be compiled through standard City accounting procedures. All associated labor and costs for services will be fully reimbursed by the Camp Hope Organization. Upon completion of services, an invoice will be sent to the following address:

Camp Hope Project
ATTN: Tiffanie Mills, Executive Director
707 Broadway, Suite #700
San Diego, CA 92101

4. Camp Hope agrees to indemnify, protect and hold San Diego and its agents, officers and employees harmless from and against any and all claims asserted and liability established for damages or injuries to any person or property, including injury to San Diego's employees, agents or officers which arise from or are connected with and are caused or claimed to be caused by the acts or omissions of Camp Hope, and its agents, officers or employees, in performing the work or services herein, and all expenses of investigation and defending against the same; provided, however, that Camp Hope's duty to indemnify and hold harmless shall not apply to those incidents or claims arising from the negligence or willful misconduct of San Diego, its officers, agents or employees.
5. Should any budget and/ or management decision require changes to these services, a revised Letter of Understanding will be prepared and issued.

If these conditions are acceptable, please sign on the space provided and return to:

Mr. John Chaffin
Water Quality Superintendent
Water Operations Division, Water Quality Laboratory
5540 Kiowa Dr, MS 85
La Mesa, CA 91942-1306

Page 3
Tiffanie Mills, Executive Director
January 28, 2004

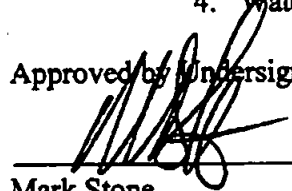
If you have any questions, please feel free to contact John Chaffin, Water Quality Superintendent, at 668-3233 or by e-mail jchaffin@sanidiego.gov.

Sincerely,

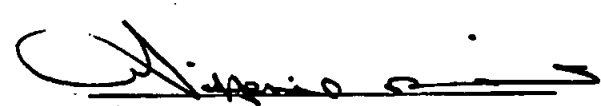
Mark Stone
Deputy Director

Attachments: 1. Sampling Plan for Sutherland Reservoir During Operations of Camp Hope
2. Camp Hope - Emergency Response Plan
3. Job Order Detail Transaction Listing - JO# 52537 "Camp Hope Project"
4. Water Quality Laboratory - Sample Analysis and Material Costs

Approved by Undersigned:



Mark Stone
Deputy Director, Water Operations Division
City of San Diego - Water Department



Tiffanie Mills
Executive Director
Camp Hope Project

Distribution: Kent Floro, Assistant Deputy Director
John Chaffin, Water Production Superintendent
Dana Chapin, Senior Chemist
Jeff Pasek, Senior Biologist
Eileen Bangalan, Supervising Management Analyst
Elizabeth Macam, Budget Liaison Analyst

**Sampling Plan for Sutherland Reservoir During Operation of Camp Hope
July 23, 2003 – August 29, 2003**

1) SAMPLING EVENT (Two per week)

- a) sampling on Wednesday & Friday
- b) beginning Wednesday, July 23, 2003
- c) concluding Friday, August 29, 2003

2) SAMPLING STATIONS - 22850 Sutherland Dam Road, Ramona, CA 92065

- a) five sampling stations will be used
 - i) SUA-0 [marked by yellow buoy]
 - ii) SUA-outlet depth [at the float from which the flexible outlet pipe is suspended, at the depth of the outlet, currently 14 feet deep, contact Ramona MWD for details (760)788-2236]
 - iii) SUB-0 [not marked; use on-shore range markers established by J.Pasek]
 - iv) SU-Dock surface [just off the dock, at SW corner of boat house]
- b) SU-SS Relief surface [just off the floating toilet, at NE end of dock]

3) BACTERIAL MONITORING

- a) Bacterial analyses at all five sampling
- b) See attached sampling and analyses schedule
- c) On Wednesday all the sites, and on Friday three sites, are to be analyzed using Quanti-Tray Colilert / Enterolert for
 - i) total coliform
 - ii) E.coli
 - iii) enterococcus
- d) On each sampling day there will be parallel analyses using the traditional MTF method at SUA-outlet depth, SUB-0, and SU-dock, for
 - i) total coliform
 - ii) fecal coliform
- e) The purposes of these parallel analyses are
 - i) provide a relative comparison of Quanti-Tray MPN and traditional MTF MPN results
 - ii) establish, specific to Sutherland Reservoir, a quantitative relationship between fecal coliform and E.coli

4) PROTOZOAN MONITORING

- a) one day per week, Fridays
 - i) except, two days in first week; i.e. July 23 and July 25, 2003
 - ii) sampling dates for protozoans are July 23 & 25, and August 1, 8, 15, 22, & 29, 2003
- b) sample site is SUA-outlet depth

Sampling and Analysis Schedule

	Wednesday		Friday ¹		
	Quanti-Tray	MTF	Quanti-Tray	MTF	Protozoans ²
SUA-0	X				
SUA-outlet depth	X	X	X	X	X
SUB-0	X	X	X	X	
SU-Dock	X	X	X	X	
SU-SSRelief	X				

¹ no Quanti-Tray analyses on Friday, July 25

² protozoans will be analyzed on both Wednesday and Friday, July 23 and 25; thereafter on Fridays only

5) REPORTING

- a) Bacterial results will be informally report by e-mail as soon as possible
 - i) Quanti-Tray results should be reported within 48 hours of sampling
 - ii) reporting of MTF results may be delayed up to 96 hours
- b) All monitoring results [bacteria and protozoans] will be formally report to CalDHS as part of the Water Quality Lab's regular monthly report

Camp Hope, Emergency Responses in the Event of Incident Affecting Water Quality

PURPOSE

Camp Hope will use Sutherland Reservoir for a recreational body contact program involving water skiing. To approve such use, the California Department of Health Services, San Diego Drinking Water Field Operation Branch (DWFOB) has directed the Water Department to prepare an emergency response plan that will be implemented in the event of an incident having the potential to affect water quality. Appropriate steps will be taken to limit affects on the public water supply.

This Emergency Response Plan is applicable only to the authorized recreational water contact activities associated with Camp Hope at Sutherland Reservoir. These activities are detailed in the document Domestic Water Supply Permit Amendment, Attachment A, Program Description, dated July 22, 2003, and produced by the Water Operations Division of the Water Department.

The recreational water contact activities at Sutherland Reservoir are overseen by on-site staff of the City of San Diego Water Department. The Reservoir Keeper or designee, is the Department's designated on-site personnel responsible for the operation of the water supply functions of the reservoir and is the focal point of any emergency response related to water supply.

RESPONSIBILITY OF CAMP HOPE STAFF

In the event of an incident with the potential to affect reservoir water quality, Camp Hope Staff will immediately notify the Reservoir Keeper (or designated on-site staff) as described below:

[*Please note: An emergency response is triggered by an incident with the potential to affect reservoir water quality. Whether there is, in fact, an affect will be determined by follow-on monitoring and assessment by water quality professionals. If in doubt, notify.]

- Dianne Dine, Reservoir Keeper, office on boat dock (760) 789-4088, home (760) 789-1190, or pager (619) 232-2237 code 8061

All contamination incidents are to be immediately reported. If Reservoir staff are unavailable, contact the following:

- Joe Weber, Senior Water Utilities Supervisor, office (619) 668-2072, pager (619) 232-2237 code 8053, home (619) 449-3373;
and
- Jeffery Pasek, Senior Biologist, Water Quality Laboratory, office (619) 668-3240, cell phone (619) 668-3240, or home (619) 444-5110;
and
- Ramona Municipal Water District, Bargar Water Treatment Plant, (760) 788-2236; after hours (760) 789-1330

RESPONSIBILITY OF CITY WATER DEPARTMENT PERSONNEL

Response by City staff shall follow procedures established for boating accidents. They are as follows:

- Insure the immediate safety of all recreational patrons;

City of San Diego, Water Department, Water Operations Division
Water Quality Laboratory / Biology Section

July 23, 2003

- Contact the San Diego Sheriff Department and other emergency agencies, as needed;
- Mark the location of the accident;
- Contain any observed or potential fuel spills, including the deployment of floating containment booms;
- Contact appropriate hazardous materials response agency, (County of San Diego, Hazardous Materials Management @ 619-338-2222)
- Contact the California Department of Health Services, San Diego Drinking Water Field Operation Branch, via telephone (619) 525-4159

A written report of the accident or incident, including any water quality monitoring data, will be submitted to the California Department of Health Services, San Diego Drinking Water Field Operation Branch within two weeks of reported incident. A copy will be kept on file for review by the Water Operations Division of the Water Department.

City of San Diego
Water Quality Laboratory
Camp Hope Project - 2003
Sample Analysis List and Material Costs

Analysis Material Cost Total \$1,651.81

Sample Date	Project	Source	Source Description	Analysis	Material Cost
23-Jul-03	CAMP_HOPE	SU_SSR_118	Sutherland SSRRelief 118	QT_CST	\$4.50
23-Jul-03	CAMP_HOPE	SUA-0	SU Station A Surface	MPN	\$8.89
23-Jul-03	CAMP_HOPE	SUA-0	SU Station A Surface	QT_CST	\$4.50
23-Jul-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
23-Jul-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	PROTOZOAN	\$167.00
23-Jul-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
23-Jul-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89
23-Jul-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
23-Jul-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
25-Jul-03	CAMP_HOPE	SU_SSR_118	Sutherland SSRRelief 118	QT_CST	\$4.50
25-Jul-03	CAMP_HOPE	SUA-0	SU Station A Surface	QT_CST	\$4.50
25-Jul-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
25-Jul-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	PROTOZOAN	\$167.00
25-Jul-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
25-Jul-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89
25-Jul-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
25-Jul-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	MPN	\$8.89
25-Jul-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
30-Jul-03	CAMP_HOPE	SU_SSR_118	Sutherland SSRRelief 118	QT_CST	\$4.50
30-Jul-03	CAMP_HOPE	SUA-0	SU Station A Surface	QT_CST	\$4.50
30-Jul-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
30-Jul-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
30-Jul-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
01-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
01-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	PROTOZOAN	\$167.00
01-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
01-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89
01-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
01-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	MPN	\$8.89
01-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
06-Aug-03	CAMP_HOPE	SU_SSR_118	Sutherland SSRRelief 118	QT_CST	\$4.50
06-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	MPN	\$8.89
06-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
07-Aug-03	CAMP_HOPE	SUA-0	SU Station A Surface	QT_CST	\$4.50
07-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
07-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
07-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89
07-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
08-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
08-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	PROTOZOAN	\$167.00
08-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
08-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89
08-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
08-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	MPN	\$8.89
08-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
13-Aug-03	CAMP_HOPE	SU_SSR_118	Sutherland SSRRelief 118	QT_CST	\$4.50
13-Aug-03	CAMP_HOPE	SUA-0	SU Station A Surface	QT_CST	\$4.50
13-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
13-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
13-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89
13-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
13-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	MPN	\$8.89
13-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
15-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
15-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	PROTOZOAN	\$167.00
15-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
15-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89

10218.26
1651.81
11870.07

City of San Diego
 Water Quality Laboratory
 Camp Hope Project - 2003
 Sample Analysis List and Material Costs

Analysis Material Cost Total \$1,651.81

Sample Date	Project	Source	Source Description	Analysis	Material Cost
15-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
15-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	MPN	\$8.89
15-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
20-Aug-03	CAMP_HOPE	SU_SSR_118	Sutherland SSRRelief 118	QT_CST	\$4.50
20-Aug-03	CAMP_HOPE	SUA-0	SU Station A Surface	QT_CST	\$4.50
20-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
20-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
20-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89
20-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
20-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	MPN	\$8.89
20-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
22-Aug-03	CAMP_HOPE	SU_SSR_118	Sutherland SSRRelief 118	QT_CST	\$4.50
22-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
22-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	PROTOZOAN	\$167.00
22-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
22-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89
22-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
27-Aug-03	CAMP_HOPE	SU_SSR_118	Sutherland SSRRelief 118	QT_CST	\$4.50
27-Aug-03	CAMP_HOPE	SUA-0	SU Station A Surface	QT_CST	\$4.50
27-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
27-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
27-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50
29-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	MPN	\$8.89
29-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	PROTOZOAN	\$167.00
29-Aug-03	CAMP_HOPE	SUA-OUTLET DEPT	SU Station A Outlet Depth	QT_CST	\$4.50
29-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	MPN	\$8.89
29-Aug-03	CAMP_HOPE	SUB-0	SU Station B Surface	QT_CST	\$4.50
29-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	MPN	\$8.89
29-Aug-03	CAMP_HOPE	SU-DOCK	SU Boat Dock Surface	QT_CST	\$4.50

Analysis Material Cost Total \$1,651.81