RESOLUTION 2020-080

RESOLUTION AUTHORIZING A SECOND AMENDED AND RESTATEMENT REVENUE SHARING AGREEMENT WITH THE CITY OF CHULA VISTA, WITH CONDITIONS, FOR THE PUBLIC FINANCING FOR THE RESORT HOTEL AND CONVENTION CENTER AND PHASE 1A INFRASTRUCTURE IMPROVEMENTS

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

WHEREAS, Section 21 of the Port Act authorizes the Board of Port Commissioners (BPC) to pass all necessary ordinances and resolutions for the regulation of the District; and

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

WHEREAS, the CVBMP was collaboratively planned through an extensive public participation program that included over 100 community meetings and resulted in a comprehensive Environmental Impact Report and Port Master Plan Amendment, which was approved by the BPC in May 2010 and certified by the California Coastal Commission (CCC) in August 2012; and

WHEREAS, the Amended and Restated Chula Vista Bayfront Master Plan Financing Agreement (Financing Agreement) for the CVBMP was approved by the BPC in 2017 and the Disposition and Development Agreement was entered into among RIDA Chula Vista, LLC (RIDA), the District, and the City on May 7, 2018 (DDA), each setting forth the framework and mechanism to design, finance, and construct the resort hotel and convention center (RHCC) and surrounding public infrastructure (Phase 1A Infrastructure); and

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

WHEREAS, the RHCC, located on approximately 36 acres of land within the CVBMP (Site), is the catalyst project for the CVBMP with the goal to not only provide a world-class hotel and convention center to the region, but also provide a vehicle to build future parks, restore sensitive habitat, and construct public infrastructure; and
WHEREAS, the DDA sets forth the necessary steps for the District, the City, and RIDA to close escrow on the Project (Close Escrow), at which time public and private financing for the Project will be issued, the parties will enter into their respective leasing documents, and construction of the Project may commence towards a world-class hotel and convention center; and

WHEREAS, in the process of determining the financial feasibility of the Project, it was determined that in order for the RHCC to be developed a public financial subsidy would be needed, herein described as the “Public Contribution”; and

WHEREAS, the Public Contribution is anticipated to be delivered to the Project through the issuance of future bond offerings; and

WHEREAS, to pay for the debt service for the Public Contribution, the District and the City must commit sources of revenues, as identified in the Conceptual Outline of the Plan of Finance (Conceptual Plan of Finance) attached to the DDA that will be used to repay the Public Contribution; and

WHEREAS, it is anticipated that the proposed bond financing structure will result in excess cash flow to the District and the City after debt service payments are made for the Public Contribution; and

WHEREAS, the District and the City entered into a Revenue Sharing Agreement on April 24, 2018 (Revenue Sharing Agreement) describing the priority in which any excess cash flow after the debt service payments are made on the Public Contribution (Excess Funds) would be disbursed to the District and the City; and

WHEREAS, on October 8, 2019, the District and City authorized a funding agreement (Funding Agreement) between the District, the City, the County of San Diego (County), and the Chula Vista Bayfront Facilities Financing Authority (Authority) whereby the County agreed to contribute $25 Million toward the Phase 1A Infrastructure (County Contribution); and

WHEREAS, the County Contribution would be repaid to the County through a percentage of the property tax revenue generated from the CVBMP (Property Tax Increment) that is actually received by the County, as may be supplemented by payment from the District to the County to make the County whole if such projected tax revenue is not achieved for a given year (Shortfall Payment) or from the City of contested funds currently subject to litigation with the County (Disputed Funds); and

WHEREAS, the Funding Agreement required that the District and the City amend the Revenue Sharing Agreement to provide for priority reimbursement to
the District and the City for any payment or contribution made by either party to the County under the Funding Agreement; and

WHEREAS, on October 9, 2019, the Board of Directors of the Authority (Authority Board) provided direction to staff to amend the Revenue Sharing Agreement to guarantee repayment to the District for any Shortfall Payments made by the District to the County under the Funding Agreement; and

WHEREAS, on November 5, 2019, the Board approved the Amended and Restated Revenue Sharing Agreement (A&R Revenue Sharing Agreement) which includes a revised priority of disbursements to the District and City that requires that any funds that are contributed or paid to the County through the Funding Agreement to be reimbursed pari passu to each entity as the second priority under the disbursement list; and

WHEREAS, after the A&R Revenue Sharing Agreement, the District remained in the first priority spot for its support payments toward the Project; and

WHEREAS, as the District and the City have discussed, it is clear that as more fully described below, revisions to the A&R Revenue Sharing Agreement are necessary to accomplish the following goals prior to proceeding with the public financing:

(1) Clarify the existing revenue sources the City and District will commit to the Project prior to and after Close of Escrow, and if by a future action of the City Council or District’s Board either party decides to contribute other sources of revenue to the Project as needed, then another amendment to the Second Amended & Restated Revenue Sharing Agreement attached as Exhibit A hereto (Second A&R Revenue Sharing Agreement) would not be required;

(2) Simplify the process for paying expenses associated with Project-related activities occurring before the Close of Escrow such as design work performed by RIDA for the Phase 1A Infrastructure and consultant services necessary for the Authority;

(3) Define a clear, efficient process for restricting the revenues to be contributed prior to the Close of Escrow and defining how such funds may be used through operating memoranda executed by the City Manager and Executive Director of the District without further approvals from the Board or City Council; and

WHEREAS, under the A&R Revenue Sharing Agreement, it was contemplated that the District would contribute the following sources of revenue to the Project consistent with the Financing Agreement and Conceptual Outline of the Plan of Finance attached to the DDA (Conceptual Plan of Finance): (1)
existing and designated future lease revenues from the CVBMP; and (2) ground rent from the RHCC; and

WHEREAS, additionally, it was contemplated that the District would contribute the previously received SDG&E contribution of $1.7 million and the Pacifica contribution of $3.0 million toward the Phase 1A Infrastructure cost; and

WHEREAS, the District will also be responsible for an annual contribution (Annual Contribution) to be applied toward the payment of bond debt service to “support” the Public Contribution in an amount not to exceed the following schedule of amounts during Lease Years 5 through 38:

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<thead>
<tr>
<th>Lease Years 1-4</th>
<th>Lease Years 5-14</th>
<th>Lease Years 15-19</th>
<th>Lease Years 20-24</th>
<th>Lease Years 25-38</th>
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WHEREAS, the City would contribute toward the construction of the required sewer and fire services and contribute to the Project through (i) transient occupancy tax (TOT) for the RHCC, existing and future RV Park, (ii) sales tax for the RHCC, (iii) incremental property tax (including property tax in-lieu of motor vehicle license fees) generated by the RHCC, and (iv) revenues received from the District under Agreement No. 88-2012 between the District and the City providing for Police, Fire and Emergency Medical Services (PMSA); and

WHEREAS, both the District and City have been setting aside the revenues consistent with the commitments in the Financing Agreement and included in the Second A&R Revenue Sharing Agreement since July 1, 2018; and

WHEREAS, since the approval of the Revenue Sharing Agreement and A&R Revenue Sharing Agreement, both District and City staff have continued to clarify the revenue sources committed to the Project; and

WHEREAS, the Project has also incurred expenses related to design, development, permit processing, legal fees, and Authority Board actions; and

WHEREAS, RIDA has almost completed all of the design work for the RHCC and Phase 1A Infrastructure to be constructed by RIDA; and

WHEREAS, the Second A&R Revenue Sharing Agreement will facilitate reimbursement to RIDA for the design work on the Phase 1A Infrastructure contemplated in the DDA; and

WHEREAS, the changes proposed in the Second A&R Revenue Sharing Agreement, are broken down into three categories:
(1) **Types of District and City Revenue Sources**: Clarify the existing revenue sources the City and District will commit to the Project prior to and after Close of Escrow, and if by a future action of the City Council or District’s Board either party decides to contribute other sources of revenue to the Project as needed, then another amendment to the Second A&R Revenue Sharing Agreement would not be required;

(2) **Use of Existing Revenues to Pay for Pre-Close Expenses**: Simplify the process for paying expenses associated with Project-related activities occurring before the Close of Escrow such as design work performed by RIDA and consultant services necessary for the Authority;

(3) **Identify Status of Funds and Designate Contribution Date**: Define a clear, efficient process for restricting pre-Close of Escrow funds and defining how such funds may be used through operating memoranda executed by the City Manager and the Executive Director of the District; and

WHEREAS, additional clarity is needed to define revenues committed by the District and City to the Project, specifically with respect to the existing ground lease revenue, calculation of the credit for the buyout of the tenant under the prior lease for the existing RV Park, the hotel ground lease revenues and the PMSA; and

WHEREAS, this additional clarity is necessary prior to entering the public financing market; and

WHEREAS, the Second A&R Revenue Sharing Agreement provides clarity regarding the existing ground lease revenues, which include the revenues for the lease for the Marine Group Boat Works, lease for the Chula Vista Marina, lease for the California Yacht Marina, TUOP for the Chula Vista RV Park and lease for the Costa Vista RV Park (collectively, District Leases); and

WHEREAS, the Second A&R Revenue Sharing Agreement provides that if one or more of the District Leases are renewed, replaced, or amended in such a way as to change the size or configuration of the original premises to include premises outside of the original premises boundaries of all the District Leases, the revenues derived from each such renewed, replaced, or amended District Lease shall be calculated by multiplying the total amount of the revenues generated by such District Lease by a fraction, the numerator of which shall be an amount equal to the District Lease premises still within the original premises boundary, and the denominator of which shall be the total premises area of the District Lease as modified. Similarly, if the District enters into any revenue generating agreement other than a ground lease with respect to operations on all or any portion of the District Leases premises, such revenue, net any related out-
of-pocket operating costs paid by the District to third parties, shall also be included as revenues contributed to the Authority; and

WHEREAS, the Second A&R Revenue Sharing Agreement provides the buyout credit paid to the prior tenant of the existing RV Park will be amortized over a period of eight years, starting in July 1, 2018, in annual installments of approximately $410,500 and deducted from the District’s contribution of revenues; and

WHEREAS, the Second A&R Revenue Sharing Agreement provides that the District’s contribution of revenues under the ground lease with RIDA has been consolidated into one section to more accurately reflect the anticipated flow of revenues in the future Plan of Finance and include minimum annual rent, the additional rent equivalent to 20% of the amount by which the Net Operating Income (defined in the ground lease) for such Lease Year (defined in the ground lease) exceeds eleven percent (11%) of the Actual Capital Investment (defined in the ground lease), assignment participation fees if any, together with any other amounts payable to the District by RIDA except for parking revenues which remain with the District; and

WHEREAS, the Second A&R Revenue Sharing Agreement provides that the City is required to contribute “PMSA Revenues” defined as an annual amount payable by the District to the City pursuant to the PMSA which is currently in effect, and which as of July 1, 2018 is identified as $1,059,364 (payment received in fiscal year 2016) increasing annually at the rate of 3% per annum each fiscal year thereafter until the termination of the Second A&R Revenue Sharing Agreement; and

WHEREAS, the existing PMSA expires June 30, 2021 and a new PMSA is currently under negotiations; and

WHEREAS, to avoid confusion, the Second A&R Revenue Sharing Agreement clarifies that the City’s commitment remains the same, and that if a new, higher payment to the City is negotiated in a future PMSA or amendment to the current PMSA, those future increases are not committed to the Project, only its previous commitment; and

WHEREAS, the Second A&R Revenue Sharing Agreement adds language on how the revenues from each party are to be used prior to the Close of Escrow for the Project, including to meet the requirements of the DDA to reimburse RIDA for design work for the Phase 1A Infrastructure; and

WHEREAS, the uses for the revenues contemplated prior to the Close of Escrow and what would occur if escrow is not closed are as follows:
(1) The City may deduct amounts reimbursed to RIDA for the design, architectural work, and engineering work for the Phase 1A Infrastructure to be constructed by RIDA (Pre-Close Design Services) through a reimbursement agreement. The thirty percent design of the Phase 1A Infrastructure was delivered to RIDA in June 2019, and RIDA has continued to advance the design work up to this point. No further design work can be completed on this portion of the Project until the reimbursement is approved. Fees associated with review of the Phase 1A Infrastructure design were already advanced by the City and would be deducted from the City’s contribution of Existing Revenues through this Second A&R Revenue Sharing Agreement;

(2) The City may deduct plan review, permitting, and inspection fees in the amount that would have been incurred by RIDA to process the work for the Phase 1A Infrastructure to be constructed by RIDA based on current schedules of fees adopted by the City for such plan review, permitting, and inspection;

(3) The District and City may deduct such amounts necessary for the payment of existing or future obligations of the Authority, including without limitation, administrative fees, consultant and attorneys’ fees, and other staff reimbursements and fees (collectively, the Pre-Close Authority Expenses), as such Pre-Close Authority Expenses are memorialized in one or more operating memoranda of the parties executed by the City Manager of the City and the Executive Director of the District, without further approval of the Board or City Council. The District could advance up to $2.3 Million for Pre-Close Authority Expenses; and

(4) If escrow doesn’t close for some reason, then the District and City will each prepare an accounting of amounts they have deducted from the revenues to be contributed under the Second A&R Revenue Sharing Agreement pursuant to the above described criteria and requirements (the Pre-Close Expenses); and

(5) Should the Pre-Close Expenses of one party exceed the Pre-Close Expenses of the other party, then the party with the lower Pre-Close Expenses shall make a reimbursement sufficient to equalize the other party’s contribution (e.g. if the City has expended $2.0 million and the District has expended $1.0 million, then the combined Pre-Close Expenses total $3.0 million, with a fair-share expense of $1.5 million per party, and a reimbursement due from the District to the City in the amount of $0.5 million) (Pre-Close Expense Reimbursement); and

WHEREAS, the Second A&R Revenue Sharing Agreement requires that each of the District’s and City’s designated revenues be contributed to the Authority by no later than the date the POS for the Revenue Bonds is posted
which would be approximately thirty (30) days before the Close of Escrow. It further defines that such revenues shall be identified as restricted in the audited financial statements included in each of the District and City’s Comprehensive Annual Financial Report (CAFR), commencing with the fiscal year that ended on June 30, 2020; and

WHEREAS, the Second A&R Revenue Sharing Agreement introduces the concept of using an operating memorandum to be executed by the City Manager and Executive Director of the District, without further approval by the Board or City Council, to help the parties validate pre-Close of Escrow expenses made to the Authority by either party; and

WHEREAS, the operating memorandum would not commit additional funds to the Project, nor would it obligate the District to contribute new sources of revenue. Instead, it would allow for the District and the City to memorialize the flow of funds to pay for Pre-Close Expenses using the revenues to be contributed by the parties before the Close of Escrow; and

WHEREAS, since the operating memorandum would relate to the Authority, the operating memorandum would (1) include specifics on any instructions that the Authority shall follow upon receipt of the operating memorandum; and (2) require prompt delivery of the operating memorandum to the Treasurer of the Authority after the execution of the operating memorandum by the City Manager of the City and the Executive Director of the District; and

WHEREAS, if the Authority is unable to comply with the instructions set forth in the operating memoranda for any reason without the adoption of administrative rules or procedures or an amendment to the Amended and Restated Joint Exercise of Powers Agreement filed on August 7, 2019 as Document No. 70245 (Authority Incorporation Agreement) or the Bylaws of the Authority (Bylaws), the District and City, as the sole members of the Authority, agree to use good faith efforts to promptly adopt such administrative rules or procedures or present any modifications to the Authority Bylaws or Authority Incorporation Agreement to the Authority Board of Directors for their consideration, as necessary; and

WHEREAS, staff recommends that the BPC authorize the Executive Director, or her designee, to enter into the Second A&R Revenue Sharing Agreement in substantially the form presented to the BPC at the September 10, 2020 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District (BPC), as follows:

That the Executive Director, or her designee, is hereby authorized on behalf of the San Diego Unified Port District to enter into the Second Amended and Restated
Revenue Sharing Agreement with the City of Chula Vista for the public financing for the resort hotel and convention center and Phase 1A infrastructure improvements, in substantially the form presented to the BPC at the September 10, 2020 meeting, and attached hereto as Exhibit A.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL

________________________________
By: Assistant/Deputy

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 10th day of September, 2020 by the following vote:

AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Valderrama, and Zucchet
NAYS: None.
EXCUSED: None.
ABSENT: None.
ABSTAIN: None.

Ann Y. Moore, Chair
Board of Port Commissioners

ATTEST:

________________________________
Donna Morales
District Clerk

(Seal)
Exhibit A

Form of Second Amended and Restated Revenue Sharing Agreement

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

This Second Amended and Restated Revenue Sharing Agreement (“Agreement”), dated ______, 2020 (“Effective Date”), is entered into by and between the City of Chula Vista, a municipal corporation (“City”) and the San Diego Unified Port District, a public corporation (“District”). The City and District may be individually referred to herein as, a “Party”, and collectively as, the “Parties”.

RECITALS

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

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

WHEREAS, the City and District are parties to that certain Disposition and Development Agreement (the “DDA”) dated May 7, 2018 and filed in the Office of the District Clerk as Document No. 68398 with RIDA Chula Vista, LLC, a Delaware limited liability company (“RIDA”) which contemplates the development of a resort hotel and convention center (the “RHCC Project”) and related public infrastructure improvements; and

WHEREAS, it is expected that as part of the closing of the obligations contemplated under the DDA (“Close of Escrow”), the City and the District, through the Chula Vista Bayfront Facilities Financing Authority (the “Authority”), will issue the Revenue Bonds to support the financing of the Convention Center and the RHCC Public Improvements; and

WHEREAS, it is expected that the City and the District will contribute certain amounts pursuant to a future plan of finance (“Plan of Finance”) to support the Revenue Bonds, as contemplated in the Financing Agreement and the Parties are currently negotiating such agreement; and

WHEREAS, Section 4.7(e) of the DDA provides that the District and the City shall reimburse RIDA in cash for any and all funds expended prior to the Close of Escrow (as defined in the DDA) by RIDA in connection with the design, architectural work, and engineering work for the Developer’s Phase 1A Infrastructure Improvements (as defined in the DDA) as set forth in Scope of Development (as defined in the DDA), prior to the Close of Escrow (as defined in the DDA) in accordance with, to the extent applicable, Chula Vista Municipal Code 2.56.160.H, including the reimbursement procedure set forth therein, and any applicable agreements implementing Chula Vista Municipal Code 2.56.160.H (“Pre-Close Design Services”); and

WHEREAS, the City has agreed to a mechanism to reimburse RIDA for the Pre-Close Design Services; and
WHEREAS, the City has negotiated and anticipates entering into a Reimbursement Agreement with RIDA that complies with Section 4.7(e) of the DDA and sets forth the mechanism to reimburse RIDA for the Pre-Close Design Services (“Pre-Close Design Services Reimbursement Agreement”); and

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

WHEREAS, the City and the District entered into that certain Revenue Sharing Agreement dated April 24, 2018 filed in the Office of the District Clerk as Document No. 68392 (the “Original RSA”); and

WHEREAS, the City and District entered into that certain Amended and Restated Revenue Sharing Agreement dated November 19, 2019 and filed in the Office of the District Clerk as Document No. 70911 (the “Amended RSA”) that amended and restated in its totality the Original RSA; and

WHEREAS, the Parties desire to amend and restate in its totality the Amended RSA as set forth herein.

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

1. **Recitals.** The Recitals are incorporated herein by reference.

2. **Term.** The term of the Agreement commenced on May 7, 2018 and shall terminate concurrent with the DDA if the DDA is terminated prior to Close of Escrow. If Close of Escrow occurs, this Agreement shall terminate on the later to occur of the following dates, which shall be referred to herein as the “Agreement Termination Date”: (i) the expiration of the original term of the Revenue Bonds, regardless of whether the Revenue Bonds are paid prior to the maturity date; or (ii) thirty-eight (38) years from the date the Revenue Bonds are issued. In no event shall the term of this Agreement exceed sixty-six (66) years.

3. **Agreements.** This Agreement amends, restates, and supersedes in its entirety the Amended RSA. The Parties hereby agree as follows:

   3.1 **Revenues and Existing Revenues.** “Revenues” means, collectively, moneys in an amount equivalent to each of the following sources of revenue actually received by the City or the District on a yearly basis commencing July 1, 2018:

   A. **District**

   (i) all Ground Lease Revenues derived from:

   (a) the Other Ground Leases; provided, however, if one or more of the Other Ground Leases are renewed, replaced or amended in such a way as to change the size or configuration of the original premises to include premises outside of the original premises boundaries of all the Other Ground Leases (each a “Modified Boundary Lease”), then, for purposes of this section, the
Ground Lease Revenues derived from each Modified Boundary Lease shall be calculated by multiplying the total amount of Ground Lease Revenues generated by such Modified Boundary Lease by a fraction, the numerator of which shall be an amount equal to the Modified Boundary Lease premises still within the original premises boundary, and the denominator of which shall be the total premises area of the Modified Boundary Lease as modified. For example, if the original premises of an Other Ground Lease encompasses 5.0 acres, and the Modified Boundary Lease includes 4.0 acres of the original premises, and adds 6.0 acres of premises outside the original premises, then forty percent (40%) of the revenues paid to the District under the Modified Boundary Lease shall be included as Other Ground Leases revenues under this section (collectively, the “Other Ground Leases Revenues”); to the extent District enters into any revenue generating agreement other than a Ground Lease with respect to operations on all or any portion of the Other Ground Lease premises, such revenue, net any related out-of-pocket operating costs paid by District to third parties, shall also be included as Other Ground Leases Revenues under this section;

(b) the Tidelands Use and Occupancy Permit for the current RV Park (“RV Park TUOP”); and

(c) a replacement RV Park on parcel S1 (“Replacement RV Park”),

(d) less $3,283,970, which is the actual amount of the existing RV Park buyout payment paid solely by the District to Chula Vista Marina/RV Park, Ltd. (the existing RV Park lessee) (“Net RV Park Buyout Credit”), such amount to be amortized over a period of eight years commencing on July 1, 2018 pursuant to the schedule of credits provided in Exhibit 1, attached hereto and incorporated herein by reference (“Net RV Park Buyout Credit Schedule”), as such Net RV Park Buyout Credit Schedule and its contents may be administratively modified from time to time with the mutual consent of the City Manager of the City and the Executive Director of the District, without further approval of the Board of Port Commissioners of the District (“District Board”) or City Council of the City (“City Council”);

(ii) the annual payments to be made by the District (the “District Support Payments”) for repayment of the Revenue Bonds according to the schedule set forth in Section 4 of the Conceptual Outline of Joint Exercise of Powers Authority Plan of Finance attached to the DDA as Attachment No. 4 (the “Conceptual Plan of Finance”); and
(iii) any revenues committed by the District on or after the Effective Date of this Agreement to the RHCC Project, the RHCC Public Improvements, the RHCC Project Public Investment, the CVBMP Project, or the CVBMP Public Improvements through a resolution or ordinance of the District Board acknowledging that such revenues are committed to the RHCC Project, the RHCC Public Improvements, the RHCC Project Public Investment, the CVBMP Project, or the CVBMP Public Improvements, to be applied as Revenues in accordance with the terms of this Agreement.

B. City

(i) the TOT attributable to the RHCC Project, the RV Park TUOP, and the Replacement RV Park;

(ii) the Sales Tax;

(iii) incremental property tax (including property tax in-lieu of motor vehicle license fees) generated by the RHCC Project;

(iv) PMSA Revenues, excluding any increase in PMSA Revenues above the amounts described in the PMSA as may be negotiated by the Parties in future municipal service agreements until the Agreement Termination Date;

(v) special tax proceeds (“Special Tax Revenues”) of the Bayfront Project Special Tax Financing District (“Special Tax District”), pursuant to Section 4.2.2(d) of the Financing Agreement, equal to the annual amount used to repay the Revenue Bonds; and

(vi) any revenues committed by the City on or after the Effective Date of this Agreement to the RHCC Project, the RHCC Public Improvements, the RHCC Project Public Investment, the CVBMP Project, or the CVBMP Public Improvements through a resolution or ordinance of the City Council acknowledging that such revenues are committed to the RHCC Project, the RHCC Public Improvements, the RHCC Project Public Investment, the CVBMP Project, or the CVBMP Public Improvements, to be applied as Revenues in accordance with the terms of this Agreement.

C. As used herein, “Existing Revenues” means, collectively, moneys in an amount equivalent to each of the following sources of Revenue actually received by each Party, from and after July 1, 2018:

(i) all Ground Lease Revenues derived from:

(a) the Other Ground Leases Revenues;

(b) the RV Park TUOP; and
(c) the Replacement RV Park,

(d) less from the total of (a) through (c) above, the amount of the Net RV Park Buyout Credit that shall be deducted in accordance with the Net RV Park Buyout Credit Schedule;

(ii) the TOT attributable to the RV Park TUOP and the Replacement RV Park; and

(iii) the PMSA Revenues.

Any Existing Revenues not already remitted to the Authority shall be remitted to the Authority by no later than the date the Preliminary Official Statement for the Revenue Bonds is posted on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website (the “Contribution Date”). No interest will accrue with respect to the Existing Revenues contributed by the City or the District prior to the Contribution Date. Should either Party elect to retain the Existing Revenues for the period from and after July 1, 2018 to the Contribution Date, such Existing Revenues shall be reported as restricted in the audited financial statements included in each Party's Comprehensive Annual Financial Report (“CAFR”), commencing with each Party's CAFR for the fiscal year ended June 30, 2020.

3.2 Use of Existing Revenues Prior to Close of Escrow. Existing Revenues may be expended by the Parties prior to the Contribution Date pursuant to the following terms:

A. The City may deduct the Pre-Close Design Services paid by the City to RIDA pursuant to the Pre-Close Design Services Reimbursement Agreement;

B. The City may deduct plan review, permitting, and inspection fees in the amount that would have been incurred by RIDA to process the work for the Developer’s Phase 1A Infrastructure Improvements (as defined in the DDA) based on current schedules of fees adopted by the City for such plan review, permitting, and inspection; and

C. The Parties may deduct such amounts necessary for the payment of existing or future obligations of the Authority, including without limitation, administrative fees, consultant and attorneys’ fees, and other staff reimbursements and fees (collectively, the “Pre-Close Authority Expenses”), as such Pre-Close Authority Expenses are memorialized in one or more operating memoranda of the Parties executed by the City Manager of the City and the Executive Director of the District, without further approval of the District Board or City Council.

D. Should Close of Escrow not occur within the timeframes provided in the DDA, and such time frames are not extended or otherwise tolled by mutual agreement of the Parties, the Parties shall each prepare an accounting of amounts deducted from the Existing Revenues pursuant to Sections 3.2(A) through (C) above to the extent that pre-closing expenses have been approved by both parties as set forth in the agreed upon administrative procedures (the “Pre-Close Expenses”).
Should the Pre-Close Expenses of one Party exceed the Pre-Close Expenses of the other Party, then the Party with the lower Pre-Close Expenses shall make a reimbursement sufficient to equalize the Pre-Close Expenses between the Parties (e.g., if the City has expended $2.0 million and the District has expended $1.0 million, then the combined Pre-Close Expenses total $3.0 million, with a fair-share expense of $1.5 million per Party, and a reimbursement due from the District to the City in the amount of $0.5 million, the “Pre-Close Expense Reimbursement”). The Pre-Close Expense Reimbursement shall be made within thirty (30) days of the Parties’ mutual agreement as to the amount of such payment.

3.3 Use of Existing Revenues at Close of Escrow. Any Existing Revenues that are not expended or deducted as permitted by this Agreement shall be applied at the Close of Escrow pursuant to the Plan of Finance.

3.4 Use of Revenues Post Close of Escrow. After the Close of Escrow, the Parties will contribute the Revenues to the Authority until the Agreement Termination Date, pursuant to the Plan of Finance. For each bond year of the Revenue Bonds, the Authority shall apply all of the Revenues to the payment of debt service that is due and payable on the Revenue Bonds and any required debt service reserve of the Revenue Bonds. After such debt service has been paid, any Revenues remaining (the “Residual Revenues”), together with the RIDA Lease Payments (as defined below) received by the Authority, shall be applied in the following order of priority:

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

2. To reimburse the City and the District pari passu for any amounts either Party actually paid or contributed to the County of San Diego (“County”) pursuant to the Chula Vista Bayfront Project Funding Agreement by and among the County, the City, the District and the Chula Vista Bayfront Facilities Financing Authority (“Funding Agreement”); then

3. To reimburse the City an amount equivalent to the actual funds expended by the Special Tax District for the construction of the Parking Garage (as defined in Section 3.8), not otherwise reimbursed to the City by the District as further described in Section 3.8 below; then

4. To reimburse the City for 73.6% of the cumulative actual, direct costs incurred by the City to provide fire service within the CVBMP Project Area, which is the proportionate share of such costs attributable to the RHCC Project and not previously reimbursed to the City (provided that such 73.6% reflects amounts for which the City is entitled to reimbursement in addition to any payments the City receives under the PMSA for fire services, as the PMSA may be amended by the Parties; reimbursement to the City under this paragraph shall not be reduced by the amount of PMSA Revenues received by the City); then
5. To reimburse the City and the District on a proportionate, pro-rata basis, for each Party’s contribution of the Existing Revenues, as of Close of Escrow; then

6. To reimburse the City and the District on a proportionate, pro-rata basis, for each Party’s contribution of Existing Revenues after the Close of Escrow, continuing to the Agreement Termination Date; then

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

8. Any Revenues remaining after the payments described in Items (1) through (7) above will be equally distributed between the City and the District.

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

3.5 **RIDA Lease Payments.** Pursuant to the ground lease between the District and RIDA for the RHCC to be executed at the Close of Escrow (as defined in the DDA) (the “Ground Lease”), RIDA is expected to pay Minimum Annual Rent to the District together with any and all amounts payable by RIDA to the District under the Ground Lease, including but not limited to, Additional Rent (as defined in the Ground Lease) and the Assignment Participation Fee (as defined in the Ground Lease), but excluding any amounts paid for parking (“RIDA Lease Payments”). The District shall remit all RIDA Lease Payments actually received from RIDA under the Ground Lease to the Authority within thirty (30) days following the District’s receipt of such RIDA Lease Payments. The District’s obligation to remit the RIDA Lease Payments to the Authority shall cease on the Agreement Termination Date.

3.6 **Parks.** Section 4.2.2(g) of the Finance Agreement provides that the District and the City will cooperate in good faith and use their respective best efforts to negotiate an agreement (“Park Agreement”) which grants the City a nonexclusive, joint-use right or other interest in the areas designated for public park use within the CVBMP Project Area (the “Park Areas”). The Park Agreement is anticipated to provide that as and when the City collects Parkland Acquisition and Development (“PAD Fees”), or other such park related impact fees as may be adopted in the future, from developments in the CVBMP Project Area (collectively, the “PAD Fees”), the City will pay the acquisition component of such PAD Fees to the District, or an amount equivalent to the acquisition component of the PAD Fees, as rent under the Park Agreement (the “Park Rent”). To the extent that the City pays the District Park Rent, the District shall contribute the Park Rent actually received to the Authority and the Authority shall use the Park Rent to reimburse the Parties for O&M Costs actually paid by each of the Parties, subject to the Plan of Finance.

3.7 **Operations & Maintenance Costs.** The City and District agree to generally split the operation and maintenance costs (“O&M Costs”) for the RHCC Public Improvements. The District will be responsible for the O&M Costs of the parks and all related public infrastructure located within the parks. The City will be responsible for the O&M Costs of the streets and sanitary sewers. The City and District will split the O&M Costs payable pursuant to that certain Chula Vista Bayfront Master Plan Natural Resources
Management Plan filed June 6, 2016 in the Office of the District Clerk as Document No. 65065 that are not the responsibility of a third party (“NRMP Costs”). The NRMP Costs shall be shared equally by the District and the City and shall not exceed $300,000 a year for each year of the term of this Agreement (“NRMP Cap”); provided, however, the NRMP Cap shall not limit the obligations of the City or the District pursuant to any other agreement to which the City or the District is a party. The City will be responsible for funding the Transit Plan and operational costs of shuttle services as set forth in Section 7.2 of the Financing Agreement in accordance with the Plan of Finance.

To the extent that the Special Tax District generates Special Tax Revenues in excess of the annual amount used to repay the Revenue Bonds, the Special Tax District shall reimburse the Parties for O&M Costs actually paid by each of the Parties in accordance with the Plan of Finance. In no event shall either Party be reimbursed for any O&M Costs that have been previously reimbursed to such Party through Special Tax Revenues or Park Rent.

3.8 **Parking Garage.** In the event that the District elects to construct a Parking Garage on Parcel H-3 that is intended principally to serve the convention center component of the RHCC (the “Parking Garage”), the District may elect to pay for the Parking Garage using some or all of the Special Tax Revenues in an amount not to exceed $40,000,000. If the District elects to fund the Parking Garage using Special Tax Revenues, the District shall use such Special Tax Revenues in accordance with a separate agreement to be entered into by the Parties. The District shall designate any funds generated by the operation of the Parking Garage for the purpose of paying for the construction of the Parking Garage or reimbursing the Special Tax District for such expense (the “Parking Garage Operating Revenue Offset”).

4. **Operating Memoranda.** To the extent the Parties enter into any operating memoranda pursuant to the terms of this Agreement that requires any action(s) be taken by the Authority, the Parties shall (i) specify in the operating memoranda any instructions that the Authority shall follow upon receipt of the operating memoranda; and (ii) promptly deliver the operating memoranda to the Treasurer of the Authority after the execution of the operating memoranda by the City Manager of the City and the Executive Director of the District. If the Authority is unable to comply with the instructions set forth in the operating memoranda for any reason without the adoption of administrative rules or procedures or an amendment to the Amended and Restated Joint Exercise of Powers Agreement filed on August 7, 2019 as Document No. 70245 (“Authority Incorporation Agreement”) or the Bylaws of the Authority (“Bylaws”), the Parties, as the sole members of the Authority, shall use good faith efforts to promptly adopt such administrative rules or procedures or present any modifications to the Authority Bylaws or Authority Incorporation Agreement to the Authority Board of Directors for their consideration, as necessary.

5. **Binding Agreement.** The Parties agree that this Agreement is a binding agreement between the Parties. Notwithstanding the binding nature of this Agreement, the Parties contemplate that future implementing agreements may be needed to implement or clarify the terms of this Agreement. To that end, the Parties agree to meet and confer in good faith in response to a request by either Party regarding the implementation or clarification of this Agreement.
6. **Event of Default.** An “Event of Default” will occur under this Agreement when: (a) there is a material breach of any material condition, covenant or promise set forth herein; (b) written notice thereof has been given to the Party in breach; and (c) such breach has not been cured within ten (10) business days after such notice was given to the Party in breach. In the event the breach cannot reasonably be cured within such ten (10) business day period, the Party in breach must commence cure of the breach within such ten (10) business day period and thereafter diligently proceed to cure such breach. A waiver by either Party of any such breach shall not be construed as a waiver of any succeeding breach of the same or other condition, covenant or promise.

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

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

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

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

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

12. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be the original and all of which shall constitute one and the same document.

13. **Electronic Signatures.** The words “execution”, “execute”, “signed”, “signature”, and words of like import in or related to any document signed or to be signed in connection with this Agreement and the transaction contemplated hereby shall be deemed to include electronic signatures, contract formations on electronic platforms approved by the Parties, or the keeping of such electronic signatures and electronic contracts in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National
Commerce Act, the California Uniform Electronic Transaction Act, or any other similar state
laws based on the Uniform Electronic Transactions Act.

[Signatures appear on following page.]
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and the year first set forth above.

CITY:

CITY OF CHULA VISTA

By:__________________________________
Mary Casillas Salas, Mayor

ATTEST:

___________________________________
Kerry K. Bigelow, City Clerk

APPROVED AS TO FORM:

___________________________________
Glen R. Googins, City Attorney

DISTRICT:

APPROVED AS TO FORM AND LEGALITY: SAN DIEGO UNIFIED PORT DISTRICT, a public corporation

By:__________________________________
Thomas A. Russell

By:__________________________________
Name:
Its:
### Exhibit 1
Net RV Park Buyout Credit Schedule

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<tr>
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Note: The total rent credit was reduced from $4,329,614 to $3,283,970 based on a permitted rent credit applied to the Chula Vista Marina lease as partial payment of the RV Park Buyout. This therefore will reduce the Chula Vista Marina rent actually received by the District from the tenant by $1,045,644 until November 31, 2021.
Certificate Of Completion

Envelope Id: 3A56AA2F592D4E65B8BF9675F2EBA88A
Status: Completed
Subject: Please DocuSign: Resolution No. 2020-080 - E Alonso.pdf
Source Envelope:
Document Pages: 22
Certificate Pages: 5
AutoNav: Enabled
EnvelopedStamping: Enabled
Time Zone: (UTC-08:00) Pacific Time (US & Canada)
Signatures: 3
Initials: 0
Stamps: 1
Envelope Originator:
Gabby Livingston
3165 Pacific Highway
San Diego, CA  92101
glivingston@portofsandiego.org
IP Address: 207.215.153.162

Record Tracking
Status: Original
9/22/2020 8:00:36 AM
Holder: Gabby Livingston
glivingston@portofsandiego.org
Location: DocuSign
Security Appliance Status: Connected
Pool: StateLocal
Storage Appliance Status: Connected
Pool: San Diego Unified Port District

Signer Events
Signature
Timestamp
Elizabeth Alonso
ealonso@portofsandiego.org
Deputy General Counsel
Security Level: Email, Account Authentication (None)
Signature Adoption: Pre-selected Style
Using IP Address: 207.215.153.162
Sent: 9/22/2020 8:07:58 AM
Viewed: 9/24/2020 8:08:02 AM
Signed: 9/24/2020 8:52:31 AM

Electronic Record and Signature Disclosure:
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Ann Y. Moore
amoore@nmalawfirm.com
Security Level: Email, Account Authentication (None)
Signature Adoption: Pre-selected Style
Using IP Address: 68.101.176.8
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Donna Morales
dmorales@portofsandiego.org
District Clerk
San Diego Unified Port District
Security Level: Email, Account Authentication (None)
Signature Adoption: Pre-selected Style
Sent: 9/24/2020 10:12:49 AM
Signed: 9/24/2020 10:14:41 AM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Gabby Livingston
glivingston@portofsandiego.org
Document Management Associate-ODC
Port of San Diego
Security Level: Email, Account Authentication (None)
Using IP Address: 207.215.153.162

Electronic Record and Signature Disclosure:
Not Offered via DocuSign
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ELECTRONIC RECORD AND SIGNATURE DISCLOSURE
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Withdrawing your consent
If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind
If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign ‘Withdraw Consent’ form on the signing page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically
Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.
How to contact San Diego Unified Port District:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: rsanagus@portofsandiego.org

To advise San Diego Unified Port District of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at rsanagus@portofsandiego.org and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address.

In addition, you must notify DocuSign, Inc. to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from San Diego Unified Port District
To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to rsanagus@portofsandiego.org and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with San Diego Unified Port District

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an e-mail to rsanagus@portofsandiego.org and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process.

Required hardware and software

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** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

**Acknowledging your access and consent to receive materials electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the ‘I agree’ button below.

By checking the ‘I agree’ box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify San Diego Unified Port District as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by San Diego Unified Port District during the course of my relationship with you.