

**THIRD AMENDMENT TO MASTER PROPERTY TAX EXCHANGE AGREEMENT
FOR ALLOCATION OF PROPERTY TAX BETWEEN THE COUNTY OF CONTRA
COSTA AND THE CITY OF SAN RAMON UPON ANNEXATIONS**

This Third Amendment to Master Property Tax Exchange Agreement for Allocation of Property Tax Between the County of Contra Costa and the City of San Ramon Upon Annexations (this “Third Amendment”) is entered into as of this _____ day of _____, 2016, by and between Contra Costa County (“County”) and the City of San Ramon (“City”), pursuant to Resolution No. 2016/ __, adopted by the Board of Supervisors of County and Resolution No. 2016/ __, adopted by the City Council of City.

RECITALS

A. On June 3, 1986, in connection with City’s annexation of what is now known as Bishop Ranch (LAFCO Nos. 87-58 and 87-60), County and City entered into that certain Master Property Tax Exchange Agreement for Allocation of Property Tax Between the County of Contra Costa and the City of San Ramon Upon Annexations, which is attached hereto as Exhibit A (as amended, the “Master Agreement”), pursuant to duly adopted resolutions, and

B. Effective December 1, 1987, County and City entered into that certain Amendment to Master Property Tax Exchange Agreement for Allocation of Property Tax between the County Of Contra Costa and the City of San Ramon Upon Annexations amending the Master Agreement, pursuant to duly adopted resolutions, and

C. Effective July 24, 2007, County and City entered into that certain Second Amendment to Master Property Tax Exchange Agreement for Allocation of Property Tax Between the County of Contra Costa and the City of San Ramon Upon Annexations (the “Second Amendment”) amending the Master Agreement pursuant to duly adopted resolutions, and

D. The operative terms of the Second Amendment never came into effect because City did not provide County with either a Project Commencement Notice (as defined in the Second Amendment) or a Project Extension Notice (as defined in the Second Amendment) by November 1, 2009, and

E. City now desires to promote the development of a City Center project in Bishop Ranch that will include approximately 391,000 square feet of retail space, 450-500 residential units, 139,900 square feet of hotel space, and 700,000 square feet of office space (the “City Center Project”), and

F. City has proposed and County has agreed to amend the Master Agreement in order to facilitate development of the City Center Project, and in recognition of the additional jobs the City Center Project will create, the increase in assessed property value due to the City Center Project, and the fact that the proposed residential properties within the City Center project do not generally produce sales or transient occupancy tax revenue.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and City hereby agree as follows:

1. Property Tax Revenues.

Sections 4(g), (h), (i), and (j) of the Master Agreement are hereby deleted in their entirety and replaced with the following:

- “g. Notwithstanding anything in this agreement to the contrary, but subject to Section 4(h) below, the parties hereto agree that the total amount of property tax revenues City is to receive from County in any tax year pursuant to the foregoing provisions from the territory (i) in the Bishop Ranch Development annexed in the Central San Ramon I and II Boundary Reorganization (LAFC 87-57 and LAFC 87-58), and (ii) annexed in the Central San Ramon III Boundary Reorganization (LAFC 87-60) (collectively, the “City Center Area”) shall be reduced by an amount equal to fifty percent (50%) of the sum of the sales tax revenue and transient occupancy tax revenue received by City during the preceding tax year throughout those areas (the “Sales Tax and TOT Reduction”). Any such reduction, however, shall not result in a negative transfer of ad-valorem property tax revenues; i.e., a net transfer of ad-valorem property tax revenues from City to County.
- h. In calculating the Sales Tax and TOT Reduction under Section 4(g) above, the ad-valorem property tax revenues generated by residential units (units identified by Assessor responsibility code 1 or 2, and Assessor use codes 10 thru 29) located in the City Center Area (currently Assessor Parcel Numbers 213-133-063 and 213-133-086) (the “Excluded Residential Parcels”) shall be excluded from the Sales Tax and TOT Reduction.
- i. City shall report to County and the County Auditor-Controller by August 1 of each year: (i) the total amount of sales tax revenue received by City from the City Center Area, (ii) the total amount of transient occupancy tax revenue received by City during the preceding tax year from the City Center Area; and (iii) the ad-valorem property tax revenue generated by the Excluded Residential Parcels and a list of the residential assessor parcel numbers. County and the County Auditor-Controller have the right to audit City’s books to verify the calculations of the foregoing amounts.
- j. Except as expressly specified in this agreement, City shall not receive any part of the property tax revenue to which County would be entitled from the Bishop Ranch Development; provided, however, that this provision shall not preclude City from receiving additional portions of County’s property tax revenue as a result of other property tax exchange agreements or legislation adopted after the effective date of the annexations.”

2. Miscellaneous.

a. To the extent any provision of this Third Amendment conflicts with any provision set forth in the Master Agreement, this Third Amendment shall control.

b. This Third Amendment and the Master Agreement constitute the entire agreement between the parties hereto relating to the subject matter of this Third Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be executed as of the date first set forth above.

COUNTY OF CONTRA COSTA, a political
Subdivision of the State of California

Approved as to Form:
Sharon L. Anderson, County Counsel

By: _____
Candace Anderson, Chairperson of
the Board of Supervisors

By: _____
Eric S. Gelston
Deputy County Counsel

ATTEST: Clerk of the Board of Supervisors

By: _____
Deputy

CITY OF SAN RAMON,
a Municipal Corporation

Approved as to Form:

By: _____
Bill Clarkson, Mayor of the
City of San Ramon

By: _____
Robert Saxe, Attorney for
City of San Ramon

Attest:

By: _____
Renee Beck, Clerk of
the City of San Ramon

EXHIBIT A

Master Agreement and All Amendments

See attached.

MASTER PROPERTY TAX EXCHANGE AGREEMENT FOII ALLOCJTION OF
PROPERTY TAX- BETWEEN THE COUNTY OF CONTRA COSTA AND
CITY OF SAN MIVKJN UPON ANNEXATIONS

(I.&T.C. S99(d))

By Resolution 86/30- adopted by the Board of Supervisors of the County of Contra Costa, and by Resolution 86-57 adopted by the City Council of the City of San Francisco, the County of Contra Costa (County) and the City of San Francisco (City) agree as follows:

1. The parties hereto wish to avoid the expense and delay of negotiating a property tax exchange agreement for each annexation to the City and to avoid the uncertainties of whether agreement can be reached in time to allow orderly, planned development. Accordingly, the parties intend that, notwithstanding any future changes in the law governing property tax exchange agreements, this master property tax exchange agreement, under authority of Revenue and Taxation Code §99(d), shall bind the County and the City for the purpose of specifying the allocation of property tax revenues between the County and the City for all annexations to the City which are completed from the effective date of this Agreement until termination as set forth in Paragraph 2 herein.

2. This Agreement shall continue until terminated by mutual consent of the parties; provided, however, that any annexations completed prior to termination of this Agreement shall continue to be subject to the allocation of property taxes established by this Agreement.

3. The definitions of California Revenue & Taxation Code 595 and Government Code §§56010- 56011 shall apply herein. The following additional definitions shall apply:

- a. "Base tax" shall mean the total amount of property tax revenues subject to allocation under H.O.T.C. §§97(a) and (b), which are generated in the territory to be annexed. Notwithstanding the foregoing, base tax shall not include any property tax revenues allocated to any County free library or any amounts generated by the increased assessments under Chapter 3.5 of Part 0.5 of Division 1 of the Revenue and Taxation Code (commencing with §75).
- b. "Annual tax increment" shall mean the total amount of property tax revenues subject to allocation under I.&T.C. §§97(e) and 98, which are generated in the territory to be annexed.
- c. "Tax year" shall mean the annual period from July 1 through the succeeding June 30.
- d. "Dissolved County Service Area" shall mean the part of a County Service Area which is dissolved upon

annexation of territory of the Service Area to the City.

e. Bishop Ranch Development means the territory described on the map attached as Exhibit A hereto, being approximately 585 acres.

and for a term of five years, beginning on the date of completion of the annexation and ending on the date of the expiration of the term of the lease to which the territory is annexed.

completed, the City shall receive a total of 13.8% of the Use Tax to which any dissolved County Service Areas would be entitled and 29.8% of the Annual Tax Increment to which the County would be entitled, with the county receiving the remainder and 2) 11% of the Annual Tax Increment to which any dissolved County Service Areas would be entitled and 29.8% of the Annual Tax Increment to which the County would be entitled, with the County receiving the remainder; provided, however, that such total amount to be received by City shall be reduced by an amount equal to 50% of the sum of the sales tax revenue and transient occupancy tax revenue received by the City during the preceding tax year from the territory to be annexed. Any such reduction, however, shall not result in a "negative transfer", i.e., a net transfer from City to County. The total amount of transient occupancy tax and sales tax revenue received by the City during the preceding tax year from each territory annexed during the preceding calendar year shall be reported to the County Auditor-Controller by August 1 of each year, and the Auditor-Controller shall have the right to audit the City's books to verify such amount.

5. For each tax year after the calendar year in which an annexation of territory of the City occurs, the City shall receive a total of 1) 11% of the Use Tax to which any dissolved County Service Areas would be entitled and 13.4% of the Use Tax to which the County would be entitled, with the County receiving the remainder and 2) 11% of the Annual Tax Increment to which any dissolved County Service Areas would be entitled and 33.8% of the Annual Tax Increment to which the County would be entitled, with the County receiving the remainder.

G. This Agreement is intended to govern only annexations of territory in the present sphere of influence of the City, as shown on the map attached as Exhibit B hereto.

7. The parties intend that each annexation listed on Exhibit A be initiated by the owner of the property at approximately the time set forth in Exhibit A.

8. The effective date of this Agreement is July 1, 1981.

If any clause, sentence or paragraph of this Agreement is held void or unenforceable by a court of law, the parties intend

that the remainder of this Agreement shall continue to have full operative effect.

Dated: XJ tf fj f -----

Dated: June 3, 1986 -----

City of San Ramon

County of Contra Costa

By: [Signature]
Mayor

By: [Signature]
Chairman, Board of Supervisors

Attest:

[Signature]
City Clerk

Witnessed by cvr.t.i6.fj that the attached is a true and correct copy of the Agreement between the County of Contra Costa and the City of San Ramon upon annexation adopted by the County Board of Supervisors on June 3, 1986.

3 i U k
[Signature]
Deputy City Clerk

AMENDMENT TO MASTER PROPERTY TAX EXCHANGE AGREEMENT...

FOR ALLOCATION OF PROPERTY TAX BETWEEN THE COUNTY

OF CONTRA COSTA AND THE CITY OF SAN RAMON

UPON ANNEXATIONS

The county of contra Costa ("County") and City of San Ramon ("City") hereby agree that the Master Property Tax Exchange Agreement or Allocation of Property Tax Between the County of Contra Costa and City of San Ramon Upon Annexations, adopted by Resolution 86/305 of the Board of supervisors of Contra Costa County and Resolution 86/57 of the city council of the City of San Ramon, (hereafter the "Agreement") is amended as follows:

1. Paragraphs 3, 4 and 7 of the Agreement are hereby deleted in their entirety.
2. The annexation of the Bishop Ranch Development to the City, along with the annexation of such other territory as has been included in the Central San Ramon I and II Boundary Reorganization (LAFC 87-57 & 58) (hereafter the "Reorganization") and the Central San Ramon III Boundary Reorganization (LAFC 87-60), shall not be opposed by the County.
3. The definitions of the California Revenue & Taxation Code sections 95 and Government Code SS 56010-56081 shall apply herein. The following additional definitions shall apply:
 - a. "Base tax" shall mean the total amount of property tax revenues subject to allocation under R.&T.C. SS 97(a) and (b), which are generated in the identified territory. Notwithstanding the foregoing, base tax shall not include any property

- .. tax. revenues allocated to any Coty free librry or any amounts .generated by the increased assessments .under Chapter 3.5 of Part O.S of Division lof the Revenue and Taxation Code (commencing with s 75).
- b. "Annual tax increment" shall mean the total amount of property tax revenues subject to allocation . under R. & T.C. S 97(c) and 98, which are generated in the identified territory.
- c-. "Tax year" or "fiscal year" shall mean toe annual period from July 1 through the succeeding June 30.
- d. "Dissolved county Service Area" shall mean the part of a county Service Area which is dissolved upon annexation of territory of the service Area to the City. For purposes of this Agreement, a County-service Area shall be deemed a local agency different than the county and having a property tax allocation separate from the cunty. Base tax and annual -tax increment entitlement\$ frem Dissolved County Service Areas shall be separate from any entitlements due rom the county.
- e. Bishop Ranch Development means the territory described on the map attached as EXhibit A to the original Agreement , being approximately 585 acres , except that th• area known as BR4 and ident fied on said Exhibit A as "Hotel/Retail/Health Club" shall not be deemed a part of the Bishop Ranch. Development for purposes of this Agreement until it

is annexed to the City. Upon annexation, said BR4 area shall be deemed a part of the Bishop Ranch Development for purposes of this Agreement. If the annexation of said BR4 area is not completed in 1987, the provisions of this Agreement relating to specific tax years (e.g., the first tax year after the calendar year of annexation) shall apply at such later times as are appropriate.

f "Phasing Plan Property" shall mean the properties, including land and all existing and currently planned improvements, for the areas known as BR15 and BR17 and for the areas covered by the Development Plan Approvals specified in Paragraph 2.4 of the February 27, 1987 Bishop Ranch Development Agreement By and Between The county Of Contra Costa and Granada Sales, Inc., Annabel Invest ent Company, and Alexander Properties Company Relative To The Development Known As Bishop Ranch (hereafter the "Development Agreement"), except for the areas shown as BR2, BR11, BR12 and BR6 on Exhibit A to the original property tax exchange Agreement. Phasing Plan Property shall include, but not be limited to, all existing and currently planned improvements in the areas known as BR 15, 7, 9 15, and 17, which areas are designated as "Future BR Development" on the Phasing Plan of Exhibit A to the original property tax exchange Agreement. For purposes of this Agreement, "currently planned improvements" shall

mean 1) those improvements shown on any preliminary development plan that has been approved by the County and specified in Par. 2.4 of the Development Agreement and 2) those improvements shown on any preliminary development plan that has been approved by the City, as of the end of 1987, for the areas of the Bishop Ranch Development known as BR15 and BR17.

g. "Other Property" shall mean all existing and future property in the Bishop Ranch Development except property defined as Phasing Plan Property.

h. "County AT1 Entitlement" shall mean the amount of annual tax increment revenues which the County would receive if no transfer of taxes to the City occurred for the tax year in question.

i. "Completed Portion" shall mean all parts of Phasing Plan Property for which, by the end of the tax year one year prior to the tax year for which allocation is being made (e.g., by the June 30, 1988 end of the tax year 1987-8 for the allocation tax year beginning July 1, 1989):

1) Construction has been completed, as evidenced by the City's issuance of a certificate of occupancy or comparable document evidencing completion issued by the county,

and 2) The county Assessor has enrolled a new base year value as a result of the completed new construction.

4 . For the Sishop Ranch Development ,. the transfer of property tax revenues from the County to the City shall be as follows:

- a. in the first tax year after the calendar year in which the Reorganization is completed, the City shall receive from the County an amount equal to 13.8% of the County's total property tax revenues from all property in the Bishop Ranch Development for the prior tax year, which shall be known as the city's initial base tax entitlement. As part of its total base tax entitlement (specified in Paragraph 4f. below) in each of the tax years succeeding the first tax year after the calendar year in which the Reorganization is completed, the City shall receive from the county the dollar amount of the City's initial base tax entitlement.
- b. In addition to the amount received by the City from the County each year pursuant to Paragraph 4a, the City shall receive all base tax to which all Dissolved county Service Areas would have been entitled for the tax year.
- c. In each tax year after the calendar year in which the Reorganization is completed, the city shall receive from the county an amount equal to 29.8% of the County ATI Entitlement fom Other Property in the Bishop Ranch pevelopment and from the Completed Portion of the Phasing Plan Property.
- d. I each ax year after the calendar year in which the Reorganization is completed, the city shall receive

from the County an amount equal to 21.8% of the County's ATI Entitlement from Phasing Plan Property that is not part of the Complete Portion. Notwithstanding the foregoing, taxes resulting from any assessed value increase attributable to any change of ownership occurring in the tax year prior to the tax year for which allocation is being made shall be deemed taxes from the completed Portion of the Phasing Plan Property, so that the city shall receive an amount equal to 29.8% of the county ATI Entitlement thereon. Prior to July 15 of the tax year for which allocation is being made, the City shall notify the County Auditor of any such taxes attributable to such changes of ownership.

- e. In addition to the foregoing amounts received by the City, for each tax year after the calendar year in which the Reorganization is completed the City shall receive all the annual tax increment to which any Dissolved County Service Areas would have been entitled for the tax year.
- f. For tax years succeeding the tax year after the calendar year in which the Reorganization is effective, the City's total base tax entitlement from the county for the Bishop Ranch Development shall be the sum of the City's initial base tax entitlement (specified in Paragraph 4a, above) plus the total of all annual tax increment amounts received by the City from the county for all prior years pursuant to

Paragraphs 4c and 4d, above.

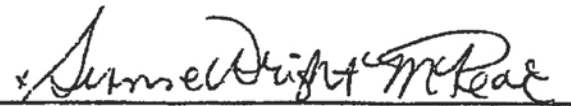
9. Notwithstanding anything in the foregoing to the contrary, the Parties hereto agree that the total amount of property tax revenues the city is to receive from the County in any tax year pursuant to the foregoing provisions from the territory of the Bishop Ranch Development annexed in the Central San Ramon I and II Boundary Reorganization (LAF 87-57 and 58) shall be reduced by an amount equal to 50% of the sum of the sales tax revenue and transient occupancy tax revenue received by the City during the preceding tax year throughout that area. Any such reduction, however, shall not result in a "negative transfer", i.e., a net transfer from city to county.
- h. Notwithstanding anything in the foregoing to the contrary, the Parties hereto agree that the total amount of property tax revenues the City is to receive from the county in any tax year pursuant to the foregoing provisions from the area annexed in the central San Ramon III Boundary Reorganization (LAF 87-60) shall be reduced by an amount equal to 50% of the sum of the sales tax revenue and transient occupancy tax revenue received by the city during the preceding tax year throughout that area. Any such reduction, however, shall not result in a "negative transfer", i.e., a net transfer from City to county.
- i. The total amount of transient occupancy tax and sales tax revenue received by the City during the preceding

tax year, as specified in Paragraph 4g. and 4h., above, shall be reported to the County Auditor-Controller by August 1 of each year, and the Auditor-Controller shall have the right to audit the City's books to verify such amount.

- j. Except as expressly so specified hereinabove, the City shall receive no part of the property tax revenue to which the County would be entitled from the Bishop Ranch Development; provided, however, that this provision shall not preclude the city from receiving additional portions of the County's property tax revenue as a result of other property tax exchange agreements OR legislation adopted after the effective date of the annexations.

Dated:
county of Contra Costa

Dated:
City of San Ramon

By: 

By: 

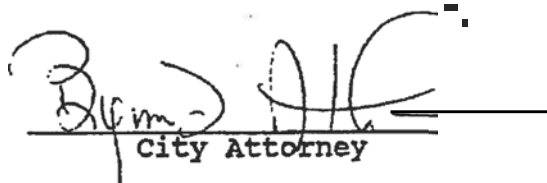
Chair, Board of Supervisors
Pursuant to Resolution
8711/S- adopted 1.2a/r7

Mayor
Pursuant to City Council
Resolution 87/169
adopted 11/17/87

Approved as to Form:

Approved as to Form:


County Counsel


City Attorney

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA

Adopted this Resolution on July 24, 2007 by the following vote:

AYES: GIOIA, WILKEMA, BONILLA, GLOUER & PEPHO

NOES: —

ABSENT:

ABSTAIN:



SUBJECT: Second Amendment to Master Property Tax Exchange Agreement for Allocation of Property Tax between the County of Contra Costa and City of San Ramon Upon Annexations

Resolution No. 2007/370

WHEREAS, effective June 3, 1986, pursuant to County Resolution 86/305 and City of San Ramon Resolution 86-57, County and City entered into the Master Property Tax Exchange Agreement for Allocation of Property Tax Between the County of Contra Costa and City of San Ramon Upon Annexations (as amended by the first amendment thereto, the "Master Agreement"), which governs the administration of property, sales, and transient occupancy taxes for the Bishop Ranch annexation; and

WHEREAS, City and County have agreed to amend the Master Agreement for a period of twenty-five years in order to aid City in the development of parking structures that will serve its City Center Project to be constructed in Bishop Ranch.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY that City's portion of property taxes for Assessor Parcel Nos. 213-133-086; 213-120-013, and 213-133-063 shall not be reduced as set forth in the Master Agreement but shall be apportioned pursuant to the Second Amendment to Master Property Tax Exchange Agreement For Allocation Of Property Tax Between The County of Contra Costa and The City of San Ramon Upon Annexations.

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown

ATTESTED: 07/24/2007

John Cullen, Clerk of the Board of Supervisors
And County Administrator

By _____ Deputy

Contact: Rich Seithel, CAO
cc: Auditor-Controller - Attn: Sue Turner
County Counsel

RESOLUTION NO. 2007-128

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAMON
AUTHORIZING THE MAYOR TO APPROVE THE SECOND AMENDMENT TO
THE MASTER PROPERTY TAX EXCHANGE AGREEMENT FOR
ALLOCATION OF PROPERTY TAX BETWEEN THE
COUNTY OF CONTRA COSTA AND THE CITY OF SAN RAMON UPON
ANNEXATIONS (APNs: 213-133-086, 213-133-063, and 213-120 013)

WHEREAS, on June 3, 1986, in connection with City's annexation of what is now known as Bishop Ranch (LAFCO Nos. 87-58 and 87-60), County and City entered into that certain Master Property Tax Exchange Agreement for Allocation of Property Tax between the County Of Contra Costa and the City of San Ramon Upon Annexations pursuant to duly adopted resolutions, and

WHEREAS, effective December 1, 1987, County and City entered into that certain First Amendment to Master Property Tax Exchange Agreement for Allocation of Property Tax between the County Of Contra Costa and the City of San Ramon Upon Annexations (the "First Amendment"), amending the Master Agreement, pursuant to duly adopted resolutions, and

WHEREAS, City now desires to promote the development of a City Center project in Bishop Ranch which will include approximately 650,000 square feet of retail space, 450-500 residential units, a 170 room hotel, 700,000 square feet of office space and a San Ramon City Hall and Library (the "City Center Project"), on the Excluded Parcels (as such term is defined below). In order to finance the four or five parking structures necessitated by the City Center Project, City requires additional financing, and

WHEREAS, the development of the City Center Project will result in two tax exempt parcels currently owned by City (Assessor Parcel Nos. 213-133-086 and 213-120-013), being returned to the tax roll and a substantial increase in the assessed value of a third parcel (APN 213-133-063), and

WHEREAS, City has proposed and County has agreed to a Second Amendment to the Master Agreement temporarily revise the Master Agreement in order to facilitate the development of the City Center Project parking structures.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of San Ramon approves the Second Amendment to the Master Agreement and authorizes the Mayor to execute the Second Amendment (attached hereto as Exhibit 1).

Signatures on the following page

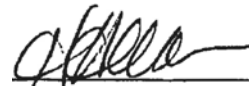
PASSED, APPROVED, AND ADOPTED on this 10th day of July 2007 by the following vote:

AYES: *COUNCILMEMBERS HUDSON, LIVINGSTONE, PERKINS, ROWLEY
AND MAYOR WILSON*

NOES:

ABSENT:

ABSTAIN:



H. Abram Wilson, Mayor

ATTEST:

c;;;l&>

Patricia Edwards, City Clerk

Exhibit 1: Second Amendment to the Master Property Tax Exchange Agreement for Allocation of Property Tax Between the County of Contra Costa and the City of San Ramon Upon Annexations

SECOND AMENDMENT TO THE
MASTER PROPERTY TAX EXCHANGE AGREEMENT FOR
ALLOCATION OF PROPERTY TAX BETWEEN THE
COUNTY OF CONTRA COSTA AND THE
CITY OF SAN RAMON UPON ANNEXATIONS

This Second Amendment to Master Property Tax Exchange Agreement for Allocation of Property Tax between the County Of Contra Costa and the City of San Ramon Upon Annexations (this "Second Amendment") is entered into as of this 24th day of July, 2007, by and between Contra Costa County ("County") and the City of San Ramon ("City"), pursuant to Resolution No. 2007/370, adopted by the Board of Supervisors of County and Resolution No. 2007-128, adopted by the City Council of City.

WHEREAS, on June 3, 1986, in connection with City's annexation of what is now known as Bishop Ranch (LAFCO Nos. 87-58 and 87-60), County and City entered into that certain Master Property Tax Exchange Agreement for Allocation of Property Tax between the County Of Contra Costa and the City of San Ramon Upon Annexations (attached hereto as Exhibit A, as amended by the First Amendment, the "Master Agreement"), pursuant to duly adopted resolutions, and

WHEREAS, effective December 1, 1987, County and City entered into that certain Amendment to Master Property Tax Exchange Agreement for Allocation of Property Tax between the County Of Contra Costa and the City of San Ramon Upon Annexations (the "First Amendment"), amending the Master Agreement, pursuant to duly adopted resolutions, and

WHEREAS, City now desires to promote the development of a City Center project in Bishop Ranch which will include approximately 650,000 square feet of retail space, 450-500 residential units, a 170 room hotel, 700,000 square feet of office space and a San Ramon City Hall and library (the "City Center Project"), on the Excluded Parcels (as such term is defined below). In order to finance the four or five parking structures necessitated by the City Center Project, City requires additional financing, and

WHEREAS, the development of the City Center Project will result in two tax exempt parcels currently owned by City (Assessor Parcel Nos. 213-133-086 and 213-120-013), being returned to the tax roll and a substantial increase in the assessed value of a third parcel (APN 213-133-063), and

WHEREAS, City has proposed and county has agreed to temporarily revise the Master Agreement in order to facilitate the development of the City Center Project parking structures.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and City hereby agree as follows:

A. Property Tax Revenues.

The following sections shall be added to the Master Agreement immediately following Section 4(j):

I. "k. (i) For a temporary period of time commencing no earlier than County fiscal year 2010-2011 and no later than County fiscal year 2011-2012, and ending on June 30 of the County fiscal year that is twenty-five (25) years thereafter, which shall in no event be later than County fiscal year 2036-2037 (such period of time, the "**Modification Period**"), Assessor Parcel Nos. 213-133-086, 213-120-013 and 213-133-063 (as described in Exhibit B attached hereto, the "**Excluded Parcels**"), shall be excluded from the provisions of Sections 4(g) and 4(h) hereof and the property tax revenues received by City that are derived from the Excluded Parcels shall not be subject to reduction as provided in Sections 4(g) and 4(h).

(ii) It is intended that the Modification Period begin in County fiscal year 2010-2011 and end in County fiscal year 2035-2036. However, if and only if County receives notice from City no later than November 1, 2009 that the City Center Project has been delayed and that it is thereby requesting that the Modification Period begin in County fiscal year 2011-2012 (the "**Extension Notice**"), then upon County's receipt of the Extension Notice, the Modification Period shall begin in County fiscal year 2011-2012 and end in County fiscal year 2036-2037.

(iii) City shall provide the Extension Notice to each of the County departments set forth below via registered mail, return receipt requested or via a nationally recognized overnight courier. Failure to comply with the notice procedures set forth herein shall render the Extension Notice ineffective.

Contra Costa County Auditor-Controller
Attn: Auditor Controller
625 Court Street
Martinez, CA 94553

Contra Costa County Administrator's Office
Attn: County Administrator
651 Pine Street, 10th Floor
Martinez, CA 94553

Contra Costa County Counsel's Office
651 Pine Street, 9th Floor
Martinez, CA 94553"

2. "J. Notwithstanding anything in *this* Agreement to the contrary, on an annual basis during the Modification Period, the total amount of property tax revenues City is to receive from County in any tax year pursuant to the foregoing provisions from the Excluded Parcels shall be reduced by Twenty-Four Thousand Seven Hundred Forty-Five Dollars and No/100ths (\$24,745.00). The foregoing amount of property taxes that is to be retained by County shall be increased by two-percent (2%) annually during the Modification Period."
3. "m. As set forth in Sections 4(k) and 4(1), the provisions therein are temporary and only effective during the Modification Period. Upon the termination of the Modification Period, the Excluded Parcels shall be subject to the provisions of Sections 4(g) and 4(h) and Sections 4(k) and 4(1) shall no longer be operative or effective."

B. Automatic Termination.

1. As set forth in the recitals above, the purpose of this Second Amendment is to assist in the development of the City Center Project and not for any other purpose. Accordingly, this Second Amendment shall automatically terminate as set forth below unless City provides notice to County that either:

- a. In the event County has not received the Extension Notice pursuant to Section A(l) above, then City shall provide notice to County no later than November 1, 2009 that the Excluded Parcels are owned by Sunset Development Company and that the City Center Project is under construction or will begin construction within six months of the date of the notice (the "Project Commencement Notice"). In the event County has not received either the Extension Notice or the Project Commencement Notice by November 1, 2009, this Second Amendment shall automatically terminate on November 2, 2009 pursuant to this section and Sections 4(k), (l) and (m) shall be automatically deleted from the Master Agreement in their entirety and the amendments made to the Master Agreement by this Second Amendment will be considered null and void *ab initio*; or

- b. In the event County has received the Extension Notice as required by Section A(l) above, then City shall provide the Project Commencement Notice to County no later than November 1, 2010. In the event County does not receive the Project Commencement Notice by November 1, 2010, this Second Amendment shall automatically terminate on November 2, 2010 pursuant to this section and Sections 4(k), (l) and (m) shall be automatically deleted from the Master Agreement in their entirety and the amendments made to the Master Agreement by this Second Amendment will be considered null and void *ab initio*.

2. The Project commencement Notice shall be provided to County by City in the same manner and to the same County addressees as set forth in Section A(1) above and such notice shall be ineffective if otherwise provided.

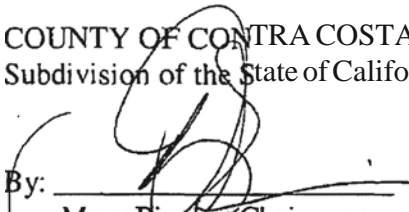
C. Miscellaneous.

1. Exhibits A and B attached hereto and referenced herein are deemed incorporated herein and are made a part hereof. To the extent any provision of this Second Amendment conflicts with any provision set forth in the Master Agreement, this Second Amendment shall control.

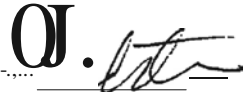
2. This Second Amendment and the attachments constitute the entire agreement between the parties hereto relating to the subject matter of this Second Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed as of the date first set forth above.


COUNTY OF CONTRA COSTA, a political
Subdivision of the State of California

By: 
Mary Piepho, Chairperson of
the Board of Supervisors

Approved as to Form:
Silvano B. Marchesi, County Counsel

By: 
Eric S. Elston,
Deputy County Counsel

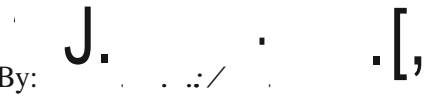
ATTEST: Clerk of the Board of Supervisors

By: 
Deputy


CITY OF SAN RAMON,
a Municipal Corporation

By: 
Abram Wilson, Mayor of the
City of San Ramon

Approved as to Form:

By: 
Johnathan Athan, Attorney for
City of San Ramon

Attest:


Patricia Edwards, Clerk of
the City of San Ramon