

**Amendment No. 1 to
Reimbursement Agreement Between
March Joint Powers Authority
and United States Veterans Initiative**

This Amendment No. 1 (“Amendment”) to the Reimbursement Agreement is dated as of February 1, 2012 (“Effective Date”), by and between the March Joint Powers Authority, a California Joint Powers Authority established under the laws of the State of California and the successor agency to the March Joint Powers Redevelopment Agency (“March JPA”), and the United States Veterans Initiative (“Applicant”). March JPA and Applicant shall sometimes individually be referred to in this Amendment as “Party” and collectively as “Parties.”

RECITALS

A. March JPA and Applicant have a mutual interest in Applicant’s development of certain real property (“Property”) located within the former March Joint Powers Redevelopment Agency’s (“March RDA”) March Air Force Base Redevelopment Project Area (“Project Area”) as a housing facility for homeless and at-risk military veterans and veterans and their families. Applicant is in the process of submitting applications for various discretionary and/or ministerial land use approvals for the development of the Property, including, without limitation, a Plot Plan (collectively, “Project”).

B. March RDA and Applicant have entered into that certain Reimbursement Agreement dated September 15, 2010 (“Agreement”). The Agreement establishes the terms by which March RDA will reimburse Applicant for costs incurred by Applicant to retain the services of various consultants for design and environmental review services for the Project and development of the Project on the Property.

C. March RDA issued March Air Force Base Redevelopment Project Tax Allocation Bonds, Series 2011B (“Series B Bonds”) in accordance with an indenture dated February 1, 2011, and a resolution of March RDA dated February 16, 2011, to finance low and moderate income housing projects and activities within or of benefit to the Project Area, including approximately \$8 million in net proceeds of the Series B Bonds (“Net Proceeds”) deposited into March RDA’s Low and Moderate Income Housing Fund (“Housing Fund”) to be applied to the costs of the Project, as described in the Series B Bonds’ Official Statement.

D. On June 28, 2011, as part of the 2011-2012 State of California budget bill, companion bills Assembly Bill 1X 26 (“AB 26”) and Assembly Bill 1X 27 (“AB 27”) were enacted, which would dissolve all redevelopment agencies throughout the State and reallocate redevelopment agencies’ property tax increment to certain taxing entities unless the communities that created the redevelopment agencies adopted an ordinance to participate in the “Alternative Voluntary Redevelopment Program” established by AB 27 and paid an annual “community remittance” payment to their respective counties. On July 18, 2011, a Petition for Writ of Mandate was filed in the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 (“Legal Action”), challenging the constitutionality of AB 26 and AB 27 on behalf of cities, counties and redevelopment agencies. On December 29, 2011, the Supreme Court issued its final decision in the Legal Action, upholding AB 26, invalidating

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AB 27, extending all statutory deadlines under Health and Safety Code sections 34170 through 34191 (all enacted by AB 26), and dissolving all redevelopment agencies throughout the State, including the March RDA.

E. Health and Safety Code section 34172 provides that as of February 1, 2012, redevelopment agencies are dissolved and successor agencies to the redevelopment agencies become operative, and are responsible for the wind down of the redevelopment agency's affairs, under the supervision of an oversight board, until such time as the redevelopment agencies' debts are paid off, their assets liquidated and all property taxes are redirected to local taxing entities. Health and Safety Code section 34173 provides that the community that created the redevelopment agency is designated as the redevelopment agency's successor agency, unless the community elects not to take on such role. March JPA, the community that created March RDA, has elected to be March RDA's successor agency and shall take on such role.

F. Health and Safety Code section 34177(d) states that successor agencies are required to remit unencumbered balances of redevelopment agency funds, including the unencumbered balance of the Housing Fund, to the county auditor-controller for distribution to the taxing entities. However, Health and Safety Code section 34177(i) states that successor agencies are also required to use bond proceeds for the purposes for which bonds were sold.

G. March JPA and Applicant desire to enter into this Amendment in order to set forth that the Net Proceeds are not unencumbered funds, but are bond proceeds which will be used by March JPA, as successor agency to March RDA, for the purposes for which the Series B Bonds were sold – to provide a portion of the cost of the Project. The Parties also desire to establish that the Net Proceeds may be used to reimburse Applicant for costs incurred pursuant to the Agreement and for construction of the Project. Finally, the Parties desire to remove March RDA as a party to the Agreement as of February 1, 2012, because March RDA is dissolved under AB 26 as of February 1, 2012, and therefore no longer may be a party to the Agreement or its amendments because it is no longer in existence, and replace March RDA with its successor agency, March JPA.

AGREEMENT

Now, therefore, in consideration of the mutual promise contained herein, Applicant and March JPA hereby agree as follows:

1. Removal of March RDA as a Party to the Agreement; Replacement with March JPA. As of February 1, 2012, March RDA shall be removed as a party to the Agreement and any of the Agreement's amendments as a result of its dissolution under AB 26. All obligations and agreements for March RDA under the Agreement or any of the Agreement's amendments shall be obligations or agreements of its successor agency, March JPA, to the extent permitted under the law.

2. Use of Net Proceeds. Section 5(i) shall be added to the Agreement to state as follows:

(i) Upon the Agency's dissolution on February 1, 2012, under the provisions of Assembly Bill 1X 26, and the effectiveness of March Joint Powers Authority ("Authority") as the successor agency to the Agency on the same date, the full amount of the net proceeds of the

March Joint Powers Redevelopment Agency March Air Force Base Redevelopment Project Tax Allocation Housing Bonds Series 2011B ("Net Proceeds"), deposited in the former Agency's Low and Moderate Income Housing Fund in the amount of \$8,357,268.87, shall be available for the Authority to reimburse the Applicant for costs incurred pursuant to the terms of this Agreement. The Net Proceeds shall also be available to fund the construction of the Project, at such time and in such manner as the Authority shall decide is appropriate for the Net Proceeds to be disbursed for such purpose.

3. Revision of Term. Section 7 of the Agreement shall be deleted in its entirety and replaced with the following:

7. Term. The term of this Agreement shall commence on the date that this Agreement is fully executed by the parties ("Commencement Date") and shall terminate when the parties have each satisfied all of the obligations under this Agreement including, without limitation, the obligation to reimburse the Applicant for Estimated Costs and Excess Costs, whether or not paid by the Applicant to Consultants prior to the date of termination ("Termination Date"). The Agency's obligation to reimburse the Applicant as provided in this Agreement and the Authority's obligation to use the Net Proceeds for the purposes provided in Section 5(i) shall survive the termination of this Agreement pursuant to Section 8.

4. Agreement in Full Force. Except to the extent specifically modified or amended hereunder, all of the terms, covenants and conditions of the Agreement shall remain in full force and effect between March JPA and Applicant.

5. Incorporation of Recitals. March JPA and Applicant hereby affirm the facts set forth in the Recitals above. Said Recitals are incorporated herein and made an operative part of this Amendment.

[Signatures on the following page]

**Signature Page to
Amendment No. 1 to
Reimbursement Agreement**

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their duly authorized representatives on the date first above written.

MARCH JOINT POWERS AUTHORITY:

By: _____ Date: _____

Print Name: Lori M. Stone Attest: _____

Its: Executive Director

Approved as to Form:

Best Best & Krieger LLP
March Joint Powers Authority General Counsel

UNITED STATES VETERANS INITIATIVE:

By: _____ Date: _____

Print Name: _____

Its: _____

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