REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
October 28, 2008

Honorable Mayor and
Members of the City Council

Title: Natomas Joint Vision Reimbursement Agreement

Location/Council District: Unincorporated portion of the Natomas Basin within Sacramento County adjacent to District 1

Recommendation: Adopt a **Resolution** authorizing the City Manager to execute an agreement with Sacramento County for reimbursement of the City for consultant and staff costs incurred for preparation of the Natomas Joint Vision Visioning Plan.

Contact: Scot Mende, New Growth Manager, 808-4756

Presenters: N/A

Department: Planning

Division: New Growth

Organization No: 22001211

Description/Analysis: Under the proposed agreement, the County of Sacramento will reimburse the City for its staff and outside legal costs related to the Joint Vision Visioning Plan with funds the County receives from the Natomas Landowners Group, allowing the City to maintain current staff efforts and engage legal consultants without negatively impacting the City's General Fund. This agreement will ensure that the Natomas Joint Vision process will continue to move forward in a timely manner.

On September 24, 2008, the County Board of Supervisors approved an agreement between the County of Sacramento and the Natomas Landowners Group whereby the Natomas Landowners Group will provide funding to prepare a Joint Vision Visioning (Broad Visioning) Plan. That agreement provides for the County to collect funds from the Natomas Landowners Group to pay for staff and consultant costs incurred by both the City and County in preparing the Visioning Plan, and contemplates that the County and City will enter into a side agreement whereby the County will reimburse the City for its staff and legal consultant costs.

The attached agreement between the City and County provides for the reimbursement of staff costs (up to $10,000/month for 10 months) and City-directed legal consultant costs (up to $20,000). The work products proposed for the Broad Visioning process are as follows:

- A set of fundamental principles to address the myriad issues and guide subsequent planning efforts
- Conceptual land use diagram
- A project description with sufficient detail to
    - initiate a General Plan Amendment, prepare a programmatic EIR, initiate a specific plan process, and
    - prepare a preliminary effects analysis and an agriculture / open space / habitat strategy.

Issues: Without funding by the Natomas Landowners Group, preparation of the Visioning Plan would not go forward. However, it is important to note that no promises, representations, or warranties have been made, express or implied, by the County or City as to the outcome of the Visioning Plan, and the use of landowner funds in no way influences the content of the final product.

Policy Considerations: The agreement establishes a collaborative planning process between the City and County to implement land use and open space planning and revenue sharing principles. The Natomas Joint Vision area has been identified in the draft 2030 General Plan as a "study area"; land use policies pertaining to potential development in the Natomas Joint Vision study area have been drafted, including Growth and Change Section 1.1. If territory within the Joint Vision area is annexed into the City, a General Plan Amendment would be required.

Environmental Considerations: The Broad Visioning process is not a "project" within the meaning of CEQA, and therefore environmental review is not required at this time. If and when a decision regarding urbanization of the Joint Vision area is before the Council, environmental review would be required at that time.

Sustainability Considerations: The sustainability of any new development in the Natomas Joint Vision area ultimately depends on the plan as a whole and how it is implemented. At this stage, the focus for the Natomas Joint Vision should be for the City to develop a shared vision with the County regarding goals for sustainable development, and the development of a land use plan and policies which support these goals.

Rationale for Recommendation: This funding agreement for the Broad Visioning process is necessary to move forward with the Natomas Joint Vision effort.

Financial Considerations: The Broad Visioning process is being supported by landowner/developer funding for City and County staff and consultants. This funding agreement provides for a $100,000 landowner contribution for City staff time plus $20,000 for legal consultants. The County will contract for specialized consultant services (e.g., land use and biological expertise). The agreement provides supplemental revenue to the General Fund.

Emerging Small Business Development (ESBD): The County-controlled contracts are not required to meet City ESBD requirements. The $20,000 City-controlled contract for HCP legal services will be awarded to the firm with specific applicable legal experience with the Natomas Basin Habitat Conservation Plan.

Respectfully Submitted by: _____
Scot Mende
New Growth Manager

Approved by: _____
Carol Shearly
Director of Planning

Recommendation Approved:

_____
For Ray Kerridge
City Manager

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Attachment 1

BACKGROUND – NATOMAS JOINT VISION

Natomas Joint Vision Project History

Adoption of the 2002 Natomas Joint Vision MOU

On December 10, 2002, the City Council and Board of Supervisors adopted a Memorandum of Understanding (MOU) regarding principles of land use and open space planning, and revenue sharing between the City and County of Sacramento for the Natomas area, setting the stage for what has come to be known as the "Natomas Joint Vision" (Resolution 2002-830 on file with City Clerk). Since that time, City and County staff have been working to implement the MOU.

Broad Visioning Approach

The Broad Visioning approach emerged as an outcome of the November 26, 2007 City and County staff meeting with Natomas landowners. The proposed Broad Visioning approach would supplement the technical process and make it more collaborative and could help define the land use & open space alternatives.

The intent of the Broad Visioning process is to collaboratively engage landowners in the creation of a draft vision land use concept that can be vetted with the public. The "Staff & Facilitator Team" - which includes key City and County staff and facilitators retained by the major landowners - has prepared a process, work program, and funding agreement for an inclusive process. The visioning effort will incorporate the principles of the 2002 Memorandum of Understanding (MOU), the Open Space Program report, and preliminary results from the Municipal Services Review effort.

On July 29, 2008, the Council approved initiation of a work program for the Broad Visioning process to move forward with the Natomas Joint Vision effort. The staff report identified that a funding agreement would be forthcoming.

Other Background Information

Other background information is available on the Planning Department webpage at: http://www.cityofsacramento.org/planning/projects/natomas-joint-vision/.

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING AN AGREEMENT BETWEEN THE CITY OF SACRAMENTO AND THE COUNTY OF SACRAMENTO REGARDING THE REIMBURSEMENT TO CITY FOR CONSULTANT AND STAFF COSTS FOR PREPARATION OF THE NATOMAS JOINT VISION VISIONING PLAN

BACKGROUND

A. The City and County entered into a Memorandum of Understanding, hereinafter referred to as Joint Vision MOU, on December 10, 2002, agreeing to principles of urbanization, open space preservation and revenue sharing for unincorporated Natomas.

B. The City and County propose to jointly prepare a Natomas Joint Vision (NJV) Visioning Plan necessary for the implementation of the Joint Vision MOU. As City and County are similarly interested in the preparation of the NJV Visioning Plan, City and County desire to share the cost of preparing the NJV Visioning Plan in anticipation of having those costs paid for by the Natomas Landowners Group, without which the Visioning Plan effort would not proceed.

C. The City, through the City Attorney's Office, will retain legal consultants in the amount of up to $20,000 to assist in the preparation of the NJV Visioning Plan. The City anticipates that it will also incur staff costs of $100,000 during the ten-month work program to prepare the Visioning Plan.

D. The County has entered into an agreement with certain landowners within the Joint Vision Area (the Natomas Landowners Group), whereby the Natomas Landowners Group will pay the County a dollar amount sufficient to pay for the City's and County's costs of preparing the NJV Visioning Plan. The City and County now desire to enter into an agreement for the City to be reimbursed by the County for the costs the City incurs for staff time and consultant services for the preparation of the NJV Visioning Plan.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Council finds and determines that the background statements A through D are true.

Section 2. The City Manager is authorized to execute the attached agreement (entitled "Memorandum of Understanding") with the County for the City to obtain

reimbursement of costs it incurs for legal consultants and staff time for preparation of the Natomas Joint Vision Visioning Plan.

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Exhibit A: Agreement – Memorandum of Understanding Regarding Reimbursement of City Costs for NJV Visioning Plan

Attachment to Exhibit A – Funding Agreement with the Natomas Landowners Group for County of Sacramento Participation in the Development of a Vision Plan for Natomas

EXHIBIT A

MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SACRAMENTO AND THE COUNTY OF SACRAMENTO REGARDING THE REIMBURSEMENT TO CITY FOR CONSULTANT AND STAFF COSTS FOR PREPARATION OF THE NATOMAS JOINT VISION VISIONING PLAN

This Memorandum of Understanding ("MOU") is made and entered into on _____ by and between the County of Sacramento, a political subdivision of the State of California, hereinafter referred to as "County", and the City of Sacramento, a charter municipal corporation, hereinafter referred to as "City".

RECITALS

A. City and County entered into a Memorandum of Understanding, hereinafter referred to as Joint Vision MOU, on December 10, 2002, agreeing to principles of urbanization, open space preservation and revenue sharing for unincorporated Natomas.

B. City and County desire to work cooperatively to jointly prepare a Natomas Joint Vision (NJV) Visioning Plan necessary for the implementation of the Joint Vision MOU.

C. City and County are similarly interested in the preparation of the NJV Visioning Plan, and therefore City and County desire to share the cost of preparing the NJV Visioning Plan in anticipation of having those costs paid for by the Natomas Landowners Group.

D. City, through the City Attorney's office, will retain legal consultants in the amount of up to $20,000 to assist in the preparation of the NJV Visioning Plan.

E. City anticipates that it will incur staff costs of $100,000 to work on preparing the Visioning Plan over the ten-month work program.

F. County has entered into a funding agreement with the Natomas Landowners Group, entitled Funding Agreement With The Natomas Landowners Group For County Of Sacramento Participation In The Development Of A Vision Plan For Natomas (hereafter "Funding Agreement"), attached hereto as Exhibit A and incorporated herein by this reference, whereby the Natomas Landowners Group will pay the County a dollar amount sufficient to pay for the City's and County's costs of preparing the NJV Visioning Plan.

G. City and County now desire to enter into a reimbursement agreement ("Reimbursement MOU") for the City to be reimbursed by the County for costs the City incurs for legal consultant services and staff time for the preparation of the NJV Visioning Plan.

AGREEMENT

Now, therefore, City and County agree as follows:

1. Cost of Consultant.

County acknowledges that City, through the City Attorney's Office, will retain a legal consultant to assist in the preparation of the NJV Visioning Plan for a total of up to $20,000.

2. Staff Support and Responsibilities.

a. City and County staff shall provide staff support for the preparation of the NJV Visioning Plan as described in the Funding Agreement. Pursuant to the Joint Vision MOU, the Scope of Work's focus will be on the portion of the Natomas Basin within Sacramento County that includes the entire Joint Vision Area. The Scope of Work may only be amended in writing and signed by both parties. City and County staff will provide for multiple check-in points with City and County elected officials and the consultants as necessary. City and County shall work together to provide direction to their consultants. City shall act as the primary contact for the City's consultant.

b. County acknowledges that the cost of City staff time to assist in the preparation of the NJV Visioning Plan will be $10,000 per month for ten months, for a total of $100,000.

c. City and County agree that neither party has made any promises, representations or warranties to the Natomas Landowners Group, express or implied, as to the outcome of the Visioning Plan, and that the use of landowner funds in no way influences the content of the final product. The City and County acknowledge that pursuant to Section 9 of the Funding Agreement, the Natomas Landowners Group also agrees that neither the City nor County have made any promises, representations or warranties to the Natomas Landowners Group, express or implied, as to the outcome of the Visioning Plan, and acknowledges that reimbursement of the City's and County's expenses with landowner funds will in no way influence the content of the final product.

3. Payment of the Consultant by City.

Upon receiving periodic invoices from its legal consultant, for assistance in preparing the NJV Visioning Plan, City shall be responsible for paying said invoiced amounts.

4. Re-payment of Consultant and Staff-time Costs to City by County.

a. County acknowledges that it has entered into the Funding Agreement with the Natomas Landowners Group who will pay the County a dollar amount sufficient to pay for the City's and County's costs of preparing the NJV Visioning Plan. County further acknowledges that the City was not a party to said Funding Agreement in anticipation that the County will reimburse the City for its consultant and staff costs incurred in the preparation of the NJV Visioning Plan under this separate Reimbursement MOU.

b. The City shall submit its costs estimates to the County on a quarterly basis in a timely fashion so that the County can submit its cost estimates to the Natomas Landowners Group as required by Section 5 of the Funding Agreement. At the end of each quarter, the City shall prepare a summary of any invoices it has paid to its legal consultant in connection with the preparation of the NJV Visioning Plan. The City shall submit the quarterly estimates and the summary of invoices to County at the address listed below:

County of Sacramento
Planning Department, Administrative Officer
827 7th Street, Room 230
Sacramento, CA 95814
Attn: Mike Miller

County shall, within 120 days of receiving the cost estimates, remit the invoiced amounts to City at the address listed below:

City of Sacramento
Administrative Officer Planning Department
915 I Street, 3rd floor, New City Hall
Sacramento, CA 95814
Attn: Diane Morrison

c. At the end of the third quarter, City and County shall reconcile the amounts paid to City based on the quarterly estimates with actual costs incurred by City. If after the preparation of the NJV Visioning Plan is completed the dollar amount paid to the City pursuant to this Reimbursement MOU exceeds its actual costs, City shall re-pay the overage to County.

d. If at any time the City anticipates that its total costs are likely to exceed $20,000 for legal consultant services or $100,000 for staff time, it shall bring this fact to the attention of County and the parties shall negotiate as to any additional amounts that shall be paid to City, or as to what services the County and Natomas Landowners Group are willing to forego in order to avoid such additional costs. This Reimbursement MOU shall then be amended to reflect any additional reimbursement that will be allowed.

e. The reimbursement payments required to be made to City under subsection 4.b. are required to be made within 120 days only if County has

received the necessary funding from the Natomas Landowners Group pursuant to the Funding Agreement or if there are sufficient funds in the security deposit that is required under the Funding Agreement.

f. City reserves the right to take any necessary action to enforce payment of amounts due under this Reimbursement MOU, including but not limited to, suspending work or filing a lawsuit against County or the Natomas Landowners Group, or both, to recover payment.

5. Amendments.

This MOU may be amended only in writing, signed by both parties.

6. Additional Work or Changes in Work.

This MOU shall apply to all additional work or changes in work that are necessary to complete preparation of the NJV Visioning Plan. Prior to executing any supplemental agreement or other agreement that will increase the costs associated with the preparation of the NJV Visioning Plan, City and County shall confer regarding the necessity of the proposed supplemental agreement or other agreement.

7. Notices.

Any notice or other correspondence to a party to this MOU shall be deemed given on the date it is placed in the United States mail, first class, postage prepaid, and addressed to the party at the following address:

Notices to City:

Carol Shearly, Director of Planning
Planning Department
New City Hall
915 I Street, 3rd Floor
Sacramento, CA 95814

Notices to County:

Robert Sherry
Planning Director
827 7th Street, Room 230
Sacramento, CA 95814

8. Effective Date.

This Reimbursement MOU shall be effective upon the date it is fully executed by both parties.

IN WITNESS WHEREOF, the parties hereby execute this Memorandum of Understanding as of the date and the year written above.

COUNTY OF SACRAMENTO

By: _____
County Executive

Date: _____

APPROVED AS TO FORM

By: _____
County Counsel

CITY OF SACRAMENTO

By: _____
City Manager

Date: _____

APPROVED AS TO FORM

By: _____
City Attorney

ATTEST

By: _____
City Clerk

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Attachment to Exhibit A

FUNDING AGREEMENT WITH THE NATOMAS LANDOWNERS GROUP FOR COUNTY OF SACRAMENTO PARTICIPATION IN THE DEVELOPMENT OF A VISION PLAN FOR NATOMAS

THIS AGREEMENT is made this 24th day of September, 2008 (the "Effective Date"), by and between the County of Sacramento, a political subdivision of the State of California (hereinafter referred to as the "County"), and the Owners, all of whom are authorized to do business in the State of California and are members of the Natomas Landowners Group, (hereinafter referred to individually as "Owner(s)" and collectively as "Owners' Group");

RECITALS

A. Owners or their affiliates, have a legal or equitable interest in land within that portion of the unincorporated area of the County, located north and west of the City of Sacramento ("City"), west of Steelhead Creek, south of the Sutter County Line and east of the Sacramento River, within the area shown in Exhibit A and known as the Natomas Joint Vision Area ("Joint Vision Area"); and

B. County has determined that the Joint Vision Area is an area of unique importance to the region, and accordingly desires that land use planning for the Joint Vision Area should proceed in a unified and comprehensive fashion, commencing with a Visioning Plan, and that piece-meal efforts to plan and entitle portions of the Joint Vision Area should be avoided; and

C. The Visioning Plan is the first phase of a planning effort by the County and the City to develop future land use concept scenarios for the Joint Vision Area, intended by the Parties to culminate in future General Plan Amendments by the County and City and the preparation of a Specific Plan for the Joint Vision Area; and

D. The Owners' Group is comprised of certain individual property owners within the Joint Vision Area who have joined together to provide initial funding for the Visioning Plan, without which the Visioning Plan effort would not proceed; and

E. County has determined that the Visioning Plan process in cooperation with the City will confer a substantial benefit to all properties within the Joint Vision Area, including properties owned or controlled by non-participants in the Visioning Plan process; and

F. The cost burden of the Visioning Plan effort which will be funded by the Owners' Group pursuant to this Agreement is disproportionately greater than the relative amount of acreage owned or controlled by members of the Owners' Group within the Joint Vision Area; and

G. It is the intent of the Parties to require reimbursement of Visioning Plan costs on a equitable pro-rata basis by non-participating property owners within the Joint Vision Area upon a decision by such property owners to participate in the Visioning Plan as participating owners, or if and when such property owners pursue entitlement of their properties ; and

H. Owners have indicated that time is of the essence, and desire that the County proceed with the City at this time with the preparation and processing of the Visioning Plan; and

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Parties agree as follows:

AGREEMENT

Section 1. Incorporation of Recitals. The foregoing recitals are hereby incorporated by reference.

Section 2. Joint Vision Area. County agrees to continue the Visioning Plan process for the Joint Vision Area, which area is generally depicted on Exhibit "A" of this Agreement, attached hereto and by this reference incorporated herein.

Section 3. Work Program. The scope, timing, budget and schedule of funding for the Visioning Plan process is set forth in the Work Program depicted in Exhibit B, which is attached hereto and by this reference incorporated herein. The budget for the Work Program includes those specific costs incurred by the County, City and Owners' Group after July 1, 2008 as identified in Exhibit B. Owners agree that nothing in this Agreement shall be construed to obligate or create a duty on the part of the County to strictly follow the scope of work and proposed timing of its efforts as set forth in the Work Program. Owners specifically agree that the Work Program is simply a guideline for the preparation of the Visioning Plan and related studies, and that the County shall have the authority to modify, add to, or delete any of the items or time frames set forth in the Work Program if County determines, in its full and sole discretion that the Visioning Plan effort requires any such changes. The County agrees to notify Owners of any such proposed modifications, additions, or deletions and, to the extent that any such changes affect the timing of or budget for the Work Program, the County shall consult with the Owners prior to implementing any such modifications, additions or deletions. At the same time, however, County commits to diligently implement the Work Program and schedule through to its completion. Owners agree to provide funding for the Work Program, as specifically set forth in Section 5 of this Agreement. County agrees that the scoping process for preparation of an Environmental Impact Report (EIR) for subsequent General Plan Amendments, Urban Services Boundary adjustments, and Specific Plan preparation for the Joint Vision Area can and should commence at the earliest possible opportunity, as land use concept scenarios are developed through the Visioning Plan process.

Section 4. Selection and Retention of Consultants. County reserves absolute discretion as to the selection of any and all consultants that may be necessary to assist them in completing studies required to prepare the Visioning Plan. The Parties acknowledge that Owners intend to furnish the County certain additional technical studies for consideration in developing the Visioning Plan, as indicated in the Work Program. The parties further agree that Owners will

separately retain consultants to prepare technical studies, provide engineering services, and provide project management as identified in the Work Program.

Section 5. Funding of Work Program by Owners' Group. Funding of the Work Program shall be administered by the County, and funding shall be made to the County by Owners' Group in accordance with the following provisions:

5.1 Within 30 days of execution of this Agreement, Owners' Group agrees to provide the County with a security deposit in the sum of one hundred and thirty thousand dollars ($130,000.00) ("Security Deposit"). The Security Deposit shall be held by the County in a segregated interest-bearing trust account created for the purposes of this agreement and shall be held as security to secure the Owners' obligation hereunder, with interest accruing to the benefit of the Owners.

5.2 The Parties anticipate that the Work Program will be initiated in September 2008, and completed in May 2009. Accordingly, the term of this Agreement shall be divided into three-month quarters for funding purposes (individually, a "Quarter") as follows: September 1, 2008 to November 30, 2008; December 1, 2008 to February 28, 2009; and March 1, 2009 to May 31, 2009.

5.3 Prior to the beginning of each Quarter, the County, following consultation with the Owners' Group, shall provide Owners' Group with an estimate of the total Work Program costs that the County anticipates will be incurred over the next Quarter. Within 30 days of receipt of the Quarter's estimate from the County, Owners' Group shall pay the County the amount set forth in the estimate to cover Work Program costs during the identified Quarter. Owners' Group shall remit full payment for each estimate in a single transmittal to the County, with multiple checks permitted.

5.4 The parties agree and acknowledge that the County's Quarterly estimates are estimates only and are not binding on the County. At the end of each Quarter, and following consultation with the Owners' Group, the County will conduct a reconciliation of the estimated costs and the actual costs incurred for the preceding Quarter. If actual costs incurred by the County exceed the estimate for that preceding Quarter, the Owners' Group shall pay the difference within 30 days' notice from the County. If the estimated costs exceed the actual costs incurred, the overage shall be applied by the County to the costs for the following Quarter. If this Agreement becomes effective in the middle of a Quarter, the County shall, within 20 days of the effective date of this Agreement, provide the Owners' Group an initial cost estimate for the initial Quarter, which shall be paid by Owners' Group within 30 days of receipt of the initial estimate. If the County fails to provide an estimate for any particular Quarter, Owners' Group may request an estimate, which shall be provided by the County within 20 days of receipt of the request. A failure of the County to provide an estimate for any given Quarter shall not constitute a waiver of recovery of any costs by the County for that Quarter or any other Quarter. Within 30 days following the end of each quarter, the County shall provide Developer with a detailed summary of the actual costs incurred over the previous Quarter by the County.

5.5 If Owners' Group fails to make a Quarterly payment to the County, as provided in Section 5.4, the County shall have the right, without any further notice to Owners, to draw

against the Security Deposit to pay any outstanding County costs incurred pursuant to the Work Program. If any amount of the Security Deposit is used by the County pursuant to this Section, Owners' Group shall replenish any such amounts of the Security Deposit within 30 days' written notice from the County. If, for any reason, a County request for replenishment of the Security Deposit from Owners' Group is not fully satisfied within thirty (30) days, the County may, following consultation with the Owners, suspend all activity of County staff and consultants in connection with the Work Program, until the requested replenishment of the Security Deposit is submitted to County by the Owners' Group. The Owners' Group retains the right to refuse to replenish the Security Deposit, such refusal to be communicated in writing to the County. In the event of such refusal, the County retains exclusive right to terminate the Agreement immediately upon written notification to Owners' Group. In the event the County exercises the right to terminate the Agreement as a result of the refusal of the Owners' Group to replenish the Security Deposit, all remaining Security Deposit funds shall be immediately returned to the Owners' Group.

5.6 All funds due under this Agreement shall be paid by Owners' Group. It shall be Owners' Group's obligation to divide responsibility amongst its constituent members for each of their share of the payment of any funds due under this Agreement. Each Owner that is a Party to this Agreement acknowledges responsibility for payment to the Owners' Group, or a designated representative of Owners responsible for collections, of his or her initial proportionate share toward completion of the Work Program, and each Owner agrees that his or her initial proportionate share is reflected in the table by acreage of ownership, as set forth in Exhibit "C" of this Agreement, which exhibit is attached hereto and by this reference incorporated herein. The obligation for payment of funds or other general liability under this agreement shall not extend beyond the actual property owners comprising Owners' Group, and shall not be construed or regarded as obligations of any of Owners' agents, officers, employees, shareholders or representatives.

5.7 If any funds paid by Owners' Group hereunder have not been expended or committed for Work Program costs after the County determines that the Visioning Plan process has been completed, the County shall return to Owners' Group such unexpended or uncommitted amount within 30 days of the date the Visioning Plan process is determined complete by the County. Any interest received by the County on the Funds shall be applied to outstanding County costs or returned to Owners' Group.

5.8 All funds due under this Agreement shall be delivered to the County for deposit into an interest-bearing trust account established by the County, and the funds shall be accounted for by the County in the manner in which such funds are normally accounted for. All funds provided by Owners' Group under this Agreement shall be used in the sole discretion of the County to fund or aid in the funding of the Work Program. Prior to entering into a contract with any consultant or contractor beyond those listed in the Work Program to be paid by funds contributed by Owners' Group, County shall meet and confer with Owners' Group. Notwithstanding the above, County retains final discretion regarding the hiring of additional consultants or contractors.

5.9 In the event, for any reason, Owners' Group fails to make any payment of funds to the County, as required herein, the County shall issue a written notification of default to

Owners' Group. If the County's request for payment of funds, as set forth in the notification of default is not fully satisfied within thirty (30) days, the County may, following consultation with Owners' Group, suspend all activity of County staff and consultants in connection with the Work Program until the requested payment of funds is received by County.

5.10 An express repudiation, refusal or renunciation of this Agreement, if the same is in writing and executed by Owners' Group, shall be sufficient to terminate this Agreement. Owners' Group obligation to fund Work Program costs incurred by the County prior to the date of written termination by Owners' Group shall survive termination of the Agreement.

5.11 At the end of each Quarter, Owners' Group shall provide a written statement to the County, detailing the amounts paid by the Owners' Group during that Quarter to consultants retained directly by Owners' Group for services associated with Visioning Plan, including engineering services, technical analysis and project management.

Section 6. Termination of Participation of Individual Owner. At any time during the term of this Agreement, if any Owner that is a party to this Agreement elects to terminate participation in the Visioning Plan, or otherwise fails to submit its share of payment of costs of the Work Program, the Owners' Group may inform the County in writing of such failure to pay, with a copy of such notice delivered to the Owner in question. If payment of delinquent funds is not provided to the Owners' Group by the Owner in question within thirty (30) days of the receipt of written notice, this Agreement may be amended to remove the Owner as a Party to the Agreement. Except as provided in Section 7.6, in no case shall loss of party status entitle that Owner to reimbursement or refund by County of funds previously paid pursuant to this Agreement.

Section 7. Approval of Additional Parties.

7.1 If at any time during the term of this Agreement any of the Owners whose participation was terminated under Section 6 desires to have their status as a Party to the Agreement reinstated, such Owner may submit a written request for reinstatement to the County. The County Planning Director shall approve such reinstatement and accordingly amend this Agreement, subject to receipt of payment of that Owner's pro rata share of all funding due under the Agreement (including interest) as of the date of reinstatement, less any funds previously paid by that Owner prior to termination. Any such Owner shall upon reinstatement as a Party to this Agreement be subject to all of its terms and conditions.

7.2 If at any time during the term of this Agreement an owner of property within the Joint Vision Area who was not originally a Party to this Agreement desires to become a Party, such property owner may submit a written request for party status to the County. The Agreement may be amended to add the owner a s a party to this Agreement, subject to receipt of payment to the County of the property owner's pro rata share of all funding due under the Agreement (including interest) as of the Effective Date, and such property owner's execution of the Agreement in counterpart. County finds the Visioning Plan effort preferable to processing individual applications within the Joint Vision area and accordingly acknowledges the value of implementing the Visioning Plan Work Program.

7.3 For a period of fifteen (15) years following expiration of the term of this Agreement, the County shall require any owner of property within the Joint Vision Area who was not a Party to this Agreement (or whose status as a Party was terminated under Section 6 and not reinstated pursuant to Section 7.1) to pay an application fee (the "Application Fee") which shall include funds for reimbursement of the applicant's pro-rata share of the funding incurred and paid by the Owners' Group, including interest accruing as of the Effective Date, as specified in Section 7.4. In the event that the County has not adopted an Application Fee to ensure reimbursement from non-participating property owners, the County shall require the applicant, as a condition to be satisfied prior to County acceptance of any application for development of the property in question with urban uses, to pay to the County a pro-rata share of the funding incurred and paid by the Owners' Group to implement the Work Program, plus interest accruing as of the Effective Date, as set forth in Section 7.4.. For the purposes of this Section, the term "urban uses" shall mean any land use or entitlement not permitted under the General Plan and Zoning designation applicable to the property in question as of the Effective Date.

7.4 For the purposes of this Agreement and the allocation of pro-rata shares, funding due from or paid by the Owners' Group to implement the Work Program shall include (a) funds paid to the County pursuant to Sections 5.1 through 5.8, (b) funds paid by the Owners Group to directly retain consultants pursuant to Section 5.11, and (c) funds paid by the Owners' Group for certain professional services associated with Visioning Plan prior to the Effective Date, as detailed on Exhibit B.

7.5 The obligation of non-participating property owners within the Joint Vision Area to provide pro-rata funding and/or reimbursement for costs incurred by the Owners' Group for the Work Program, whether pursuant to Sections 7.1, 7.2 7.3, or 7.4, shall be cumulative to (and not superceded by) any future obligations to contribute to or fund additional planning and entitlement efforts within the Joint Vision Area beyond the Visioning Plan, including but not limited to the preparation of an Environmental Impact Report, preparation of a Specific Plan, General Plan Amendments, and/or studies associated with future annexation.

7. 6 Upon receipt by the County of any deposits pursuant to Sections 7.1 or 7.2, County shall apply the deposit in pro-rata shares as credit to each Owner against any unsatisfied funding obligations under this Agreement. In the event that the funding obligations of an individual Owner under this Agreement has been satisfied as of the date of any deposit pursuant to Sections 7.1 or 7.2, such Owner shall be entitled to reimbursement of funds received by the County on a pro-rata basis. Upon receipt by the County of any deposits pursuant to Section 7.3, County shall distribute such deposit within 30 days on a pro-rata basis to all Owners who were Parties to the Agreement on the date of the expiration of the Term of this Agreement, and who were not then in default. With respect to any Owner whose participation as a Party to this Agreement was terminated pursuant to Section 6, reimbursement shall be limited to a pro-rata share of costs actually paid by that Owner prior to termination. In the event that funds paid by an Owner prior to termination exceed that Owner's pro-rata share, said Owner shall be entitled to reimbursement of excess payment as funds are received by the County.

7.7 The Owners' Group, through its project manager, shall have primary responsibility for accounting of funds pursuant to this Agreement, including the accounting of each Owner's responsibility for pro-rata participation, adjustments to pro-rata share from the

addition or removal of Parties to this Agreement, and credits and reimbursements. County and Owners' Group shall consult with one another as necessary or desirable concerning accounting matters under this Agreement. Within 7 days following receipt, County shall review all accounting statements prepared by the Owners' Group, and shall approve each accounting statement if acceptable to the County. In the event that the County determines that revisions to an accounting statement should be made, representatives of County and Owners' Group shall meet and confer for a reasonable period to resolve the matters in question. If no agreement between the County and Owners' Group is reached, the County's determination shall be final.

7.8 For the purposes of Section 7 of this Agreement, interest shall accrue at the rate of the federal Prime Rate plus two percent (2%), calculated every 30 days.

7.9 In the event that the County terminates the Agreement, or otherwise determines not to complete the Visioning Plan process, Owners retain the right to submit applications for entitlements to the County, or to pursue pending or future administrative appeals relative to the submittal of entitlement applications.

7.10 The right to reimbursement under this Agreement shall be personal to Owners, and each of them, and shall not be incident to ownership of real property within the Joint Vision Area. The right of reimbursement shall continue notwithstanding the subsequent sale or transfer of any property interest. Any Owner shall have the right, in its sole discretion, to assign their interest to reimbursement to another person or entity at any time by providing the County written notice of such assignment.

Section 8. Participation of City. The County and Owners' Group recognize that the City is a participating agency with a role in the collaborative planning process for the Joint Vision Area. The County and Owners' Group anticipate that City participation in the Visioning Plan process, as well as provisions for funding of City-managed components of the Work Program, will be addressed through a separate future agreement between the County and City. The County agrees to use its best efforts to negotiate and enter into an agreement regarding the City's participation in the Visioning Plan process within a reasonable period, taking into account the Work Program timeframe identified in Section 5.2 of this Agreement. In the event that no agreement between the City and County is reached, the County and Owners' Group shall meet and confer regarding the need for the County to assume responsibility for all or a portion of the tasks allocated to the City under the Work Program (including the retention of consultants), and shall amend the Work Program as appropriate.

Section 9. Authority of County. Owners agree that no promises, representations, or warranties have been made, express or implied, by the County, or its officials, agents, or employees as to the outcome of the Visioning Plan, and it is specifically agreed no person has any authority to make any such representation, promise, warranty, express or implied to Owners or any other person that the deposit of funds for the Work Program shall in any way influence the content of the work product identified in the Work Program for the Visioning Plan. Owners agree that neither Owners, nor any other person shall, as a result of such deposit, have any expectations of the work product of the Visioning Plan process resulting in a recommendation or the selection of an alternative favorable to or benefiting some or all of the Owners in any way.

Nothing herein, however, shall be construed so as to prevent Owners, their agents or representatives, or both, from participating in public discussions regarding the Visioning Plan or providing information to County for incorporation into work product for the Visioning Plan.

Section 10. Notices. Notices required pursuant to this Agreement shall be deemed delivered when deposited in the United States Post, postage prepaid and addressed as set forth in Exhibit "D" which is attached hereto and incorporated herein by this reference.

Section 11. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and assigns of the County and Owners. Any Owner shall have the right, in its sole discretion, to assign its interests under this Agreement to another person or entity (including an affiliate) at any time by providing the County written notice of such assignment.

Section 12. Legal Authority. Each Owner represents that it has the legal authority to enter into this Agreement, and to perform its obligations hereunder, and shall provide evidence to the other Owners and County concurrent with the execution of this Agreement a Power of Attorney, Deed of Trust, or other document evidencing that authority and authorizing the person executing this Agreement to do so.

Section 13. Amendments. This Agreement may be amended in writing provided such amendment is approved by all the Parties hereto. Amendments to add or remove Parties pursuant to Sections 6 or 7 may be executed by the Planning Director on behalf of the County; all other amendments require the approval of the County Board of Supervisors. Unless so amended, this Agreement constitutes the sole agreement among the Parties and supercedes any other oral or written understanding of the Parties, and each of them, concerning the subject matter of this Agreement.

Section 14. Severability. The invalidity, illegality or unenforceability of any provisions of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

Section 15. Time of the Essence. Time is of the essence in the performance of each and every term of this Agreement.

Section 16. Counterparts. This Agreement may be signed in counterpart, and all counterparts together constitute one document.

IN WITNESS WHEREOF, the parties have executed this Agreement, in counterpart, on the day and year first hereinabove written.

COUNTY OF SACRAMENTO,
A political subdivision of the
State of California

By: _____
Jimmie Yee
Chairman of the Board of Supervisors
of Sacramento County, California

(SEAL)
ATTEST: _____
Clerk of the Board of Supervisors

NATOMAS LANDOWNERS GROUP, by its
individual members ("Owners")

[On following pages]

ANGELO K. TSAKOPOULOS

BY:_____
Angelo K. Tsakopoulos

DATE:_____

NORTH NATOMAS/AIRPORT DE MATOS, LLC, A California Limited Liability Company

BY: AKT Development Corporation, A California Corporation, Manager

By:_____
Eleni-Tsakopoulos-Kounalakis, President

--OR—

By: _____
Mark Enes, Executive Vice President

DATE:_____

Non-Member Manager(s)

1. AKT Development Corporation

GIBSON-TSAKOPOULOS, LLC, a California Limited Liability Company

BY:_____
Angelo K. Tsakopoulos, Manager

DATE:_____

Non-Member Manager

1. Angelo K. Tsakopoulos

WEST LAKESIDE, LLC, A California Limited Liability Company

BY: AKT Investments, Inc., A California Corporation, Manager

By:_____
Angelo Tsakopoulos, Chairman

--OR--

By:_____
Eleni-Tsakopoulos-Kounalakis, President

--OR—

By: _____
Mark Enes, Executive Vice President

DATE:_____

Managing Member(s)

1. AKT Investments, Inc.

MJ 318, L.P., a California Limited Partnership

BY:_____
Angelo K. Tsakopoulos, Managing Partner

DATE:_____

Managing Partner(s)

1. Angelo K. Tsakopoulos

BROOKFIELD NATOMAS LLC

9/24/2008

By: John W. Norman Date
Title: COO

9/24/08

By: Richard T. Whitney Date
Title: President

DATE:_____

NATOMAS BOOT INVESTORS, LLC, A
California Limited Liability Company

BY: Gidaro Group, LLC, Manager

By: _____
Steve Gidaro

DATE: 9-24-08

NATOMAS BOOT II, LLC, A California Limited Liability Company

BY: Gidaro Group, LLC, Manager

By: _____
Steve Gidaro

DATE: 9-24-08

JEFFREY S. NORTON TRUST

BY:_____

TITLE:_____

DATE:_____

SACA DEVELOPMENT, LLC, a California
Limited Liability Company

BY: _____
John Saca

TITLE: President

DATE: 9/23/08

OSE PROPERTIES NO.3, a California Limited Partnership

BY: Ose Properties, Inc., its General Partner

BY: _____

DATE: 9/24/08

EXHIBIT A
FUNDING AGREEMENT WITH THE NATOMAS LANDOWNERS GROUP FOR COUNTY OF SACRAMENTO PARTICIPATION IN THE DEVELOPMENT OF A VISION PLAN FOR NATOMAS

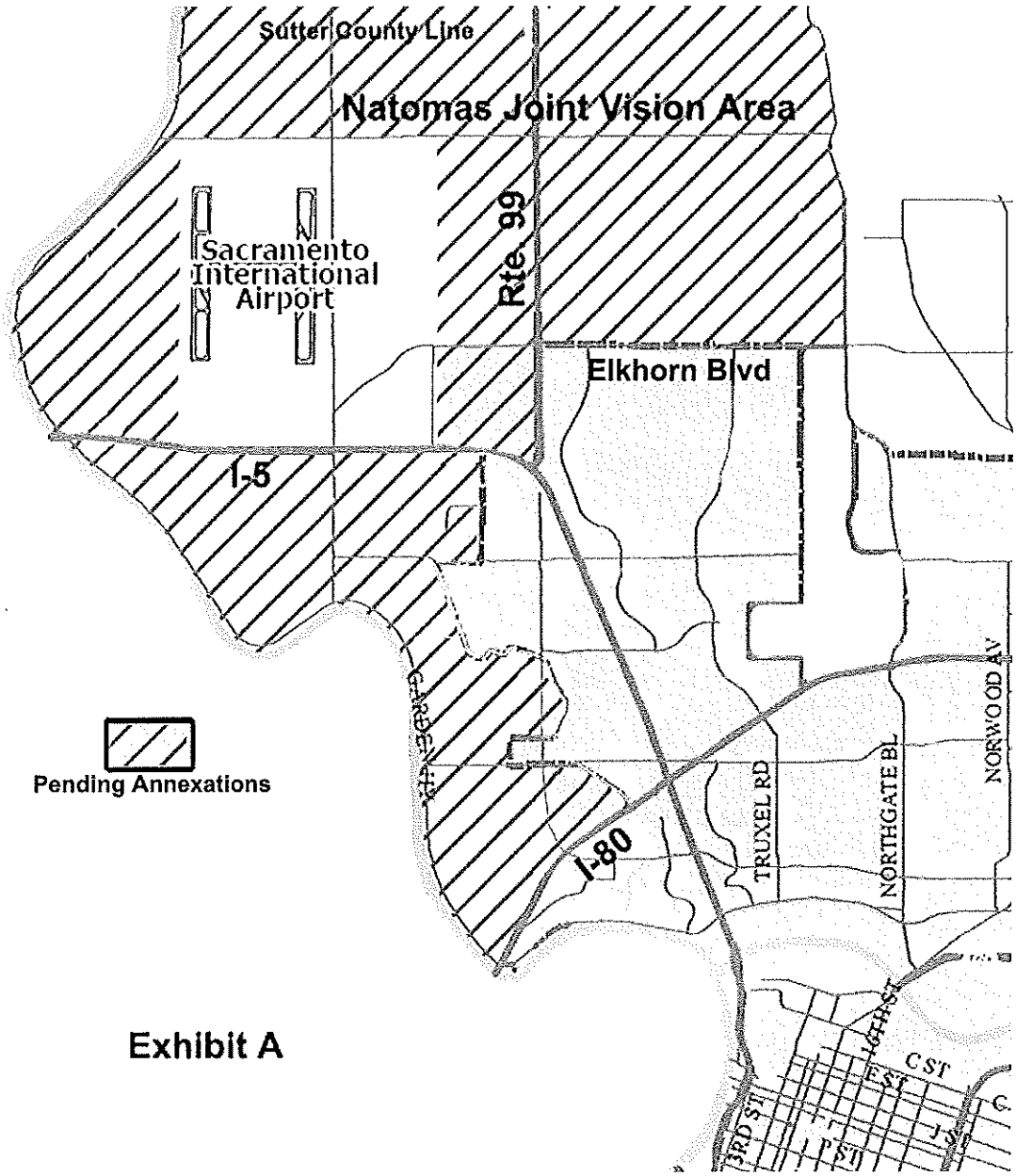

Exhibit A

EXHIBIT B

FUNDING AGREEMENT WITH THE NATOMAS LANDOWNERS GROUP FOR COUNTY OF SACRAMENTO PARTICIPATION IN THE DEVELOPMENT OF A VISION PLAN FOR NATOMAS

Project Milestones	Expected Completion Date
Project Phase II Initiation	July / August 2008
Large Group Review Workshop #1	September 2008
Large Group Review Workshop #2	November 2008
Large Group Review Workshop #3	February 2009
Large Group Review Workshop #4, as necessary	April 2009
City Council & Board of Supervisors direction & approval	May 2009

Natomas Joint Vision Area
City/County General Plan Amendment
Planning Process Budget
July 08 - May 09

Estimated cost to get to a "development program suitable for processing general plan amendments and associated EIR, modify USB, begin specific plan process"

Preliminary Budget

Cost Line Item	Monthly Estimate	10 Month Total
City Staff Reimbursement	$10,000	$100,000
County Staff Reimbursement	$10,000	$100,000
Planning Consultant	$7,500	$75,000
Engineering	$5,000	$50,000
Legal - HCP (Alicia Guerra)	$2,000	$20,000
SAFCA Consultant - TBD (est)	$3,000	$30,000
Habitat Effects - Consultant	$7,500	$75,000
	$45,000	$450,000

Proposed Work Program

- City contract with consultant
  - $20,000 for HCP legal assistance

- County contract with consultants
  - $75,000 for land use planning – contract work with a design principal of a planning firm
    - Tasks include:
      - Guide working group through issues
      - Participate in workshops and outreach meetings
  - $75,000 for biological assessment – preliminary habitat plan (retain specialists)
  - $30,000 contingency to be used for engineering or coordination with SAFCA design (EDAW), as necessary

- Landowners contract with consultants
  - $50,000 for engineering/feasibility of costs
  - Landowners may retain additional consultants to supplement effort as needed

Overall Product

1. Fundamental principles for development and open space

2. Initiate general plan amendment and specific plan process
   a. Conceptual land use diagrams
      i. Some aspects at bubble/arrow schematic level
      ii. Some aspects with greater detail to illustrate principles
   b. Project description

3. Preliminary "effects analysis"
   a. Create agriculture/open space/habitat strategy with input from regulatory agencies

EXHIBIT C
FUNDING AGREEMENT WITH THE NATOMAS LANDOWNERS GROUP FOR COUNTY OF SACRAMENTO PARTICIPATION IN THE DEVELOPMENT OF A VISION PLAN FOR NATOMAS

Landowner Property Areas and Percentages

	Land Area	Land %
Angelo Tsakopoulos	186	3.761%
North Natomas/Airport De Matos, LLC	115	2.326%
Gibson-Tsakopoulos, LLC	58	1.173%
West Lakeside, LLC	89	1.800%
MJ 318, LP	68	1.375%
Brookfield Land	2,487	50.293%
Gidaro Properties	547	11.062%
Jeff Norton	178	3.600%
Saca Properties	135	2.730%
Ose Properties, Inc	1,082	21.881%
	4,945	**100%**

EXHIBIT D
FUNDING AGREEMENT WITH THE NATOMAS LANDOWNERS GROUP FOR COUNTY OF SACRAMENTO PARTICIPATION IN THE DEVELOPMENT OF A VISION PLAN FOR NATOMAS

Landowner Contact Information

	Contact Information
Angelo Tsakopoulos	7700 College Town Drive Suite 101 Sacramento, CA 95826
North Natomas/Airport De Matos, LLC	7700 College Town Drive Suite 101 Sacramento, CA 95826
Gibson-Tsakopoulos, LLC	7700 College Town Drive Suite 101 Sacramento, CA 95826
West Lakeside, LLC	7700 College Town Drive Suite 101 Sacramento, CA 95826
MJ 318, LP	7700 College Town Drive Suite 101 Sacramento, CA 95826
Brookfield Land	2271 Lava Ridge Ct Suite 220 Roseville, CA 95661
Gidaro Properties	3415 American River Dr. Suite C Sacramento, CA 95864
Jeff Norton	2591 W Elkhorn Blvd Rio Linda, Ca, 95673
Saca Properties	77 Cadillac Drive Suite 150 Sacramento, CA 95825
Ose Properties, Inc	2399 American River Dr Suite 7 Sacramento, CA 95825