

PROPERTY TAX TRANSFER AND PRE-ANNEXATION
AGREEMENT
AMONG THE CITY OF IRVINE, THE IRVINE
REDEVELOPMENT AGENCY, AND
THE COUNTY OF ORANGE,
REGARDING THE ANNEXATION AND REUSE OF
FORMER MCAS EL TORO

This Property Tax Transfer and Pre-Annexation Agreement (Agreement) is entered into this 4th day of March, 2003, among the City of Irvine and the Irvine Redevelopment Agency (collectively "Irvine"), and the County of Orange ("County"), collectively referred to herein as "the parties", and documents the mutual understanding and agreement of the parties on specific issues relating to the annexation and reuse of the former Marine Corps Air Station, El Toro (sometimes referred to as El Toro or Base).

RECITALS

Section 1 This Agreement is based on the following facts:

- 1.1 Prior to March 5, 2002, the County was processing an aviation reuse plan for the closed MCAS El Toro, in accordance with the then effective, voter approved Measure A
- 1.2 On March 5, 2002, the voters of Orange County approved Measure W which amended the County's General Plan, changing the allowed reuse of MCAS El Toro to a non-aviation plan, consisting of educational, recreational, open space, cultural and other public uses.
- 1.3 The Local Agency Formation Commission (LAFCO,) which has jurisdiction to determine which unincorporated areas fall within a city's sphere of influence, has determined that El Toro falls exclusively within Irvine's sphere of influence, and therefore should be annexed to Irvine.
- 1.4 According to the County's External Restructuring policy for unincorporated County islands, the County encourages cities to annex unincorporated County territory within their spheres of influence, excluding those parcels that are necessary for County regional facilities which should remain unincorporated. However, in the case of the property which County is to receive on the Base, and as a result of Irvine's agreements hereinafter contained, the County will not object to the annexation of the County parcels to Irvine. This Agreement to allow the

Base property which County is to receive to be annexed to Irvine shall not be construed to include the Musick Jail Facility which is not a part of the Base and will not be a part of Irvine's annexation application.

- 1.5 Irvine, in accordance with County's External Restructuring policy, desires to annex El Toro, and to that end has filed an application to commence annexation proceedings with LAFCO.
- 1.6 The parties, through this Agreement, desire to establish and demonstrate their mutual desire and commitment to cooperate in accomplishing those things that are set forth below.

ANNEXATION

Section 2 With respect to Irvine annexing El Toro, the parties agree as follows:

- 2.1 That Irvine should annex El Toro, including those parcels of Base property that are necessary for County regional facilities which are identified in subparagraph 2.2.3 of this Agreement (the exact legal description to be determined at the time of transfer to County), because El Toro is within Irvine's adopted Sphere of Influence and the annexation is consistent with the County's External Restructuring Policy. Furthermore, the parties agree to cooperate with the Department of the Navy (DoN) to facilitate the annexation.
- 2.2 To accomplish the annexation of El Toro to Irvine, and to specify those things each of the parties is obligated to perform, and in consideration of the mutual agreements contained in this Agreement, the County and Irvine have entered into this Agreement which will be submitted to LAFCO prior to Irvine's submittal of the final documentation required to complete the annexation process with LAFCO (estimated to be by April 1, 2003), which obligations the parties agree are as follows:
 - 2.2.1 Irvine will prepare and pay for California Environmental Quality Act (CEQA) documentation that is consistent with the spirit of Measure W and will submit the CEQA documentation to LAFCO in support of its annexation application. The City shall indemnify and hold the County harmless from any costs and attorney's fees incurred by the County in the event that the County is named in a lawsuit challenging the annexation of the Base to the City, or the validity of any environmental documentation prepared by the City in connection with such annexation.

2.2.2 [Intentionally left blank]

2.2.3 Irvine will incorporate County's regional facilities into the City's planning for the annexed area, including Parcels No's 1 (approximately 18 acres), 2 (approximately 22 acres), 3A (approximately 13 acres), 3B (approximately 34 acres), 4 (approximately 39 acres including channel and 50-foot right-of-way), and 7 (approximately 5 acres), the general location of which is shown on the attached Exhibit titled MCAS El Toro: Proposed County Acquisitions (Exhibit). The City will also provide for land use designations that will allow for the intended uses indicated on the attached Exhibit. The City will also provide County with an additional 100 contiguous acres of Base property located, in the southwesterly corner of the Base and identified as parcel 23, in Figures 3-2, 3-3 and 3-4 in the Project Description portion of City's Draft Environmental Impact Report for the Great Park, said 100 contiguous acres is conceptually shown in the area designated as County Facility 5 on the attached Exhibit, and shall:

2.2.3.1 Be for the exclusive use of the County or its designees, lessees, or concessionaires, including but not limited to joint ventures with private or public agencies to construct and operate permitted uses and facilities.

2.2.3.2 Be in addition to any other lands which County or its departments may be entitled to receive under this Agreement, or through a Public Benefit Conveyance from a Federal Agency.

2.2.3.3 Include adequate vehicular access to the Marine Way and Trabuco Road.

2.2.3.4 Be free of liens, leases, easements and restrictions inconsistent with the County's proposed uses. The City shall include, in its Development Agreement, with the purchaser(s) of the Base property a requirement that the purchaser(s) shall deliver to the County the real property identified in Section 2.2.3 above, free and clear of any liens, financial encumbrances, and non-utility easements.

In addition, Irvine agrees that it will provide, through a Development Agreement between Irvine and the purchaser(s) of El Toro property which includes any of the parcels which

County is to receive under paragraph 2.2.3 above, for the dedication/conveyance of said parcels by the purchaser(s) to the County, at no cost to the County, within 120 days from the date on which the purchaser(s) execute said Development Agreement.

2.2.4 Irvine agrees that while the parcels of Base property that County is to receive will be annexed to Irvine, that notwithstanding said fact, Irvine will zone County's parcels and designate them in Irvine's General Plan, in accordance with County's direction. In addition, County shall retain exclusive land use control over said parcels, and shall be entitled to place any development upon said parcels that County shall determine to be desirable for County's needs, as though said property remained unincorporated, without the obligation for payment to Irvine of any permit fees or other mitigation/impact fees, other than in Section 2.2.5, including but not limited to the following uses, all of which Irvine agrees with:

2.2.4.1 Animal shelter

2.2.4.2 Environmental Health facilities

2.2.4.3 Automotive/equipment repair facilities

2.2.4.4 Childcare facilities

2.2.4.5 Youth and Family Resource Center

2.2.4.6 Law Enforcement training facilities

2.2.4.7 Emergency Shelter

2.2.4.8 Transitional Shelter Care Facility

2.2.4.9 Children & Family Services Center

2.2.4.10 Business offices

2.2.4.11 Warehouses

2.2.4.12 Storage facilities

2.2.4.13 Vehicle parking and storage facilities

2.2.4.14 Heavy equipment maintenance and storage

2.2.4.15 Field operations and maintenance facility

- 2.2.5 The parties acknowledge that the City seeks to create a funding mechanism whereby all Base users pay their fair share of the costs of developing the necessary infrastructure and related improvements. The County agrees to participate in such a funding mechanism and pay its fair share of costs that are limited to infrastructure improvements directly related to servicing the properties County is to receive referenced in 2.2.3 above. Infrastructure improvements shall refer to utilities, roadways, sewer lines and other types of infrastructure needs that are necessary to service each County parcel, if any. The County will not be required to contribute, through assessments or other funding or financing methods, to the development or maintenance costs or expenses for any park or open space that will be developed and maintained on the Base under the Irvine "Great Park Plan". Furthermore, to the extent they qualify, County shall have the option to pay any portion of its share of infrastructure costs and expenses with Road Funds or other non-General Fund revenues.
- 2.2.6 That Irvine and County will share property taxes from the annexed area in the same ratio as is specified in that Master Property Tax Transfer Agreement 80-2035 dated October 28, 1980, to wit: 0.18123825104% to the City of Irvine, and 0.81876174896% to the County of Orange.
- 2.2.7 Irvine shall remove the Musick Jail facility from its annexation application with LAFCO as referenced in 2.2.3 above, and further, Irvine shall not file or support lawsuits challenging changes to the layout of the Musick Jail Facility that result from realignment of the Alton Parkway extension, provided, that said changes shall not increase the total number of beds approved for said Jail facility.
- 2.2.8 Irvine agrees, in its capacities as both the City of Irvine ("City") and the Irvine Redevelopment Agency ("Redevelopment Agency"), that in the event the City and the Redevelopment Agency decide to place the Base, or any part thereof, into a redevelopment "Project Area", that Irvine will provide in the manner set forth in this section for the payment from Redevelopment Agency sources, to County of an amount equal to 100% of the property tax revenues that County would have received if the Base, or any part thereof, was not within a

redevelopment Project Area. The City and the Redevelopment Agency shall not adopt a redevelopment plan that places the Base, or any part thereof, in a redevelopment Project Area unless the City and the Redevelopment Agency have provided for the payment to the County as follows: either: (i) legislation has been enacted that authorizes the Redevelopment Agency to annually pay to the County an amount equal to 100% of the County's share of the tax increment paid to the Redevelopment Agency from the Base, or part thereof, included within a redevelopment Project Area, and the County and the Redevelopment Agency have entered into an agreement reasonably satisfactory to the County providing for such payments by the Redevelopment Agency to the County; or (ii) the County and the Redevelopment Agency have entered into an agreement reasonably satisfactory to the County providing for the Redevelopment Agency to annually pay to the County an amount equal to 100% of the County's share of the tax increment paid to the Redevelopment Agency from the Base or portion thereof included within a redevelopment Project Area for use by the County for legally allowable County infrastructure, facilities and development needs on or related to the Base (including those uses identified in paragraph 2.2.3 above), as determined by the County, and also providing for a payment structure that would permit the County to issue bonds that are secured by and paid from such Redevelopment Agency payments to the County.

LOCAL REDEVELOPMENT AUTHORITY (LRA)

Section 3 County and Irvine acknowledge that it is premature to consider a re-composition of the LRA in light of the passage of Measure W, and subsequent announcements and determinations by the Department of Navy regarding the ultimate reuse and disposition of El Toro, not to mention the additional delay that such re-composition would take. The parties therefore, agree to continue to monitor the need for a re-composition of the LRA in the future.

EXPEDITIOUS DISPOSITION OF EL TORO BY THE DEPARTMENT OF THE NAVY

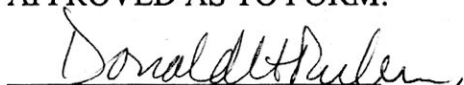
Section 4 County and Irvine agree to cooperate and work together with the Navy to cause the expeditious transfer of the El Toro property.

BINDING EFFECT

Section 5 The parties agree that the provisions of this Agreement are dependent upon each other, and failure of any party to comply with any provision of this Agreement shall render the entire Agreement void. In particular, the provisions of this Agreement relating to a property tax transfer under subparagraph 2.2.6 above shall be void and shall be of no force and effect, unless the parties fully comply with all other provisions of this Agreement.

COUNTY OF ORANGE

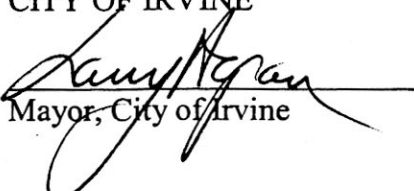
Chairman, Board of Supervisors

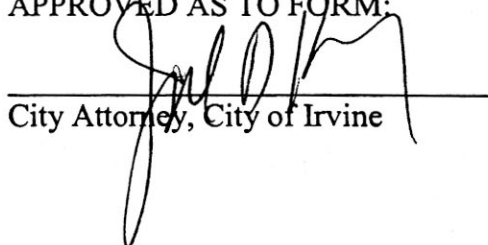
APPROVED AS TO FORM:
 DEPUTY
County Counsel, County of Orange

ATTEST:

Clerk of the Board of Supervisors

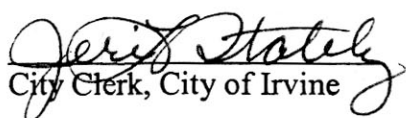


CITY OF IRVINE

Mayor, City of Irvine

APPROVED AS TO FORM:

City Attorney, City of Irvine

IRVINE REDEVELOPMENT AGENCY

Chairman

ATTEST:

City Clerk, City of Irvine

MCAS El Toro: Proposed County Acquisitions

