

EXHIBIT C

**URBAN SERVICES AGREEMENT
BY AND BETWEEN
THE COUNTY OF MONTEREY
AND
THE EAST GARRISON COMMUNITY SERVICES DISTRICT
RELATING TO EAST GARRISON**

THIS AGREEMENT ("Agreement") is entered into on _____, 2006 ("Effective Date"), by and between the COUNTY OF MONTEREY, a political subdivision of the State of California ("County"), and the EAST GARRISON COMMUNITY SERVICES DISTRICT, a community services district formed pursuant to Government Code section 61000, *et seq.* ("CSD") (each a "Party" and collectively the "Parties").

RECTALS

A. On October 4, 2005, the County certified a Final Supplemental Environmental Impact Report, with mitigation measures ("FSEIR") and approved a Specific Plan, Vesting Tentative Map, Combined Development Permit and related entitlements, including Conditions of Approval (PLN0302040, collectively, the "Development Approvals") for the development of approximately 244 acres of the former Fort Ord in the unincorporated area of the County as a mixed-use development consisting of approximately 1400 residential units, commercial space in a town center, an arts habitat in an historical district, parks, recreation and open space, and public facilities and services ("East Garrison"). As of October 4, 2005, the Redevelopment Agency of the County ("Agency") approved and entered into a Disposition and Development Agreement ("DDA") with East Garrison Partners I, LLC ("Developer") for the acquisition and development of East Garrison by the Developer pursuant to the Development Approvals in cooperation and with the assistance of the Agency and the County.

B. The most cost-effective and efficient manner for providing certain public services ("Public Services") to East Garrison is through the formation of the CSD.

C. On October 10, 2005, following a duly noticed public hearing, pursuant to section 61014.5 of the Government Code, the Monterey County Local Agency Formation Commission adopted Resolution 05-20 approving the formation of the CSD, detailing the purposes for which the CSD was formed, describing its initial boundaries, and its sphere of influence. This Agreement covers the East Garrison property now or hereafter included within the CSD boundaries. A map of the CSD's boundaries is attached hereto as **Exhibit 1** and made a part hereof.

D. The Developer has assisted in the formation of the CSD and is cooperating with the CSD and the County in the formation of the East Garrison Financing Authority to act as a Community Facilities District ("CFD") and to impose special taxes for the financing and maintenance of certain public improvements benefiting East Garrison. The Developer has also agreed to form one or more homeowners associations ("HOAs") to be responsible for costs of certain public and private services and maintenance not assumed by the CSD, CFD, or County for East Garrison.

E. The County desires assurance that the development of East Garrison will proceed in a timely manner and that the CSD will provide those Public Services allocated to the CSD by this Agreement to permit East Garrison to proceed in a manner that does not have a negative fiscal impact on the County, pursuant to Part F of Attachment 4 to the DDA. This Agreement satisfies this condition of fiscal neutrality.

F. Condition of Approval No. 199 provides that prior to recordation of the first Final Map for East Garrison, the County and the CSD shall execute an agreement, subject to the approval of the Director of Public Works and County Counsel, for operation and maintenance of all CSD facilities. This Agreement satisfies that condition.

G. Both the CSD and the County have the power to enter into this Agreement, have taken all steps necessary to enter into this Agreement, and have determined that all of the above recitals are true and correct.

AGREEMENT

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

1. Effective Date. This Agreement shall become effective as of the date entered on the first page of this Agreement.

2. Term. The term of this Agreement shall commence upon the Effective Date and shall continue until otherwise modified or terminated by the mutual consent of the Parties.

3. Mutual Obligations of the Parties. Both Parties agree to work cooperatively and constructively for progressive development of East Garrison throughout the entire build-out of East Garrison all in accordance with the DDA and the Development Approvals.

a. Obligations of the County to the CSD. The County agrees as follows:

i. Development of East Garrison. To cooperate with the CSD in the development of East Garrison.

ii. Public Services. To assume the obligation to provide and fund the following Public Services not allocated to the CSD:

aa. Basic County Services. To provide County services not otherwise allocated to another entity through this Agreement or any other agreement.

bb. Library Operation. In coordination with the Monterey County Free Library System, maintain a library facility and library services.

cc. County Sheriff Custody Operations. To provide County Sheriff custody operations.

dd. Coroner. To provide County Coroner services.

ee. Public Administrator. To provide County Public Administrator Services.

ff. Recreation Facilities and Programs. To maintain recreational facilities and provide recreational programs.

iii. Development Approvals. Not to frustrate the implementation of the Development Approvals applicable to East Garrison.

iv. Expedite Provision of Public Services. To act in good faith and manage its affairs in a manner which enables prompt response to any request to provide the Public Services to East Garrison or to those acting on behalf of East Garrison.

b. Obligations of the CSD. The CSD agrees as follows:

i. Development of East Garrison. To cooperate with the County in the development of East Garrison.

ii. Public Services. To provide the Public Services set forth in Section 4 within the boundaries of the CSD.

iii. Development Approvals. Not to frustrate the implementation of the Development Approvals applicable to East Garrison or the DDA.

iv. Expedite Provision of Public Services. To act in good faith and manage its affairs in a manner which enables prompt response to any request to provide the Public Services to East Garrison or to those acting on behalf of East Garrison.

4. Public Services. The CSD shall, subject to the availability of funds and to its budgeting process, provide the following Public Services:

a. Drainage, Stormwater and Flood Control System. Maintain drainage, stormwater facilities and systems, and retention basins for flood control, for the protection of all public facilities within the CSD, with funding provided by the CFD special tax.

b. Parks and Open Space. Maintain all parks and other open space, including multi-use paths, with funding provided by the CFD special tax.

c. Sheriff Protection. Fund the County Sheriff's law enforcement operations in the CSD, with funding provided by the CFD special tax.

5. Other Public Services Providers. The entities noted below will provide and/or fund the following Public Services:

a. HOAs.

As a condition of its approval of all covenants, conditions and restrictions (CC&R's), the County will require HOAs to provide and/or fund the following Public Services:

i. East Garrison Perimeter Public Roadways. Fund the maintenance by the County of all perimeter public roadways, streets, collectors, and alleys within East Garrison, including medians and signalization. A map showing the East Garrison Perimeter Public Roadways is attached hereto as Exhibit 2 and made a part hereof. The HOA shall also provide for maintenance of the landscaping, signage, lighting, monuments, sound walls and other noise mitigation measures, buffers, grade separation, bridges, sidewalks, multi-purpose paths and community and neighborhood entries on those perimeter public roads.

ii. Transit Services. In coordination with Monterey-Salinas Transit District ("MST"), fund local and regional transit services and maintain transit facilities including transit stops, on East Garrison private roads.

iii. Private Roadways. Fund and maintain all private roadways, streets, collectors, and alleys within East Garrison, including entry statements.

iv. Private Drainage and Stormwater System. Fund and maintain drainage and stormwater systems in the private roadways to protect the private property within the CSD.

b. Monterey County Sheriff.

i. Law Enforcement. The County Sheriff will provide all law enforcement services within the CSD, with funding for operations provided by the CFD special tax.

c. Salinas Rural Fire District ("SRFD")

i. Fire Protection. SRFD will provide an urban level of fire protection services, to be funded by a special tax imposed by SRFD.

d. Marina Coast Water District ("MCWD")

i. Water and Wastewater Service. The MCWD will provide water and wastewater services in the CSD.

6. Funding for CSD Public Services. The CSD warrants that it will fund the Public Services set forth in Section 4, doing so either through funds or means available to the CSD, or through agreements with the Developer, the HOAs or other entities. In this regard, the CSD will, subject to the Development Approvals and such other agreements or permits that limit the total assessment or taxation of private properties within the CSD, take all lawful actions to maximize funds available to it from all sources including but not limited to CSD assessments, fees and charges; CFDs; improvement, general obligation or revenue bonds, or other debt financing; and other means of financing, including federal, state, regional, and local funding sources.

The financing for Public Services in East Garrison will take the following form:

Public Service	Proposed Funding Source
Recreation Maintenance and Programs Library Services/Maintenance Sheriff Custody Operations/Coroner/Public Administrator Other General Fund Expenses	County General Fund
Drainage, Stormwater and Flood Control Systems in Public Rights of Way or Easements Public Parks and Open Space Sheriff Protection	CFD Special Tax
Fire Protection	SRFD Special Tax
East Garrison Perimeter Roadways Private Roadways Transit Services Entry Statements Drainage and Stormwater Systems in Private Rights of Way or Easements	HOA Fees

Until such time as the CSD can provide the services with its own personnel or in some other manner, the County will provide all requisite staffing. The CSD will reimburse the County for all reasonable and necessary costs of the staffing, from the funds available to the CSD under this Section 6.

7. Third Party Beneficiary. The Parties agree that the Developer is the third Party beneficiary of this Agreement, and the Developer, either separately or jointly with one of the Parties, may enforce any of the provisions of this Agreement.

8. Default; Remedies; Termination.

a. General Provisions. If any Party fails or unreasonably delays performance of any material term, provision, or condition of this Agreement for a period of 90 days after written notice thereof is mailed by certified mail from any Party, including the Developer, that Party will be in default under this Agreement. The notice shall specify the nature of the alleged default and, where appropriate, the manner and period of time, in no event less than 90 days, in which the Party may cure the default. If the nature of the alleged default is that the Party cannot reasonably cure it within the 90-day period, the Party's commencement of the cure within that time and the diligent prosecution to completion of the cure shall be deemed a cure within the period.

b. Default by County. In the event the County defaults under the terms of this Agreement, the CSD shall have all rights and remedies provided herein or under applicable law, which may include specific performance as set forth in this Agreement.

c. Default by CSD. In the event the CSD defaults under the terms of this Agreement, the County shall have all rights and remedies provided herein or under applicable law, which may include specific performance as set forth in this Agreement.

d. Enforced Delay. In addition to specific provisions of this Agreement, no Party shall be deemed to be in default where delays or defaults are due to war, insurrection, strikes, casualties, acts of God, governmental restrictions imposed or mandated by other governmental entities, enactment of conflicting state or federal law or regulations, new or supplemental environmental regulations, judicial decisions, or similar basis for excused performance which is not within the reasonable control of the Party to be excused. Litigation attacking the validity of this Agreement, the Development Approvals, or any permit, ordinance, entitlement or other action of a governmental agency necessary for the development of East Garrison shall be deemed to create an excusable delay as to any Party. Upon the request of any Party hereto, an extension of time for such cause shall be granted in writing for the period of the enforced delay, or longer as may be mutually agreed upon by the Parties.

e. Venue. Any action arising out of this Agreement shall be initiated in the Monterey County Superior Court.

f. Attorneys' Fees. If legal action by any Party is brought because of breach of this Agreement or to enforce a provision of this Agreement, the prevailing Party is entitled to reasonable attorney's fees and court costs.

9. Hold Harmless Agreement. The CSD will defend and hold harmless the County and its elected and appointed officers, agents, employees, and representatives against and from any and all claims, costs, and liabilities for any personal injury, death, or property damage which arise directly or indirectly from the CSD's performance of the Public Services under this Agreement, whether the operations were performed by the CSD or any of the CSD's contractors, subcontractors, or their respective agents and employees. The County will defend and hold harmless the CSD and its elected and appointed officers, agents, employees, and representatives against and from any and all claims, costs, and liabilities for any personal injury, death, or property damage which arise directly or indirectly from the County's performance under this Agreement, whether the operations were performed by the County or any of the County's contractors, subcontractors, or their respective agents and employees.

10. Miscellaneous Provisions.

a. Severability. If any court holds any term, provision, or condition of this Agreement or the application of any provision of this Agreement to a particular situation invalid, void or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect unless amended or modified by mutual consent of the Parties.

b. Other Necessary Acts. Each Party shall execute and deliver to the other all instruments and documents necessary to carry out this Agreement.

c. Amendment of Agreement. This Agreement may only be amended in writing by the original Parties, or their successors in interest. The Parties shall cooperate in effecting needed amendments to this Agreement.

d. Binding on Successors. All of the provisions, agreements, rights, powers, terms, and obligations contained in this Agreement shall be binding upon the Parties and their respective heirs, successors and assigns.

e. Notices. Any notice or communication required hereunder must be in writing, and except as otherwise specifically provided, may be given either personally or by certified mail, return receipt requested. If given by certified mail, the same shall be deemed to have been given and received on the earlier of (i) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing the notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. Any Party hereto may at any time, by giving 10 days' written notice to the other Party hereto, designate any other address in substitution of the address to which the notice or communications shall be given. The notices or communications shall be given to the Parties at their addresses set forth below:

County: County of Monterey
Attention: Director of Public Works
168 West Alisal Street, Second Floor
Salinas, CA 93901
Telephone (831) 755-4800
Facsimile (831) 755-4958

With copies to: Monterey County Counsel
168 West Alisal Street, Third Floor
Salinas, CA 93901
Telephone (831) 755-5045
Facsimile (831) 755-5283

CSD: East Garrison Community Services District
Attention: Director of Public Works
168 West Alisal Street, Second Floor
Salinas, CA 93901
Telephone (831) 755-4800
Facsimile (831) 755-4958

11. Cooperation in the Event of Legal Challenge. If a third Party brings any action or proceeding (including any governmental entity or official), challenging the validity of any provision of this Agreement or any action taken or decision made hereunder, the Parties shall cooperate in defending the action or proceeding, and the cost and expense of the defense, including, but not limited to attorney's fees, shall be split equally between the Parties. In the event the Parties are unable to select mutually agreeable legal counsel to defend the action or proceeding, each party may select its own legal counsel at each Party's expense.

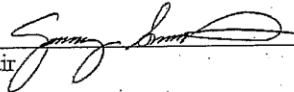
12. Third Party Litigation. If any Party is required to initiate or defend any action or proceeding with a third Party, including, without limitation, any cross-complaint, counterclaim, or third-Party claim, because of the other Party's commission of any event of default, or other breach of or failure to perform this Agreement, then the Party bringing or defending the action shall be entitled to recover its costs and expenses incurred in the action, including reasonable attorneys' fees, from the other Party.

13. Entire Agreement. This Agreement constitutes the full, the final and exclusive understanding and agreement of the Parties and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement shall be in writing and signed by the appropriate authorities of the Parties.

COUNTY:

COUNTY OF MONTEREY, a political
subdivision of the State of California

Chair



CSD:

EAST GARRISON COMMUNITY
SERVICES DISTRICT, a Community Services
District

by:

Chair, Board of Directors



APPROVED AS TO FORM:

County Counsel of County of Monterey

by:

David M. Madway, Special Counsel

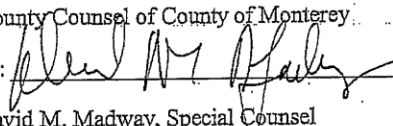


EXHIBIT 1 PROPOSED FORMATION

FOR THE FORMATION
OF THE COMMUNITY SERVICES DISTRICT
OF THE COUNTY OF SAN DIEGO
IN THE CITY OF CARLSBAD,
SAN DIEGO COUNTY,
CALIFORNIA
CARLSON, BARBEE & GIBSON, INC.
CIVIL ENGINEERS SURVEYORS PLANNERS
SAN RAMON, CALIFORNIA
JUNE 2005

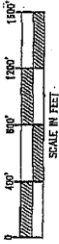
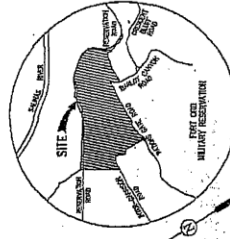
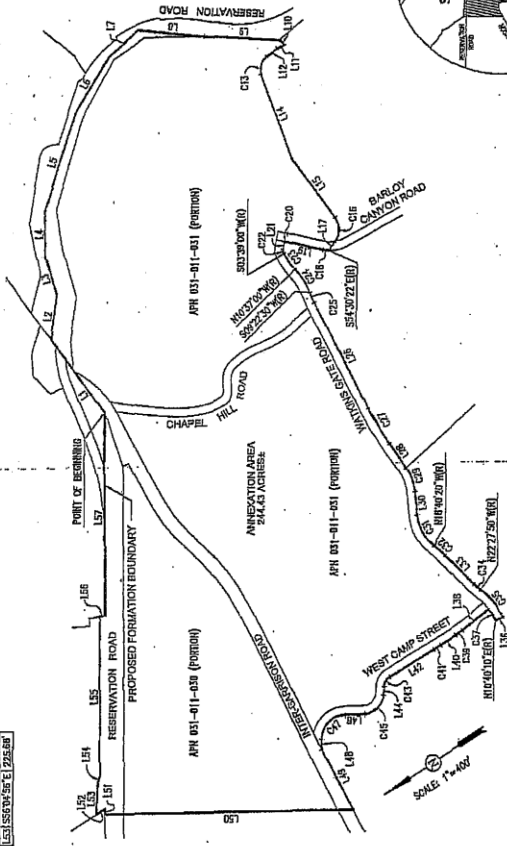
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154	N82°59'27"W	94.71
155	N82°59'27"W	94.71
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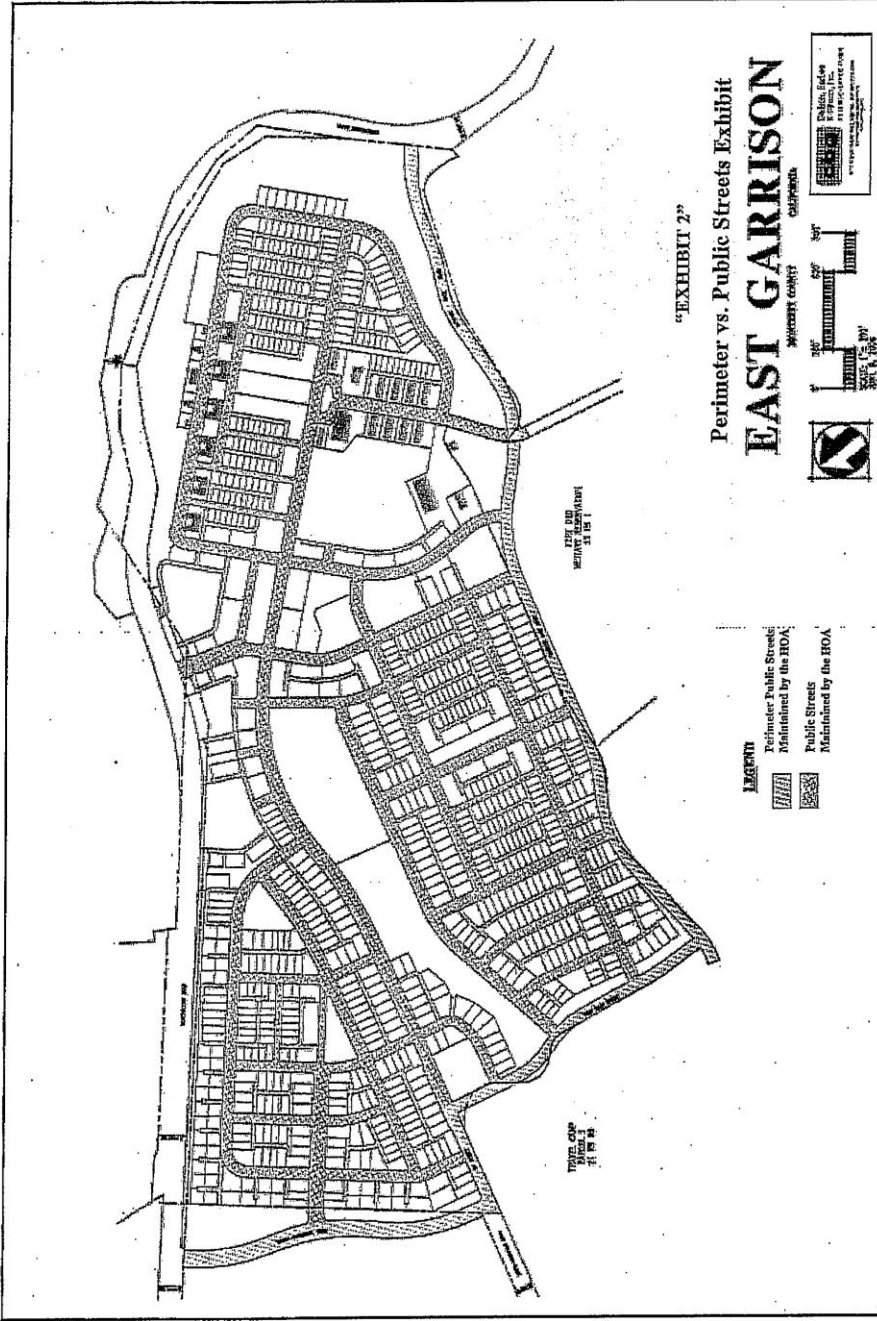
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190	N82°59'27"W	94.71

NO.	BEARING	LENGTH
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"EXHIBIT 2"

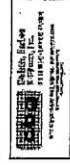
Perimeter vs. Public Streets Exhibit

EAST GARRISON

MAINTENANCE RESPONSIBILITIES



-  Perimeter Public Streets Maintained by the HOA
-  Public Streets Maintained by the BOA



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