

**COMPENSATION AGREEMENT FOR
PROPERTY RETAINED BY THE CITY OF SAN DIEGO
FOR FUTURE DEVELOPMENT
(3067 University Avenue, San Diego, CA; APN # 453-152-03-00)**

This Compensation Agreement for Property Retained by the City of San Diego for Future Development, involving the property located at 3067 University Avenue, San Diego, California (“Agreement”), is entered into by and among the City of San Diego, County of San Diego, Lemon Grove School District, San Ysidro School District, Grossmont Union High School District, Sweetwater Union High School District, San Diego Unified School District, Grossmont-Cuyamaca Community College, San Diego Community College, Southwestern Community College, San Diego County Office of Education, Grossmont Healthcare District, and San Diego County Water Authority (collectively, “Taxing Entities” or “Parties”). This Agreement shall take effect after all Parties have signed this Agreement. The effective date of this Agreement is _____, _____, which is the date on which the last Party has signed this Agreement (“Effective Date”).

RECITALS

The Parties enter into this Agreement with reference to the following circumstances:

A. Pursuant to Assembly Bill x1 26 enacted June 28, 2011, and subsequent legislation (collectively, the “Dissolution Laws”), the Redevelopment Agency of the City of San Diego (“Former RDA”) dissolved as of February 1, 2012, and the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (“Successor Agency”), became responsible for fulfilling the enforceable obligations, disposing of the properties and other assets, and unwinding the affairs of the Former RDA.

B. On December 2, 2013, the Successor Agency received the finding of completion from the California Department of Finance (“DOF”), confirming that the Successor Agency had completed three payments of unencumbered funds to the San Diego County Auditor and Controller (“County Auditor”) for pro rata distribution to the local taxing entities in accordance with the Dissolution Laws. Under California Health and Safety Code (“Code”) section 34191.1, the DOF’s issuance of the finding of completion entitled the Successor Agency to, among other things, prepare and submit the Long-Range Property Management Plan (“PMP”) for the orderly disposition of the Former RDA’s non-housing assets.

C. The Oversight Board for the Successor Agency (“Oversight Board”) approved the Successor Agency’s original PMP in April 2014. The Successor Agency thereafter submitted the original PMP to the DOF for approval. The DOF did not approve the PMP, but instead provided the Successor Agency with various comments and proposed revisions to the PMP. The Successor Agency then prepared the Amended and Restated PMP (“ARPMP”), incorporating the DOF’s comments and proposed revisions. On September 21, 2015, the Oversight Board adopted Resolution No. OB-2015-14, approving the ARPMP. On October 15, 2015, the DOF issued a letter unconditionally approving the ARPMP. A copy of the approved ARPMP has been provided to each Party.

D. Consistent with Code section 34191.5(c)(2), the ARPMP requires the Successor Agency to dispose of the Former RDA's properties through four categories: (1) transfer to the City for governmental use; (2) liquidation or sale to a third party; (3) transfer to the City for future development in accordance with historical redevelopment objectives; and (4) fulfillment of an enforceable obligation.

E. This Agreement pertains to that certain real property located at 3067 University Avenue, San Diego, CA 92104, APN #453-152-03-00 ("Property"). The ARPMP identifies the Property as Item FD-11 – North Park Gateway (Woolworth Building), in the future development disposition category.

F. Under Code section 34180(f), in exchange for the City retaining the Property for future development, the Parties must enter into a compensation agreement under which the City compensates the other local taxing entities in accordance with their proportional shares of base property tax revenues, as determined pursuant to Code section 34188, for the value of the Property. Under Code section 34180(f), if no agreement is reached on valuation of the Property, the value will be the fair market value as of the 2011 property tax lien date as determined by an independent appraiser approved by the Oversight Board. This Agreement will constitute the compensation agreement referenced in the ARPMP and the Dissolution Laws.

G. On February 19, 2016, the Successor Agency conveyed the Property to the City. The Parties have been unable to reach agreement on the value of the Property. A qualified appraiser approved by the Successor Agency Oversight Board has completed an appraisal determining that the fair market value of the Property as of the 2011 property tax lien date is \$1,400,000.

H. The City and a developer have negotiated a disposition agreement for the City's disposition of the Property to the developer for future development in accordance with the LRPMP ("Disposition Agreement").

NOW, THEREFORE, to comply with the applicable provision of the Dissolution Laws, the Parties agree as follows:

Section 1. Compensation Amount.

The Parties agree that the fair market value of the Property as of the 2011 lien date is \$1,400,000 ("2011 Property Value"). The Parties further agree that the City has incurred, or will reasonably incur, the following reimbursable expenses related to the valuation and disposition of the Property, (collectively, the "Qualified Property Expenses"): appraisal costs of \$6,000, and the City's share of actual escrow and closing costs not to exceed \$5,000. Therefore, the Parties agree that the total compensation amount payable by the City to the Taxing Entities for the Property ("Compensation Amount") will equal the 2011 Property Value, minus the actual Qualified Property Expenses, for an estimated total not to exceed \$1,389,000. Upon request from any other Party, the City must provide written evidence (e.g., paid invoices) substantiating the actual Qualified Property Expenses amount.

Section 2. Allocation of Proportional Shares.

The Parties agree that, within 30 days after the close of escrow on the City’s disposition of the Property to a developer for future development in accordance with the Disposition Agreement (“Close of Escrow”), the City will distribute the Compensation Amount to the Taxing Entities in proportion to each Taxing Entity’s share of the base property tax as determined pursuant to Code section 34188 and by the County Auditor as set forth below:

IMPACTED TAXING ENTITIES	FUND IMPACT RATIOS
COUNTY OF SAN DIEGO	0.15693613
LEMON GROVE SCHOOL DISTRICT	0.00094926
SAN YSIDRO SCHOOL DISTRICT	0.00756085
GROSSMONT UNION HIGH SCHOOL DISTRICT	0.00094772
SWEETWATER UNION HIGH SCHOOL DISTRICT	0.00386121
SAN DIEGO UNIFIED SCHOOL DISTRICT	0.43500917
GROSSMONT-CUYAMACA COMMUNITY COLLEGE	0.00035911
SAN DIEGO COMMUNITY COLLEGE	0.06292871
SOUTHWESTERN COMMUNITY COLLEGE	0.00104039
SAN DIEGO COUNTY OFFICE OF EDUCATION	0.01594758
EDUCATIONAL REVENUE AUGMENTATION FUND	0.14186875
CITY OF SAN DIEGO	0.17106029
GROSSMONT HEALTHCARE DISTRICT	0.00008202
SAN DIEGO COUNTY WATER AUTHORITY	0.00144881
TOTAL	1.00000000

Section 3. Condition Precedent.

Any duty imposed on the City by this Agreement is based upon the City’s receipt of funds equal to or greater than the 2011 Property Value at the Close of Escrow or upon the City’s transfer of ownership of the Property for future development, whichever occurs first. The City makes no representations or warranties as to when, if ever, the City will transfer ownership of the Property for future development.

Section 4. Effective Date and Term.

The term of this Agreement shall commence on the Effective Date and shall remain in effect until the date on which the earliest of the following three events has occurred: (a) the City has distributed all amounts owed to the Taxing Entities under Section 2 above; (b) the City has delivered written notice to the other Parties that the Disposition Agreement has been terminated; or (c) any Party has delivered a written notice of “Early Termination” to the other Parties as described immediately below. Notwithstanding any other provision of this Agreement or the ARPMP, any Party may terminate this Agreement upon written notice to the other Parties if a court order, legislation, or DOF policy reverses the requirement or need for this Agreement (an “Early Termination”). An Early Termination shall become effective five (5) days after the terminating Party delivers the required notice to the other Parties in accordance with this

Agreement. Upon effectiveness of an Early Termination, no Party shall have any further rights or obligations under this Agreement. An Early Termination shall not be permissible if the Close of Escrow has already occurred. Notwithstanding any other provision contained in this Agreement, once the City makes a payment to a Taxing Entity corresponding to the Compensation Amount, the payment is irrevocable.

Section 5. Miscellaneous Provisions.

(a) Notices. All notices, statements, or other communications made pursuant to this Agreement to another Party or Parties shall be in writing, and shall be sufficiently given and served upon the Party if sent by (1) United States certified mail, return receipt requested, postage prepaid, or (2) nationally recognized overnight courier, with charges prepaid or charged to sender's account, and addressed to the applicable Party in the manner specified in the attached Exhibit A. Any Party may change its address for notice purposes by written notice to the other Parties prepared and delivered in accordance with the provisions of this paragraph.

(b) No Third Party Beneficiaries. No person or entity, other than the Parties and their permitted successors and assigns, is an intended third party beneficiary under this Agreement or shall have any right of action under this Agreement.

(c) Attorneys' Fees. If any Party brings an action to interpret or enforce its rights under this Agreement, the unsuccessful Party or Parties shall pay all costs incurred by the prevailing party, including reasonable attorneys' fees.

(d) Common Defense. In the event litigation is initiated to attack the validity of this Agreement, each Party shall in good faith defend and seek to uphold this Agreement.

(e) State Law; Venue. This Agreement, and the rights and obligations of the Parties, shall be construed and enforced in accordance with the laws of the State of California. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of San Diego County, California.

(f) Entire Agreement; Amendment. This Agreement constitutes the entire and integrated agreement of the Parties and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be modified only in writing and only if signed by all of the Parties.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. Any executed counterpart of this Agreement may be delivered to the other Parties by facsimile or electronic mail and shall be deemed as binding as if an originally signed counterpart was delivered.

(h) Non-Waiver. No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement will be effective unless it is in writing and signed by the waiving Parties.

(i) No Partnership. Nothing contained in this Agreement shall be construed to constitute any Party as a partner, employee, joint venturer, or agent of any other Party.

(j) Ambiguities. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement.

(k) Schedules and Exhibits. The schedules and exhibits attached to this Agreement are incorporated fully by reference into this Agreement.

(l) Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

(m) Action or Approval. Whenever action or approval by the City is required under this Agreement, the Mayor or designee may act on or approve such matter unless specifically provided otherwise, or unless the Mayor or designee determines in his or her discretion that such action or approval requires referral to the City Council for consideration.

(n) Educational Revenue Augmentation Fund (ERAF). The ERAF may be entitled to a distribution of monies pursuant to Section 2 above and Code section 34188. There is no need for a separate entity to sign this Agreement on behalf of the ERAF because the ultimate beneficiaries of any distribution of monies to the ERAF are Taxing Entities that are signatories to this Agreement.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates set forth below.

CITY OF SAN DIEGO

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

By: _____
Print: _____
Title: _____
Date: _____

COUNTY OF SAN DIEGO

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

By: _____
Print: _____
Title: _____
Date: _____

SAN DIEGO COMMUNITY COLLEGE DISTRICT

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

By: _____
Print: _____
Title: _____
Date: _____

SAN DIEGO UNIFIED SCHOOL DISTRICT

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

By: _____
Print: _____
Title: _____
Date: _____

SAN DIEGO COUNTY OFFICE OF EDUCATION

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

By: _____
Print: _____
Title: _____
Date: _____

[signatures continued on next page]

SAN DIEGO COUNTY
WATER AUTHORITY

By: _____
Print: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

LEMON GROVE
SCHOOL DISTRICT

By: _____
Print: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

SAN YSIDRO
SCHOOL DISTRICT

By: _____
Print: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

GROSSMONT UNION
HIGH SCHOOL DISTRICT

By: _____
Print: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

SWEETWATER UNION
HIGH SCHOOL DISTRICT

By: _____
Print: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

[signatures continued on next page]

GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT

By: _____
Print: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

SOUTHWESTERN COMMUNITY
COLLEGE DISTRICT

By: _____
Print: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

GROSSMONT HEALTHCARE
DISTRICT

By: _____
Print: _____
Title: _____
Date: _____

APPROVED AS TO FORM:

By: _____
Print: _____
Title: _____
Date: _____

EXHIBIT A

CONTACT INFORMATION

CITY OF SAN DIEGO

202 C Street, MS 9A

San Diego, CA 92101

Attn: Deputy Chief Operating Officer, Smart and Sustainable Communities

COUNTY OF SAN DIEGO

1600 Pacific Highway, Room 209

San Diego, CA 92101

Attn: Chief Administrative Officer

SAN DIEGO COMMUNITY COLLEGE DISTRICT

3375 Camino Del Rio South

San Diego, CA 92108

Attn: _____

SAN DIEGO UNIFIED SCHOOL DISTRICT

4100 Normal Street

San Diego, CA 92103

Attn: _____

SAN DIEGO COUNTY OFFICE OF EDUCATION

6401 Linda Vista Road

San Diego, CA 92111

Attn: _____

SAN DIEGO COUNTY WATER AUTHORITY

4677 Overland Avenue

San Diego, CA 92123

Attn: _____

LEMON GROVE SCHOOL DISTRICT

8025 Lincoln Street

Lemon Grove, CA 91945-2515

Attn: Deputy Superintendent, Business Services

SAN YSIDRO SCHOOL DISTRICT

4350 Otay Mesa Road

San Ysidro, CA 92173-1685

Attn: Assistant Superintendent, Business Services

GROSSMONT UNION HIGH SCHOOL DISTRICT
P.O. Box 1043
La Mesa, CA 91944-1043
Attn: Deputy Superintendent, Business Services

SWEETWATER UNION HIGH SCHOOL DISTRICT
1130 Fifth Avenue
Chula Vista, CA 91911-2896
Attn: Chief Financial Officer

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
8800 Grossmont College Drive
El Cajon, CA 92020
Attn: District Business Services

SOUTHWESTERN COMMUNITY COLLEGE DISTRICT
900 Otay Lakes Road
Chula Vista, CA 91910-7297
Attn: Business & Financial Affairs

GROSSMONT HEALTHCARE DISTRICT
9001 Wakarusa Street
La Mesa, CA 91942
Attn: Chief Financial Officer