

**COMPENSATION AGREEMENT FOR
PROPERTY RETAINED BY THE CITY OF SAN DIEGO
FOR FUTURE DEVELOPMENT**

(Walker Scott)

1014 Fifth Avenue, San Diego, CA 92101

Assessor's Parcel Number 533-525-05

This Compensation Agreement for Property Retained by the City of San Diego for Future Development, involving the property located at 1014 Fifth 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 District, 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 _____, 20__, 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 xl 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 1014 Fifth Avenue, San Diego, CA, Assessor's Parcel Number 533-525-05 ("Property"). The ARPMP identifies the Property as Item FD - 22, 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 September 07, 2016, the Successor Agency conveyed the Property to the City. The Parties have been unable to reach agreement on the value of the Property under Code section 34180(f)(1) and, accordingly, will rely on the default method of valuation under Code section 34180(f)(2). Consistent with Code section 34180(f)(2), 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 One Million One Hundred Fifty Thousand Dollars (\$1,150,000).

H. Consistent with the ARPMP, the City intends to negotiate a disposition agreement with a developer 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 appraised fair market value of the Property as of the 2011 lien date is One Million One hundred Fifty Thousand Dollars (\$1,150,000) ("2011 Property Value"). The Parties further agree that the City has incurred the cost of \$19,000 for appraising the 2011 value of the Property ("Appraisal Cost"). 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 Appraisal Cost, for a net total of \$1,131,000.00. Upon request from any other Party, the City must provide written evidence (e.g., paid invoices) substantiating the Appraisal Cost.

Section 2. Allocation of Proportional Shares.

The Parties agree that, on or before June 30, 2027, 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	0.15685551
LEMON GROVE SCHOOL DISTRICT	0.00074028
SAN YSIDRO SCHOOL DISTRICT	0.00681131
GROSSMONT UNION HIGH SCHOOL DISTRICT	0.00073908
SWEETWATER UNION HIGH SCHOOL DISTRICT	0.00347844
SAN DIEGO UNIFIED SCHOOL DISTRICT	0.43659975
GROSSMONT CUYAMACA COMMUNITY COLLEGE DISTRICT	0.00028006
SAN DIEGO COMMUNITY COLLEGE DISTRICT	0.06315968
SOUTHWESTERN COMMUNITY COLLEGE DISTRICT	0.00093726
SAN DIEGO COUNTY OFFICE OF EDUCATION	0.01594158
EDUCATIONAL REVENUE AUGMENTATION FUND	0.14192002
CITY OF SAN DIEGO	0.17102183
GROSSMONT HEALTHCARE DISTRICT	0.00006822
SAN DIEGO COUNTY WATER AUTHORITY	0.00144700
TOTAL	1.00

Section 3. Effective Date and Term.

The term of this Agreement shall commence on the Effective Date and shall remain in effect until the City has distributed the entirety of the Compensation Amount to the Taxing Entities under Section 2 above. If any balance of the Compensation Amount is unpaid and outstanding after June 30, 2027, the unpaid balance will accrue simple interest from and after July 1, 2027 at a rate of four percent per annum until the amount is fully paid. 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 4. 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

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

APPROVED AS TO FORM:

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

COUNTY OF SAN DIEGO

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

APPROVED AS TO FORM:

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

SAN DIEGO COMMUNITY COLLEGE DISTRICT

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

APPROVED AS TO FORM:

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

SAN DIEGO UNIFIED SCHOOL DISTRICT

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

APPROVED AS TO FORM:

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

SAN DIEGO COUNTY OFFICE OF EDUCATION

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

APPROVED AS TO FORM:

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: Mayor's Office

COUNTY OF SAN DIEGO
1600 Pacific Highway, Room 209
San Diego, CA 92101
Attn: Deputy Clerk of the Board of Supervisors

SAN DIEGO COMMUNITY COLLEGE DISTRICT
3375 Camino Del Rio South
San Diego, CA 92108
Attn: Chancellor's Office

SAN DIEGO UNIFIED SCHOOL DISTRICT
4100 Normal Street
San Diego, CA 92103
Attn: General Counsel

SAN DIEGO COUNTY OFFICE OF EDUCATION
6401 Linda Vista Road
San Diego, CA 92111
Attn: Deputy Superintendent

SAN DIEGO COUNTY WATER AUTHORITY
4677 Overland Avenue
San Diego, CA 92123
Attn: General Manager

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: Chief Business Officer

GROSSMONT UNION HIGH SCHOOL DISTRICT
P.O. Box 1043
La Mesa, CA 91944-1043
Attn: Executive Director, Facilities

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 Executive Officer