

Meeting Date: 1/21/16

# AGENDA REPORT

Agenda Item # 5A

Oversight Board for Successor Agency  
to the City of Santa Clara  
Redevelopment Agency



**Date:** January 21, 2016

**To:** Oversight Board for Action

**From:** City Manager/Executive Officer to Successor Agency

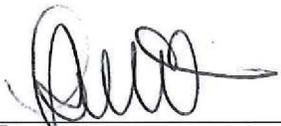
**Subject:** Settlement Agreement for Sharma vs. Successor Agency to the Redevelopment Agency of the City of Santa Clara et al (Sacramento Superior Court Case No. 34-2013-80001396)

## EXECUTIVE SUMMARY:

The above referenced Settlement Agreement was not final at the time the Oversight Board met on December 18, 2015. Attached for the Board's information is a copy of the January 12, 2016 receive and file report for the City of Santa Clara and its related entities.

## RECOMMENDATION:

That the Oversight Board receive and file the Settlement Agreement for Sharma vs. Successor Agency to the Redevelopment Agency of the City of Santa Clara et al (Sacramento Superior Court Case No. 34-2013-80001396).

  
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Julio J. Fuentes  
City Manager/Executive Officer to Successor Agency

### Documents Related to this Report:

1) *Agenda Report – Santa Clara City Council Meeting Item 16.H.*



**Date:** January 12, 2016

**To:** City Manager for Council Action  
Contract Administrator for Sports and Open Space Authority Action  
Executive Director for Stadium Authority Action  
Executive Director for Housing Authority Action  
City Manager for Council Action acting as the governing board of the Successor Agency to the City of Santa Clara Redevelopment Agency

**From:** Economic Development Officer/Assistant City Manager  
Director of Finance/Assistant City Manager

**Subject:** Settlement Agreement for Sharma vs. Successor Agency to the Redevelopment Agency of the City of Santa Clara et al (Sacramento Superior Court Case No. 34-2013-80001396)

#### **EXECUTIVE SUMMARY**

The County of Santa Clara, the County Office of Education and the Santa Clara Unified School District filed a petition for a writ of mandate ("Petition") to direct the City of Santa Clara, the Santa Clara Housing Authority, the Sports and Open Space Authority, the Santa Clara Stadium Authority and the Successor Agency to the Santa Clara Redevelopment Agency ("City Parties") to take certain actions related to the dissolution of the former Santa Clara Redevelopment Agency. The Petition requested that the Court order the City to return to the Successor Agency certain properties that had been owned by the former Redevelopment Agency prior to its dissolution, including the Great America Theme Park, the Hilton Hotel, the Hyatt Hotel, the Techmart Office building, the Convention Center, a portion of the Gateway property and the property where the Martinson Childcare Center is located. In addition the petition requested that the Court order the City to return all rents collected from the above properties since January 1, 2011 and that the Successor Agency remit to the County Auditor Controller for distribution to the taxing entities certain former Redevelopment Agency Funds.

The City Parties filed a cross petition claiming that the properties in question were not subject to return by the City to the Successor Agency and that the City was entitled to retain the rent revenues from the properties. The Court found in favor of the County but not all of the issues raised in the County petition were resolved by the Court and a subsequent hearing was scheduled by the Court. Prior to the hearing date, the City and the County began settlement discussions and ultimately reached agreement on the terms of a settlement that will resolve all issues related to the dissolution of the former Redevelopment Agency.

The terms of the Settlement Agreement were authorized by the City Council in closed session and reported out by the City Attorney at the December 15, 2015 City Council meeting. The Settlement Agreement was executed by all Santa Clara-related entities on January 8, 2016.

This report provides more detail on the background and content of the Settlement Agreement as attached.

The Settlement Agreement calls for the City to return to the Successor Agency certain properties that the former Redevelopment Agency transferred to the City prior to dissolution. The properties are as follows:

- The Great America Theme Park Property
- The Hilton Hotel Property
- The North/South Parking Lots (portions of the Great America Theme Park parking lot adjacent to the Hilton Hotel)
- The Gateway Parcel 2 Property
- The Hyatt Hotel Property
- The Techmart Property
- The Martinson Childcare Center Property

All of the above properties, other than the Martinson Childcare Center Property will be sold by the Successor Agency in accordance with the Long Range Property Management Plan approved by the Oversight Board and the Department of Finance. Sales proceeds from the above properties will be used first to pay the enforceable obligations of the Successor Agency and once all enforceable obligations are paid, the proceeds will be distributed to the taxing entities, including the City.

The Martinson Childcare Center Property is proposed to be transferred to the Santa Clara Unified School District as a governmental use property.

The Settlement Agreement also requires that the City return to the Successor Agency all rents collected from the above properties from July 1, 2012 onward. Until the properties are sold the rent revenues will be used to pay the Successor Agency's enforceable obligations. The City previously returned \$33,866,493 to the Successor Agency representing most of the rents collected since July 1, 2012. Pursuant to the Settlement Agreement, the City will return an additional \$6,021,895 in rent funds collected from the properties.

The Settlement Agreement allows the City to retain the Convention Center, the Convention Center garage and the common area surrounding the Convention Center pursuant to a Compensation Agreement to be entered into by the City and the taxing entities. The Compensation Agreement is more fully discussed in the staff report for that item, which is also before the Council and the Successor Agency on the January 12, 2016 agenda.

The Settlement Agreement requires the City to return to the Successor Agency \$7,221,743 of tax increment that was used for the construction of the Northside Library. The remaining \$11,716,480 of funds used for the Northside Library were bond proceeds. After full execution of the Settlement Agreement, the Successor Agency will list on its next ROPS a line item for approval of the use of the bond proceeds for the construction of the Northside Library. The County parties have agreed not to contest that line item. Upon approval of the ROPS item and payment of the tax increment, the Settlement Agreement makes clear that the City has clear title to the Northside Library.

Approximately 36 acres of the main parking lot for the Great America Theme Park was owned by the City but leased to the former Redevelopment Agency. The Settlement Agreement provides clarity that the City retains this property and that rents from the parking lot after July 1, 2015 are

the property of the City. However, the City shall remit \$324,282 to Successor Agency for lease revenue received from July 1, 2012 to June 30, 2015.

Similarly, the Sports and Open Space Authority owns the Fairway Glen Property and leased it to the former Redevelopment Agency. The Settlement Agreement makes clear that the Sports and Open Space Authority is the owner of the Fairway Glen Property and provides that lease revenues from the property will be paid to the Successor Agency until the earlier of either sale of the Fairway Glen property or the transfer of the Convention Center Property to the City pursuant to the Compensation Agreement. However, the City shall remit to the Successor Agency past lease revenues received from July 1, 2012 through June 30, 2015 in the amount of \$1,161,770.

In addition, the parties have agreed that a portion of the ground lease payments from the Hyatt Hotel are derived from the Convention Center Ballroom space rental and are not related to the Hyatt Hotel ground lease. However, the City shall remit \$921,270 to Successor Agency for revenue received from the Ballroom space rental from July 1, 2012 to June 30, 2015.

The Successor Agency has agreed to use all of its remaining bond proceeds to redeem and/or defease outstanding bond issues. The Successor Agency has already redeemed its 1999 issue and will be redeeming and/or defeasing the 2011 issue.

The Settlement Agreement provides mutual releases by all parties and requests that the Sacramento Superior Court retain jurisdiction to enforce the Settlement Agreement until it is fully implemented. The County has reserved its rights to challenge the validity of parking agreements entered into by the City while it held title to the property related to the North/South Lots until such time as sale of the North/South Lots is approved by the Oversight Board.

#### **ADVANTAGES AND DISADVANTAGES OF ISSUE**

The Successor Agency has already received a Finding of Completion from the State Department of Finance. The Settlement Agreement resolves the outstanding litigation between the City Parties and the County and allows for a speedy dissolution of the Successor Agency. Sale of the properties formerly held by the Redevelopment Agency is expected to generate substantial revenues based on initial appraisals of the properties. The revenue will first be used to retire all of the former Redevelopment Agency debt and then be distributed to the taxing entities. The City, as one of the taxing entities, will receive approximately 10% of the revenues distributed to the taxing entities. Additionally, as debt is paid down, the funds that were previously tax increment funds will be available for distribution to the taxing entities including the City. The City will receive approximately 10% of these funds as well.

The Settlement Agreement requires the City to forego the long term lease revenue stream that was generated by the properties. Prior to the dissolution of the Redevelopment Agency, the City received approximately \$13 million per year in lease revenues pursuant to Cooperation Agreements with the former Redevelopment Agency. These lease revenues will no longer be available to the City. Additionally, the City pursuant to the terms of the Settlement Agreement will be required to pay to the Successor Agency funds that were used for the Northside Library in the amount of \$7,221,743 as well as lease revenues collected prior to the Settlement Agreement. The total amount required to be remitted by the City pursuant to the Settlement Agreement is \$19,759,355. This is in addition to the funds previously transferred to the Successor Agency in the amount of \$33,866,493 plus an additional \$245,924.91 in interest payments.

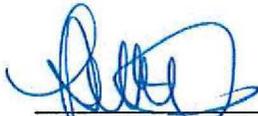
### ECONOMIC/FISCAL IMPACT

The Settlement Agreement requires the City remit to the Successor Agency a total of \$19,759,355 which funds will be used to pay enforceable obligations of the Successor Agency and after full payment of the enforceable obligations will be distributed to the taxing entities. Of the \$19,759,355 amount owed: \$6,614,166 will be funded through tax increment monies returned from the Friends of the Library Foundation for the Northside Branch Library project; \$2,407,322 is from lease monies held in a separate court ordered account; and, \$10,737,867 is available in the Land Sale Reserve fund.

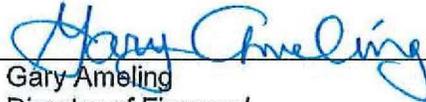
In addition to the payment of the amount required pursuant to the Settlement Agreement, the City will no longer receive rent revenue from the properties. The rent revenue has not been available to the City since July 2013 when the Court issued a preliminary injunction requiring the City to hold all rent revenues in a separate fund. The sale of the properties and the subsequent dissolution of the Successor Agency is expected to result in revenues to the City with the City expected to receive approximately 10% of the sale proceeds after payment of all debt.

### RECOMMENDATION

That the Council receive and file the Settlement Agreement for Sharma vs. Successor Agency to the Redevelopment Agency of the City of Santa Clara et al (Sacramento Superior Court Case No. 34-2013-80001396).



Ruth Shikada  
Economic Development Officer/  
Assistant City manager



Gary Ameling  
Director of Finance/  
Assistant City Manager

APPROVED:



Julio J. Fuentes  
City Manager

*Documents Related to this Report:*

- 1) *Settlement Agreement*

## SETTLEMENT AGREEMENT

**THIS SETTLEMENT AGREEMENT** ("Agreement") is made and entered into effective January 11, 2016 (the "Effective Date"), by and among the County of Santa Clara and Emily Harrison, in her capacity as Santa Clara County Auditor-Controller (collectively, "County"); the Santa Clara County Office of Education ("SCCOE"); the Santa Clara Unified School District ("SCUSD"); the City of Santa Clara ("City"); the Successor Agency to the former Redevelopment Agency of the City of Santa Clara ("Successor Agency"); the Housing Authority of the City of Santa Clara ("SCHA"); the Santa Clara Stadium Authority ("SCSA"); and the Sports & Open Space Authority of the City of Santa Clara ("SOSA"). The above parties are collectively referred to herein as "Parties" and individually as a "Party."

### RECITALS

**WHEREAS**, on February 1, 2012, the Redevelopment Agency of the City of Santa Clara ("SCRDA") dissolved pursuant to Assembly Bill X1 26 (2011), later modified by Assembly Bill 1484 (2012) and Senate Bill 107 (2015) (collectively, the "Dissolution Legislation"); and

**WHEREAS**, on September 10, 2013, the California State Controller's Office ("State Controller") published its review of cash and real property asset transfers made by the SCRDA that the State Controller deemed unallowable under the Dissolution Legislation, and ordered the City and related entities to return those assets to the Successor Agency ("State Controller's Order"); and

**WHEREAS**, on October 4, 2013, the California Department of Finance ("DOF") issued its final "other-funds-and-accounts" due diligence review determination ("OFA Determination") of the amount of non-housing-related unencumbered cash and cash equivalents available for distribution to the affected taxing entities in accordance with Health and Safety Code section 34179.6, and directed the Successor Agency to transmit the amount of \$26,730,410 plus interest earned since the funds were transferred to the Santa Clara County Auditor-Controller ("County Auditor-Controller"); and

**WHEREAS**, the County and the SCCOE filed a verified petition for writ of mandate and complaint against the Successor Agency, City, SCHA, SCSA, and SOSA with real parties in interest the State Controller and DOF in the Superior Court of the State of California, County of Sacramento (Case No. 34-2013-80001396), as amended by the first amended verified petition for writ of mandate and complaint adding the SCUSD (the "Petition"); and

**WHEREAS**, the Successor Agency, City, and SOSA filed a cross-petition for writs of mandate and prohibition and cross-complaint for declaratory and injunctive relief (the "Cross-Petition") (collectively the Petition and the Cross-Petition are referred to herein as the "Action"); and

**WHEREAS**, the Parties wish to completely and fully settle all claims and cross-claims that both exist among them, and DOF and State Controller and have been asserted, or could have been asserted, in the Action, except as otherwise provided herein.

**NOW, THEREFORE**, for and in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the foregoing and as follows:

#### **TERMS OF SETTLEMENT**

1. OFA Determination Interest Payment. On or about December 15, 2015, DOF issued a Finding of Completion ("FOC") to the Successor Agency, indicating that the Successor Agency has made full payment of amounts determined due as part of the OFA Determination.

2. Northside Library. Not later than five (5) business days after the Effective Date of this Agreement, the City will remit to the Successor Agency any and all tax increment-derived funds used for the construction of the Northside Library, less the City's percentage share of such funds, for a net sum of \$7,221,743. Not later than five (5) business days after receipt of funds from the City, the Successor Agency will distribute the funds to the County Auditor-Controller for distribution to the affected taxing entities other than the City. Consistent with the timeframes set forth in the Dissolution Legislation, the Successor Agency will also place on the Recognized Obligation Payment Schedule ("ROPS") 16-17, a ROPS line item to obtain approval from the Oversight Board to the Successor Agency ("Oversight Board") for the prior expenditure of approximately \$11,716,480 in proceeds derived from the SCRDA's 1999 and 2003 bond issuances used to pay for construction of the Northside Library. The County agrees not to challenge the ROPS line item and to indicate its support for the inclusion of this line item to the Oversight Board. Each of the Parties agrees not to challenge the inclusion of the item on the ROPS. Upon payment of the tax increment funds to the County Auditor-Controller and approval of the ROPS line item, all Parties agree that, as a result of this Agreement, the City has clear ownership/title to the Northside Branch Library building and land.

3. Property Lease Revenues. The City transferred or intends to transfer to the Successor Agency lease revenues collected from the following properties from July 1, 2012 through June 30, 2015 in the amount of \$39,888,388 (Per the City's July 23, 2015 letter \$33,866,493 has been transferred by the City to the Successor Agency. A remaining balance of \$6,021,895 shall be remitted by the City to the Successor Agency within five days of the Effective Date):

- o The Great America Theme Park Property (APN 104-42-014 and 104-42-019) ("Great America Theme Park")
- o The Hilton Hotel Property (APN 104-43-054) ("Hilton Hotel")
- o The North/South Lots Property (parking adjacent to the Hilton) (APN 104-43-051) ("North/South Lots")
- o The Gateway Parcel 2 Property (APN 104-01-100) ("Gateway Parcel 2")
- o The Hyatt Hotel Property (APNs 104-55-012 and 104-55-005) ("Hyatt Hotel")
- o The Techmart Property (APN 104-55-013) ("Techmart").

All lease revenues collected by the City from the above-referenced properties from July 1, 2015 until the properties are transferred to the Successor Agency consistent with this Agreement will be remitted to the Successor Agency not later than five (5) business days after the Effective Date

of this Agreement and/or the receipt of the lease revenues, as applicable. After transfer of the properties to the Successor Agency, all lease revenues shall be directly received by the Successor Agency. Lease revenue funds shall be first used to pay recognized enforceable obligations of the Successor Agency, including the redemption and defeasance of any bond issues (ROPS 15-16B Items 1, 2, 4, and 5) and payment of amounts owed to the San Francisco Forty Niners (ROPS 15-16B Item 8) and then, only after all enforceable obligations have been fully satisfied, remitted to the County Auditor-Controller to be disbursed to the affected taxing entities. Lease revenues collected are to be verified and confirmed by the County Auditor-Controller and the City.

4. Great America Theme Park Main Parking Lot. The County, SCCOE and SCUSD agree as a result of this Agreement that the Great America Theme Park Main Parking Lot (APN 104-43-052) (the "Main Parking Lot") is and always has been owned by the City and the City is entitled to any lease revenues generated from the Main Parking Lot after June 30, 2015. Not later than five (5) business days from the Effective Date of this Agreement, the City shall remit to the Successor Agency \$324,282, which represents Main Parking Lot lease revenues from July 1, 2012 through June 30, 2015. Rental funds shall be first used to pay recognized enforceable obligations of the Successor Agency, including the redemption and defeasance of any bond issues (ROPS 15-16B Items 1, 2, 4, and 5) and payment of amounts owed to the San Francisco Forty Niners (ROPS 15-16B Item 8) and then, only after enforceable obligations have been fully satisfied, remitted to the County Auditor-Controller to be disbursed to the affected taxing entities. The County, SCCOE and SCUSD shall have no further claims to any lease revenue generated by the Main Parking Lot. If the City deems it necessary, the Parties will approve an assignment to the City of the Main Parking Lot lease originally entered into between the City and Marriott Corporation and assigned by Marriott Corporation to the former RDA and the County will support approval of any such assignment by the Oversight Board.

5. Fairway Glen Parcel R-1, R-3 and R-4. The County, the SCCOE, and the SCUSD agree as a result of this Agreement that the Fairway Glen Parcels R-1, R-3, and R-4 (the "Fairway Glen Property") are and always have been owned by SOSA and that any proceeds from the past or future sales of the Fairway Glen Property belong solely to the City/SOSA. The City shall remit to the Successor Agency all past lease revenues received from the Fairway Glen Property developer(s) from July 1, 2012 through June 30, 2015, in the amount of \$1,161,770, and all lease revenue received from June 30, 2015 through the Effective Date within five (5) business days of the Effective Date of this Agreement. The City shall continue to remit to the Successor Agency (within five (5) business days of receipt) all future lease revenues due from the Fairway Glen Property developer(s) until the earlier of (i) the date the City/SOSA sells Fairway Glen Parcel R-3 to the developer pursuant to the terms of the existing lease and sublease or (ii) the date the City completes the purchase of the Convention Center properties pursuant to Paragraph 8 of this Agreement ("Fairway Glen Rent Date"); provided however, if rents due from the Fairway Glen Property developer prior to the Fairway Glen Rent Date, are actually received by the City after the Fairway Glen Rent Date, the City shall remit such rents to the Successor Agency. The Successor Agency shall use Fairway Glen Property lease revenues first to pay recognized enforceable obligations of the Successor Agency including the redemption and defeasance of any bond issues (ROPS 15-16B Items 1, 2, 4 and 5) and payment of amounts owed to the San Francisco Forty Niners (ROPS 15-16B Item 8) and then, only after all enforceable obligations have been fully satisfied, for remittance to the County Auditor-Controller to be

disbursed to the affected taxing entities. After the last date the City/SOSA is required to remit future Fairway Glen Property lease revenues as defined above, the County, the SCCOE and SCUSD shall have no further claim to any revenues received from the Fairway Glen Property. If the City deems it necessary, the Parties will approve an assignment of the Fairway Glen lease(s) to the City and the County will support approval of any such assignment by the Oversight Board.

6. Property Transfers. The City has previously transferred to the Successor Agency by quitclaim deed full and complete title to the following properties:

- Great America Theme Park
- Hilton Hotel
- North/South Lots
- Gateway Parcel 2
- Hyatt Hotel
- Techmart
- Martinson Property (APN 097-08-053) ("Martinson")

The City and SOSA (collectively the "City Parties") represent and warrant that the titles to the properties have been conveyed free and clear of all liens, encumbrances, claims, rights, demands, easements, leases, agreements, covenants, conditions, and restrictions of any kind except those (i) existing prior to January 1, 2011; (ii) with regard to the Great America Theme Park that certain Fourth Amendment to Ground Lease with First Refusal Purchase Rights dated January 1, 2012 and recorded March 23, 2012 as Document No. 21596990 (the "Fourth Amendment"); (iii) with regards to the North/South Lots, that certain Easement Agreement between the City, the SCSA and Forty Niners, LLC dated January 1, 2012 and recorded on March 23, 2012 as Document No. 21597004 ("Parking Easement"), the Fourth Amendment and the Parking Agreement referenced therein and that certain Resolution No. 15-8257 dedicating certain property for underground electric and water utility easements recorded on August 20, 2015 as Document No. 23058723; (iv) with regards to the Gateway Parcel 2 that certain Resolution No 15-8256 dedicating certain property for a traffic signal easement and storm drain easement recorded on August 20, 2015 as Document No. 23058724 (collectively the "Title Exceptions"). The Parties agree that the Waiver and Release provisions contained in Paragraphs 16 and 17 shall not apply to the Parking Easement with respect to any claim or cause of action that any Party may have to challenge the validity of the Parking Easement prior to the date that any sale of the North/South Lots is approved by the Oversight Board. Notwithstanding any other provision of this Agreement, the City or SCSA shall not be precluded from asserting any defenses, claims or causes of action related to the validity of the Parking Easement.

The Parking Easement's inclusion as an exhibit to the Fourth Amendment shall not limit in any way the rights of any Party with respect to the Parking Easement as it relates to the North/South Lots. The Waiver and Release provisions contained in Paragraphs 16 and 17 shall otherwise apply with respect to the Fourth Amendment.

The City Parties represent and warrant that there are no pending special assessments (other than the Maintenance District Assessment on the Hyatt and Techmart Properties) or condemnation actions, with respect to any of the properties or any part of the properties, nor do the City Parties

have any knowledge of any special assessments or condemnation actions being contemplated. The City Parties represent and warrant that the quitclaim deeds to the properties and all related documents previously delivered by the City Parties to the Successor Agency: (A) have been or will have been, prior to delivery to the Successor Agency, duly authorized and executed by the City Parties; and (B) are or shall be (1) legal and binding obligations of the City Parties, (2) sufficient to convey title to all of the properties as provided herein, (3) enforceable in accordance with their respective terms and conditions, and (4) not in, or not to be in, violation of any provisions of any agreements to which the City Parties are a party. The City Parties represent and warrant, without any obligation to make an independent investigation or inquiry, that the City parties know of no fact or combination of facts, nor have the City parties represented any fact, which would prevent the Successor Agency from using or operating the properties in substantially the same manner in which the properties are currently being used and operated. The City Parties represent and warrant that there are no outstanding contracts made by the City Parties for any improvements to the properties that have not been fully paid for. The City Parties further agree to cooperate as necessary to clarify any issues with title in furtherance of the sale of the properties.

7. Long Range Property Management Plan. On or about December 18, 2015, the Oversight Board approved a Long Range Property Management Plan ("LRPMP") for the Successor Agency and DOF approved the LRPMP on or about December 22, 2015. As indicated, the LRPMP requires the sale of the following properties expeditiously and for the maximum value pursuant to Health & Safety Code Section 34181(a). Maximum value shall be as determined by the highest responsive offer received after the properties are marketed in accordance with procedures approved by the Oversight Board. Expeditious sale of the Properties will mean that the Successor Agency or any Party will: (i) provide information about the availability of the properties to realtors and developers active in the Santa Clara area, as well as the lessees of the properties; and (ii) allow no less than 90 days for receipt of offers from the time a particular property is placed on the market. The net proceeds of the sale (after deduction of costs of sale normally included in real estate transactions, i.e. broker fees, escrow fees, and appraisal fees) will be used first to pay regular debt service on Successor Agency enforceable obligations, redeem or defease outstanding bond issues, and fully pay other existing enforceable obligations, and only after payment of those amounts, remitted to the County Auditor-Controller for distribution to the affected taxing entities. The properties will be sold subject to all encumbrances existing on the properties as of January 1, 2011 and the Title Exceptions, including but not limited to, the existing leaseholds. In order to accomplish the sale of the Hyatt and Techmart parcels for maximum value, the LRPMP shall require the Successor Agency to impose specific Conditions, Covenants & Restrictions ("CC&Rs") or similar mechanisms running with the land on the Hyatt, Techmart and Convention Center properties (as defined in Paragraph 8 below) to ensure all access and other property rights necessary to preserve the existing leasehold rights of the Hyatt and Techmart parcels that burden the Convention Center Complex are preserved. The properties to be sold are as follows:

- o Great America Theme Park
- o Hilton Hotel
- o North/South Lots
- o Gateway Parcel 2

- Hyatt Hotel
- Techmart

The LRPMP directs the transfer of the Martinson property to the SCUSD as a governmental use property.

8. Convention Center. The LRPMP provides for the City to acquire the Convention Center and common area parcels (APN 104-55-017, APN 104-55-016 and APN 104-43-025) (the "Convention Center Complex") pursuant to a compensation agreement with the affected taxing entities. The compensation agreement will provide for the City to pay to the affected taxing entities \$15 million for the Convention Center Complex. The City will receive a credit toward the purchase price for not taking its share of the subsequent distribution of the sales proceeds, thereby reducing the amount owed to \$13,540,768. The City and Successor Agency waive their rights to place previously re-entered agreements on a future ROPS and in lieu the City will receive a credit of \$5,682,287 toward the Convention Center Complex purchase price. The City and Successor Agency further waive any right to seek to use a portion of the 2011 bond proceeds for City purposes, and in lieu the City will receive an additional credit of \$3,750,086 toward the Convention Center Complex purchase price. The City will make a cash payment to the Successor Agency for the remaining amount necessary to complete the purchase of the Convention Center Complex of \$4,108,395. The Successor Agency shall use the remaining cash payment first to pay regular debt service, redeem or defease outstanding bond issues, and fully pay the other existing enforceable obligations and only after payment of those amounts, remit any remaining sum to the County Auditor-Controller for distribution to the affected taxing entities. The Convention Center Complex will be conveyed to the City subject to all existing encumbrances burdening the Convention Center Complex parcels related to the Hyatt Hotel and the Techmart and associated leases. In addition, the Convention Center Complex shall be conveyed subject to the obligations of the CC&R's contemplated in Paragraph 7 above. The City shall convey the Convention Center Complex to the Successor Agency who shall simultaneously convey the Convention Center Complex back to the City, subject to the CC&R's and other restrictions. Upon full payment to the Successor Agency of the remaining cash payment after credits and imposition of the CC&R's, all Parties agree that the City shall have clear ownership/title to the Convention Center Complex.

9. Oversight Board LRPMP Determination and Compensation Agreement. With regard to the Convention Center Complex, the City Parties, the County, SCCOE, and SCUSD agree to support a compensation agreement with the affected taxing entities on terms consistent with Paragraph 8 above and agree that each of the City, the County, SCCOE and SCUSD will enter into a compensation agreement on the terms consistent with Paragraph 8 above.

10. Ballroom Lease. The County, the SCCOE and the SCUSD agree as a result of this Agreement that a portion of the ground lease payments from the Hyatt Hotel are derived from the Convention Center Ballroom space rental and are not related to the Hyatt Hotel ground lease. The City shall retain all revenues generated from the Ballroom Agreement starting from July 1, 2015 and the Ballroom License Agreement will be assigned to the City within fourteen (14) business days of the Effective Date. Not later than five (5) business days from the Effective Date of this Agreement, revenues from the Ballroom License Agreement received from July 1, 2012 through June 30, 2015 in the amount of \$921,270 shall be transferred to the Successor Agency. The revenues shall be first used to pay enforceable

obligations of the Successor Agency including the redemption and defeasance of any bond issues (ROPS 15-16B Items 1, 2, 4, and 5) and payment of amounts owed to the San Francisco Forty Niners (ROPS 15-16B Item 8) and then, only after all enforceable obligations have been fully satisfied, remitted to the County Auditor-Controller to be disbursed to the affected taxing entities.

11. Bond Proceeds. The Successor Agency agrees to use all bond proceeds currently being held by the Successor Agency and/or the fiscal agent to redeem and/or defease outstanding bond issues subject to a defeasance/redemption plan that provides the greatest savings to the affected taxing entities. The Successor Agency and City Parties in agreeing to use the 2011 bond issuance proceeds for defeasance of the bonds, recognize that they are forgoing the potential to use a portion of those bonds proceeds under the Dissolution Legislation.

12. No Additional ROPS Items. The Successor Agency and other City Parties agree not to seek the addition of any new line items (i.e., items not previously approved by both the Oversight Board and DOF on a prior ROPS) on any current or future ROPS, including but not limited to the restoration of items pursuant to Health and Safety Code section 34191.4(b), except the addition of the Northside Library bond proceeds as specified in Paragraph 2.

13. Dissolution. The Parties agree to work in good faith to expeditiously wind-down the Successor Agency, including the expeditious payoff of all enforceable obligations, disposal of all assets in accordance with the approved LRPMP or this Agreement and with regards to the Convention Center Complex parcels in accordance with Paragraph 8, and remittance of all remaining revenues and proceeds to the County Auditor-Controller for distribution to the affected taxing entities after all enforceable obligations have been satisfied.

14. Specific Further Actions. The Parties represent, warrant, and agree that each of them shall in good faith perform all necessary actions and provide all documents in furtherance of each Party's obligations under the provisions of this Agreement, including but not limited to, such actions requiring approval of the Oversight Board and the actions taken thereby. Except as provided by this Agreement, nothing provided herein shall modify or relieve the Parties of their existing and future obligations under the Dissolution Legislation.

15. Dismissal of the Action and Retention of Jurisdiction. Pursuant to Code of Civil Procedure section 664.6, the Parties request and agree that the Sacramento County Superior Court shall retain jurisdiction over the Parties to enforce this stipulated settlement until there is full performance of the terms herein. The Parties agree that as part of entering this stipulated settlement with the Sacramento County Superior Court that the Parties will request that the Court discharge the writ of mandate issued pursuant to the Petition. Upon full performance of the terms herein, the Parties shall execute and file with the court a Request for Dismissal with Prejudice of the Entire Action, including all cross-actions. Before or after dismissal of the Action, any Party may bring a motion in accordance with section 664.6 of the Code of Civil Procedure to enforce this Agreement.

16. Release. Except for the rights and duties set forth in this Agreement and except those provisions that survive termination, cancellation, or expiration of this Agreement and subject to the provisions of Paragraph 6 above, the Parties, individually and on behalf of each of their officials, employees, heirs, estates, executors, administrators, assigns, agents, representatives, insurers, and attorneys, hereby forever release and fully discharge one another and each of their officials, employees, heirs, estates, executors, administrators, assigns, agents, representatives, insurers, and attorneys from any and all claims and causes of action asserted in the Action, the State Controller's Order, the DOF OFA Determination, any claims contesting previous DOF ROPS determinations and County actions, and any and all claims related to the dissolution of the former Redevelopment Agency and any actions of the former RDA, the City, SOSA, the SCHA and the SCSA and the County taken prior to the RDA's dissolution.

17. Waiver of Civil Code Section 1542. The Parties each acknowledge that they are familiar with California Civil Code section 1542. This Agreement is intended to release the claims and causes of action described in Paragraph 16 above, and the Parties hereby expressly waive the provisions of California Civil Code section 1542 only with respect to the claims and causes of action described in Paragraph 16 above. California Civil Code section 1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

18. General Provisions.

a. Integration. The terms of this Agreement are contractual, and not merely recital, and constitute a fully binding and complete agreement between the Parties regarding its subject matter. This Agreement supersedes any and all prior or contemporaneous agreements, representations, and understandings of or between the Parties, and the Parties each warrant that they are not relying on any such prior representations.

b. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision in this Agreement or any of the rights and obligations of the Parties.

c. Ambiguities. Each Party and its attorney cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any Party.

d. Amendments. The terms of this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by a writing duly executed by all Parties.

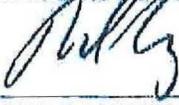
e. California Law. This Agreement shall be interpreted in accordance with and governed by the laws of the State of California, and all Parties submit to exclusive jurisdiction and venue of the Superior Court of California, County of Sacramento with respect to any dispute about this Agreement.

f. Additional Acts. The Parties agree to do such acts and to execute such documents as are necessary to carry out the terms and purposes of this Agreement.



CITY OF SANTA CLARA  
a California Charter City

APPROVED AS TO FORM



RICHARD E. NOSKY, JR.  
City Attorney

ATTEST:



ROD DIRIDON, JR.  
City Clerk



JULIO J. FUENTES  
City Manager  
1500 Warburton Avenue  
Santa Clara, CA 95050  
Telephone: (408) 615-2210  
Fax: (408) 241-6771

Date: 1/8/16

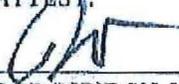
SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE  
CITY OF SANTA CLARA,  
A separate public entity

APPROVED AS TO FORM



RICHARD E. NOSKY, JR.  
Agency General Counsel

ATTEST:



ROD DIRIDON, JR.  
Agency Secretary



JULIO J. FUENTES  
Executive Director  
1500 Warburton Avenue  
Santa Clara, CA 95050  
Telephone: (408) 615-2210  
Fax: (408) 241-6771

Date: 1/8/16

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SPORTS AND OPEN SPACE AUTHORITY OF THE CITY OF SANTA CLARA  
a public body, corporate and politic

APPROVED AS TO FORM



RICHARD E. NOSKY, JR.  
Authority General Counsel

ATTEST:



ROD DIRIDON, JR.  
Authority Secretary



JULIO J. FUENTES  
Executive Director  
1500 Warburton Avenue  
Santa Clara, CA 95050  
Telephone: (408) 615-2210  
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Date: 1/8/16

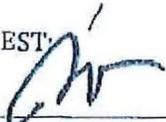
SANTA CLARA STADIUM AUTHORITY  
a joint exercise of powers entity, created through Government Code Section 6500 *et seq.*

APPROVED AS TO FORM



RICHARD E. NOSKY, JR.  
Authority General Counsel

ATTEST:



ROD DIRIDON, JR.  
Authority Secretary



JULIO J. FUENTES  
Executive Director  
1500 Warburton Avenue  
Santa Clara, CA 95050  
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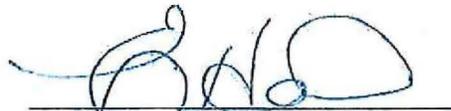
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COUNTY OF SANTA CLARA



James R. Williams  
Deputy County Executive

Date: 1/8/16



Emily Harrison  
Santa Clara County Auditor-Controller

Date: 1/8/16

APPROVED AS TO FORM AND LEGALITY



CHRISTOPHER R. CHELEDEN  
Deputy County Counsel

SANTA CLARA COUNTY OFFICE OF EDUCATION

By: \_\_\_\_\_  
Jon R. Gundry  
Superintendent

Date: \_\_\_\_\_

SANTA CLARA UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_  
Stanley Rose  
Superintendent

Date: \_\_\_\_\_

COUNTY OF SANTA CLARA

\_\_\_\_\_  
James R. Williams  
Deputy County Executive

\_\_\_\_\_  
Emily Harrison  
Santa Clara County Auditor-Controller

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY

  
\_\_\_\_\_  
CHRISTOPHER R. CHELEDEN  
Deputy County Counsel

SANTA CLARA COUNTY OFFICE OF EDUCATION

By:   
\_\_\_\_\_  
Jon R. Gundry  
Superintendent

Date: 01/07/2016

SANTA CLARA UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_  
Stanley Rose  
Superintendent

Date: \_\_\_\_\_

COUNTY OF SANTA CLARA

\_\_\_\_\_  
James R. Williams  
Deputy County Executive

\_\_\_\_\_  
Emily Harrison  
Santa Clara County Auditor-Controller

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY

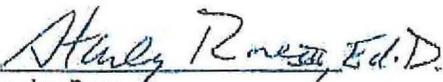
  
\_\_\_\_\_  
CHRISTOPHER R. CHELEDEN  
Deputy County Counsel

SANTA CLARA COUNTY OFFICE OF EDUCATION

By: \_\_\_\_\_  
Jon R. Gundry  
Superintendent

Date: \_\_\_\_\_

SANTA CLARA UNIFIED SCHOOL DISTRICT

By:   
Stanley Rose, Ed.D.  
Superintendent

Date: \_\_\_\_\_