



OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER SAN MARCOS REDEVELOPMENT AGENCY

STAFF REPORT

MEETING DATE: November 1, 2013

SUBJECT: Long Range Property Management Plan

Recommendation

Adopt the attached resolution approving the Long Range Property Management Plan.

Background

On December 29, 2011, the California Supreme Court issued its direction in the California Redevelopment Association v. Matosantos case. The Supreme Court found that ABX1 26, the Dissolution Act was constitutional. Consistent with AB X1 26, on January 10, 2012, the City Council adopted a resolution electing to become the Successor Agency for San Marcos Redevelopment Agency (SA). Under the Dissolution Act, the San Marcos Redevelopment Agency was dissolved on February 1, 2012.

In late June of 2012, the state legislature passed AB 1484, redevelopment dissolution clean up legislation which implemented new and accelerated deadlines among other provisions. One of these provisions was the creation of a Long Range Property Management Plan (LRPMP) to address the disposition and use of all the real property from the former redevelopment agency.

Discussion

Pursuant to Health and Safety Code (HSC) Section 34191.5 (b) the Successor Agency (SA) is required to submit, for review and approval, to the Oversight Board a Long Range Property Management Plan.

The LRPMP, attached, consists of an inventory of all properties held by the SA and the plan for the ultimate disposition or use of these properties in accordance with state law. These permissible uses are:

- retention of property for governmental use
- retention of the property for future development
- sale of the property
- use of the property to fulfill an enforceable obligation

The LRPMP consists of eight (8) individual or combined properties. Of these properties, one (1) is recommended for sale; 7 (seven) are to be retained for governmental use. All the properties, except for 684 Barham, were purchased with RDA bond proceeds or housing bond proceeds in accordance with the bond covenants.

Proceeds from the sale of property that is sold are to be remitted to the County Auditor-Controller for distribution to taxing entities.

Staff recommends that the Oversight Board approve the attached resolution approving the LRPMP.

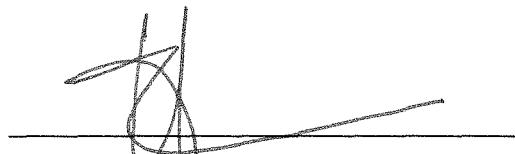
Fiscal Impact

There is no direct fiscal impact to the Successor Agency. Any proceeds from the sale of the 1 (one) property will be remitted to the County Auditor-Controller for distribution to the various taxing entities.

Attachment(s)

Resolution
LRPMP

Prepared by:

A handwritten signature in black ink, appearing to read "L. Romero", is written over a horizontal line.

Lydia Romero, Deputy City Manager

OVERSIGHT BOARD RESOLUTION NO. 2013-

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF
THE FORMER SAN MARCOS REDEVELOPMENT AGENCY APPROVING THE
LONG RANGE PROPERTY MANAGEMENT PLAN FOR THE REAL PROPERTY
ASSESTS OF THE FORMER REDEVELOPMENT AGENCY

WHEREAS, the City Council of the City of San Marcos ("City") adopted the Redevelopment Plan for Project Area No. 1 of the San Marcos Redevelopment Agency ("Agency") on or about July 12, 1983, the Redevelopment Plan for Project Area No. 2 on or about July 19, 1985, and the Redevelopment Plan for Project Area No. 3 on or about July 11, 1989, for the purpose of considering and pursuing redevelopment activities in the community pursuant to the Community Redevelopment Law, California Health & Safety Code Sections 33000, et. seq. ("CRL"); and

WHEREAS, pursuant to Assembly Bill X1 26 ("AB X1 26"), as supplemented in the decision of the California Supreme Court entitled *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Supreme Court matter S194861, which decision was issued on December 29, 2011, redevelopment agencies have been dissolved by the State as of February 1, 2012 and no longer exist as public bodies, corporate or politic, Successor Agencies were designated to provide for the payment of enforceable obligations of each redevelopment agency and the administration of the wind-down of each such redevelopment agency; and

WHEREAS, pursuant to Resolution No. 2012-7607, approved and adopted by the City on January 10, 2012, the City elected to serve as the Successor Agency to the Agency following its dissolution; and

WHEREAS, pursuant to Assembly Bill 1484, which further amended the Dissolution Act (AB X1 26) requiring additional dissolution actions by the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code section 34191.4(c), the San Marcos Successor Agency received “Finding of Completion” from the Department of Finance (DOF) on May 1, 2013; and

WHEREAS, under HSC section 34191.5(b), when a “Finding of Completion” is issued to a successor agency, the agency has six months to complete and remit to Department of Finance a long range property management plan for the disposition of real property; and

WHEREAS, the Oversight Board has received the Long Range Property Management Plan, as prepared by the SA, which addresses the requirements as HSC 34191.5(c).

NOW, THEREFORE, the Oversight Board of the Successor Agency to the former San Marcos Redevelopment Agency does hereby resolve as follows:

- A. The Long Range Property Management Plan is hereby approved, and
- B. The use of bond proceeds for the purchase of certain of the properties described in the Long Range Property Management Plan; to wit, those to be used for government purposes, the use of bond proceeds gives rise to the requirement to meet bond and indenture covenants; further, given that said properties were acquired by the former RDA with such bond funds for the governmental purpose of road and infrastructure improvements, said properties are to be retained by the Successor Agency to achieve such governmental purpose and ensure compliance with the applicable bond and indenture covenants.
- C. The lease revenue from the 939 Grand Avenue shall be retained by the Successor Agency, as the Successor Agency has maintained such property prior to and

following the dissolution of redevelopment and has incurred utility, maintenance and administrative oversight costs associated with the same, and as the lease revenue is de minimis in comparison with the expense and effort that would be required to allocate remaining income, if any, to taxing entities.

PASSED, APPROVED AND ADOPTED by the Oversight Board of the Successor Agency to the former San Marcos Redevelopment Agency at a meeting held on the 1st day of November, 2013, by the following roll call vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

GARY HAMELS
OVERSIGHT BOARD CHAIR

ATTEST:

Phillip Scollick, Clerk of the Board

LONG RANGE PROPERTY
MANAGEMENT PLAN

SUCCESSOR AGENCY TO THE FORMER
SAN MARCOS REDEVELOPMENT AGENCY



1 Civic Center Drive
San Marcos, CA 92069

Long Range Property Management Plan

Successor Agency to the former San Marcos Redevelopment Agency

Introduction

Governor Brown signed Assembly Bill 1484 (AB 1484) into law on June 27, 2012 that made substantial changes to the redevelopment agency dissolution process implemented under Assembly Bill X1 26 in 2011. As a budget trailer bill, AB 1484 contained several key components of the dissolution process, one of which is the requirement that all successor agencies develop a long-range property management plan. This plan governs the disposition and use of the former redevelopment agency property. This document serves as the Long Range Property Management Plan for the Successor Agency to the former San Marcos Redevelopment Agency (Successor Agency).

Synopsis and Brief History of Properties

There are eight (8) individual or combined properties owned and controlled by the Successor Agency. They include:

1. Via Vera Cruz vacant land. Four parcels, totaling 145,055 square feet consists of vacant and currently unused land acquired to construct necessary roadways and flood plain adjustments consistent with the Creek District Specific Plan. No tenants were using the site at the time of the acquisition. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**
2. 684 Barham Drive. This property is a 13,503 square foot lot with an approximately 2,700 square foot steel framed, single story structure. The building consists of non-ADA compliant office/restroom spaces and a warehouse with a deteriorating loading dock. No tenants have leased the site since the acquisition was completed. The building and site currently sits vacant and is partially fenced. Property was acquired for the widening of SR 78 and realignment of the eastbound State Route 78 Woodland Parkway / Barham Drive off-ramp. This property is incorrectly listed as a property held by the San Marcos Redevelopment Agency in the title report. This property was purchased with locally derived impact fees and not with any redevelopment dollars and title should have been in the City of San Marcos. **The Successor Agency recommends title transfer of this property to the City of San Marcos; this property is intended for a government use pursuant to subdivision (a) of HSC section 34181.**
3. 567 Deer Springs. This property is a 1,232,748 square foot, hillside agriculture site with limited flat / developable land and location of a former orchard. No tenants have used the property since the acquisition by the former Redevelopment Agency. Property was purchased for future parkland / expansion of the existing and nearby Walnut Grove Park. **The Successor Agency recommends selling this property.**

4. South Santa Fe Road. This road widening project consists of 7 small parcels on South Santa Fe Road. Each property is listed below:

4a. Right of Way strip off South Santa Fe Road (Parcel 1). A narrow, 2,539 square foot parcel acquired as part of the South Santa Fe Road widening and South Santa Fe Road / Smilax intersection improvements. Property is not developable and has no former or existing tenants. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**

4b. Right of Way strip off South Santa Fe Road (Parcel 2). A narrow, 625 square foot parcel acquired as part of the South Santa Fe Road widening and South Santa Fe Road / Smilax intersection improvements. Property is not developable and has no former or existing tenants. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**

4c. Right of Way strip off South Santa Fe Road (Parcel 3). A narrow, 5,610 square foot parcel acquired as part of the South Santa Fe Road widening and South Santa Fe Road / Smilax intersection improvements. Property is not developable and has no former or existing tenants. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**

4d. Right of Way strip off South Santa Fe Road (Parcel 4). A narrow, 3,592 square foot parcel acquired as part of the South Santa Fe Road widening and South Santa Fe Road / Smilax intersection improvements. Property is not developable and has no former or existing tenants. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**

4e. Right of Way strip off South Santa Fe Road (Parcel 5). A narrow, 2,128 square foot parcel acquired as part of the South Santa Fe Road widening and South Santa Fe Road / Smilax intersection improvements. Property is not developable and has no former or existing tenants. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**

4f. Right of Way strip off South Santa Fe Road (Parcel 6). A narrow, 686 square foot parcel acquired as part of the South Santa Fe Road widening and South Santa Fe Road / Smilax intersection improvements. Property is not developable and has no former or existing tenants. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**

4g. South Santa Fe Road parcel (217-103-13-00) (Parcel 7). A 2,398 square foot parcel acquired as part of the South Santa Fe Road widening and South Santa Fe Road / Smilax intersection improvements. Property is not developable and has no former or existing

tenants. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**

5. 931 Grand Ave. A 43,560 square foot nearly vacant parcel with one billboard structure. At the time of the acquisition, the former automotive repair and used car sales tenant moved out and the buildings were demolished. An existing billboard remains on the premises despite the lease being deemed terminated by the former Redevelopment Agency. A lease termination letter was sent to the billboard tenant on July 19, 2010. Monthly rent checks continue to be sent by the billboard owner and returned by the Successor Agency. Property was acquired for the realignment of the Linda Vista Drive and Grand Avenue intersection. The “leftover” portions of the parcel would not be of sufficient size for private development use. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**
6. 930 Linda Vista. A 23,087 square foot parcel formerly developed and used as a mini or self-storage facility. At the time of acquisition, all storage spaces were vacant and no existing or new tenants occupied all or a portion of the parcel. The existing improvements were demolished shortly after acquisition. Property was acquired for the realignment of the Linda Vista Drive and Grand Avenue intersection. The “leftover” portions of the parcel would not be of sufficient size for private development use. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**
7. 939 Grand Avenue. A 12,283 square foot parcel formerly developed and used as the headquarters for the San Marcos Chamber of Commerce. The development consisted of a primary building, a small outbuilding and a small billboard. After acquisition, the tenant, San Marcos Chamber of Commerce, and former owner remained on-site for a period of time before relocating in November of 2010 to their new offices. After the lease terminated, the primary and outbuilding were demolished leaving only the billboard. The billboard’s lease remains in effect and the tenant continues to pay rent to the Successor Agency. The property was acquired for the realignment of the Linda Vista Drive and Grand Avenue intersection. The “leftover” portions of the parcel probably would not be of sufficient size for private development use. **The Successor Agency recommends retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.**
8. Portion of 1200 block of San Marcos Boulevard. Two parcels totaling 133,293 square feet of vacant land within the Creek District Specific Plan. A portion of this site currently serves as a temporary parking lot for the San Marcos Unified School District. The parking lot, which covers a portion of these two parcels and three adjacent parcels owned by the City of San Marcos, is a generally unimproved lot with minimal infrastructure. The parcels were purchased to construct necessary public improvements, including drainage, public streets and flood control as part of the governing Creek District Specific Plan and subsequent jurisdictional requirements imposed by the federal and state environmental-focused agencies. **The Successor Agency recommends**

retention of this property for its intended government use pursuant to subdivision (a) of HSC section 34181.

These properties are described in detail in the following sections and attachments.

History of Development Proposals and Activities

All but one of the properties included in the Successor Agency's inventory were acquired in an effort to improve vehicular and pedestrian circulation throughout the City of San Marcos or for improving flood control measures along the San Marcos and Las Posas Creek channel and floodways.

South Santa Fe Road improvements (APNs 217-102-55, 217-102-57, 217-102-59, 217-102-61, 217-102-63, 217-102-65 and 217-103-13) consist of widening existing two-lane road to a four-lane arterial and realign the intersection with Smilax Road to comply with the current highway design standards. The project is in the design phase. Construction is anticipated in 2014 pending federal funds approval. These are small strips of linear land which will not support any development.

Three properties (consisting of five parcels with APNs 219-152-42, 219-152-44, 219-152-45, 219-152-61 and 219-152-51) located near the intersection **of Grand Avenue and Linda Vista Drive** were acquired for the planned realignment of the Grand Avenue and Linda Vista intersection, which will cut through all or a portion of the five parcels. The realignment is necessary to meet the minimum standard distance between intersections and provide improved level of services. The existing Linda Vista/Grand Avenue intersection is too close to the Grand Avenue/Bent Avenue intersection. The remaining property would be too small (eastern edge) for any private use and would be used for pedestrian pathways and as a landscaped parkway. Portions of the parcels on the western edge of the realignment would also be too small for development without the assemblage of adjacent properties. Two billboard structures remain on these parcels with one billboard's lease terminated by the San Marcos Redevelopment Agency on July 19, 2010. This lease continues to be in dispute between the billboard company and the Successor Agency. The second billboard (located on APN 219-152-51) provides a current monthly income of \$655.77. This is the only revenue generating property owned by the former Redevelopment Agency.

The parcel (APN 220-250-23) located at **684 Barham Drive** was acquired for the purpose of improving and realigning the existing State Route 78 eastbound off ramp for Woodland Parkway and Barham Drive and was purchased in its entirety with locally imposed impact fees. This parcel was incorrectly titled as belonging to the (former) San Marcos Redevelopment agency and should have been listed as property held by the City of San Marcos. The parcel itself consists of an approximately 2,700 square foot steel-framed warehouse with limited office space located adjacent to the parking lot. A larger outdoor yard and loading dock are also located on this parcel. No tenants have occupied the building since the acquisition of the property. There have been a few inquiries received by the Successor Agency but no lease has been negotiated due to the limited term and the lack of ADA compliance with both the parking areas and the office portions of the warehouse building. The cost to bring the building into compliance with state and federal accessibility laws is estimated to be substantial. The project is in design phase. Construction is anticipated in 2016 contingent on federal funding availability.

Two sets of non-adjacent properties, consisting of six parcels (4 parcels along **Via Vera Cruz** with APN 221-061-52, 221-061-53, 221-061-54 and 221-061-55; and 2 parcels along San Marcos Boulevard with APNs 221-041-63 and 221-041-64) are acquired for flood control improvements and construction

of roads. Without these necessary flood control improvements, future private and public development on adjacent and nearby properties would not be possible. All improvements relating to the San Marcos Creek and Las Posas Creek are part of the approved Creek District Specific Plan and required by federal and state regulatory agencies pursuant to the relevant permits. The initial implementation of the Specific Plan (Phase 1) is in design phase. The construction is scheduled for 2015.

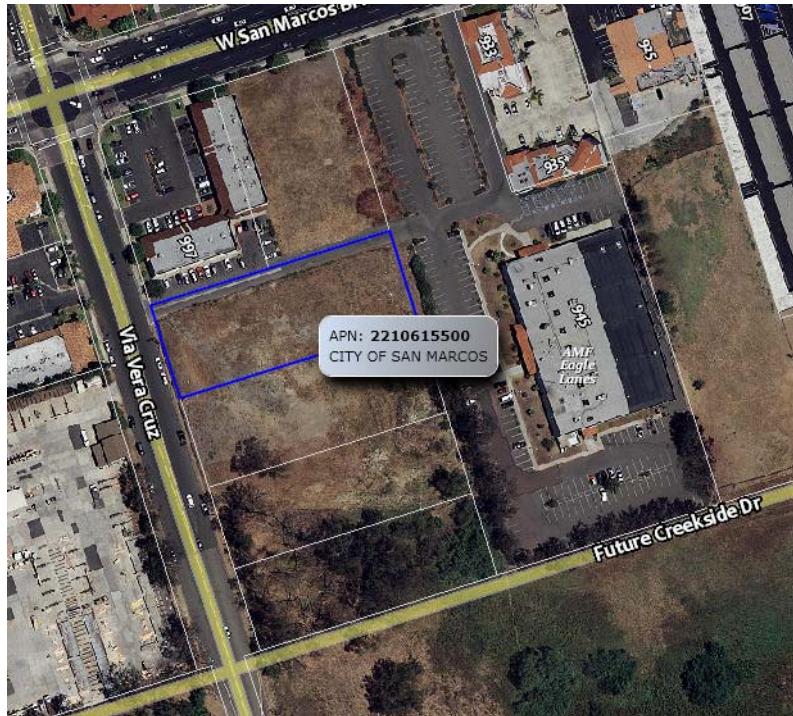
The large, agriculture-use property located at **567 Deer Springs Road** (APN 182-270-11) is situated outside the City of San Marcos' boundaries, was acquired as part of the Walnut Grove Park expansion master plan and would be used solely as parkland. The terrain of and access to the property creates difficulties for any private use other than orchard / grove agriculture. The flat(ter) portions of the parcel are generally occupied by access roads and utility easements with one area containing relatively flat land atop the hilly terrain. A structure did exist at this location but was demolished due to its dilapidated and unsafe condition. 4-inch water service remains on-site and active but electric service was terminated with the demolition of the property.

Inventory.

Section 34191.5(c)(1) of the California Health and Safety Code requires that the Long Range Property Management Plan include an inventory of all properties held in the Community Redevelopment Property Trust Fund. For the Successor Agency, this includes the eight properties referenced in the above sections and are listed separately, as per the governing statute.

Property #1 (a):

Via Vera Cruz (one of 4 adjoining parcels) – 221-061-55



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency on May 24, 2012 using housing bond funds in accordance with the bond covenants. The purchase price (inclusive of all four adjoining parcels) was \$1,027,063.53.

No appraisals have been completed since the acquisition although with the recent transfer date and the general land values for non-improved land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

The property was acquired as part of the assemblage properties necessary for the construction of two new public roads, pedestrian paths and flood control improvements. These improvements are part of the Creek District Specific Plan. The roadway improvements are necessary to complete the infrastructure dictated by the Specific Plan and to spur private development on non-public owned lands within the Specific Plan area.

The two proposed roadways would include Main Street (name not finalized) and Creekside Drive running parallel to San Marcos Boulevard and the San Marcos Creek and connecting other North/South

streets, including Via Vera Cruz. Flood control efforts would raise the property's elevation to above the 100-year water surface elevation and assist in the creation of a levee system along San Marcos Creek.

Parcel data for each property

The property does not have a specific address; however, it is in the 400 block of Via Vera Cruz. The Assessor Parcel Number for this specific parcel is 221-061-55. The lot size is approximately 36,155 sf and measures 0.83 acres. There are no buildings or other improvements on the property. The current zoning is SPA – mixed use and is within the Creek District Specific Plan. Attachment F is the land use and circulation portion for the Creek District Specific Plan.

Estimate of current value

The property, inclusive of four contiguous parcels, was purchased for \$1,027,063.53. This purchase price is NOT the value of this specific parcel as the parcel was purchased with three others as one specific property purchase.

No rental revenue was ever received by the Redevelopment or Successor Agency and the land has and continues to remain vacant and not fenced. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$1,027,063.53

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site. A Phase 1 Environmental Site Assessment was performed during escrow, which did not reveal any issues of concern.

Potential for transit-oriented development and advancement of planning objectives

Bus transit stops may be constructed along Via Vera Cruz. Main Street and Creek Side Drive Improvements will include diagonal street parking and pedestrian walkway.

History of previous development proposals and activities

This is a vacant property with no known prior history of proposed development.

Property #1 (b):

Via Vera Cruz (one of 4 adjoining parcels) – 221-061-54



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency on May 24, 2012 using housing bond funds in accordance with the bond covenants. The purchase price (inclusive of all four adjoining parcels) was \$1,027,063.53.

No appraisals have been completed since the acquisition although with the recent transfer date and the general land values for non-improved land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

The property was acquired as part of the assemblage properties necessary for the construction of two new public roads, pedestrian paths and flood control improvements. These improvements are part of the Creek District Specific Plan. The roadway improvements are necessary to complete the infrastructure dictated by the Specific Plan and to spur private development on non-public owned lands within the Specific Plan area.

The two proposed roadways would include Main Street (name not finalized) and Creekside Drive running parallel to San Marcos Boulevard and the San Marcos Creek and connecting other North/South

streets, including Via Vera Cruz. Flood control efforts would raise the property's elevation to above the 100-year water surface elevation to assist in the creation of a levee system along San Marcos Creek.

Parcel data for each property

The property does not have a specific address; however, it is in the 400 block of Via Vera Cruz. The Assessor Parcel Number for this specific parcel is 221-061-54. The lot size is approximately 36,155 sf and measures 0.83 acres. There are no buildings or other improvements on the property. The current zoning is SPA – mixed use and is within the Creek District Specific Plan. Attachment F is the land use and circulation portion for the Creek District Specific Plan.

Estimate of current value

The property, inclusive of four contiguous parcels, was purchased for \$1,027,063.53. This purchase price is NOT the value of this specific parcel as the parcel was purchased with three others as one specific property purchase.

No rental revenue was ever received by the Redevelopment or Successor Agency and the land has and continues to remain vacant and not fenced. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$1,027,063.53.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site. A Phase 1 Environmental Site Assessment was performed during escrow, which did not reveal any issues of concern.

Potential for transit-oriented development and advancement of planning objectives

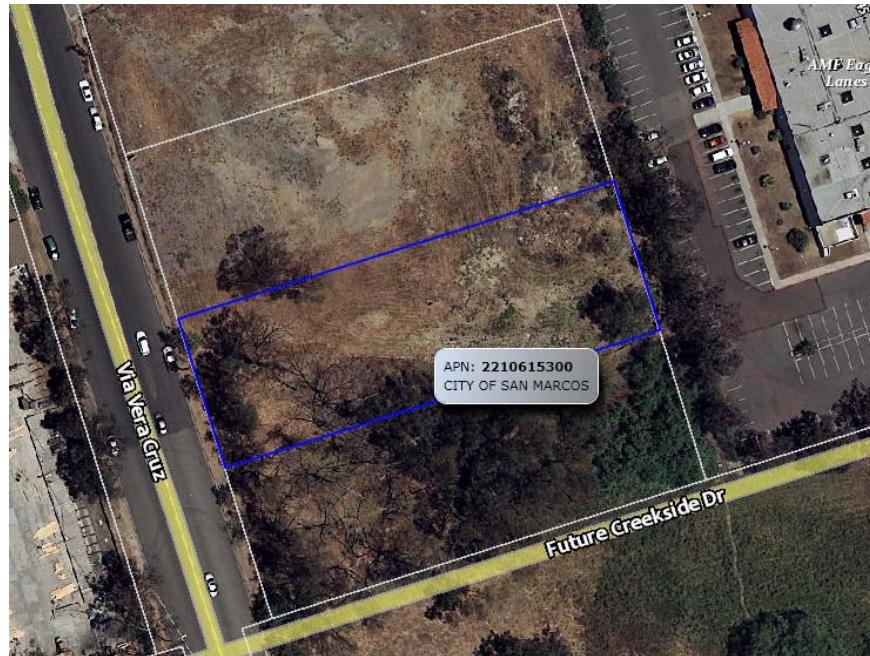
Bus transit stops may be constructed along Via Vera Cruz. Main Street and Creek Side Drive Improvements will include diagonal street parking and pedestrian walkway.

History of previous development proposals and activities

This is a vacant property with no known prior history of proposed development.

Property #1 (c):

Via Vera Cruz (one of 4 adjoining parcels) – 221-061-53



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency on May 24, 2012 using housing bond funds in accordance with the bond covenants. The purchase price (inclusive of all four adjoining parcels) was \$1,027,063.53.

No appraisals have been completed since the acquisition although with the recent transfer date and the general land values for non-improved land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

The property was acquired as part of the assemblage properties necessary for the construction of two new public roads, pedestrian paths and flood control improvements. These improvements are part of the Creek District Specific Plan. The roadway improvements are necessary to complete the infrastructure dictated by the Specific Plan and to spur private development on non-public owned lands within the Specific Plan area.

The proposed two roadways would include Main Street (name not finalized) and Creekside Drive running parallel to San Marcos Boulevard and the San Marcos Creek and connecting other North/South streets, including Via Vera Cruz. Flood control efforts would raise the property's elevation to above the 100-year flood elevation and assist in the creation of a levee system along San Marcos Creek.

Parcel data for each property

The property does not have a specific address; however, it is in the 400 block of Via Vera Cruz. The Assessor Parcel Number for this specific parcel is 221-061-53. The lot size is approximately 36,155 sf and measures 0.83 acres. There are no buildings or other improvements on the property. The current zoning is SPA – mixed use and is within the Creek District Specific Plan. Attachment F is the land use and circulation portion for the Creek District Specific Plan.

Estimate of current value

The property, inclusive of four contiguous parcels, was purchased for \$1,027,063.53. This purchase price is NOT the value of this specific parcel as the parcel was purchased with three others as one specific property purchase.

No rental revenue was ever received by the Redevelopment or Successor Agency and the land has and continues to remain vacant and not fenced. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$1,027,063.53.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site. A Phase 1 Environmental Site was performed during escrow, which did not reveal any issues of concern.

Potential for transit-oriented development and advancement of planning objectives

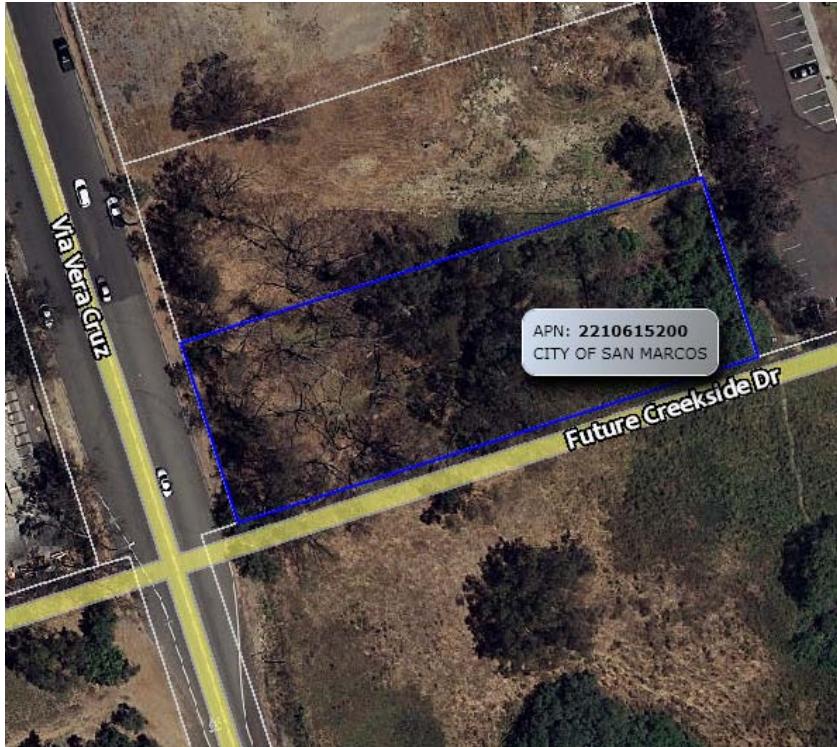
Bus transit stops may be constructed along Via Vera Cruz. Main Street and Creek Side Drive Improvements will include diagonal street parking and pedestrian walkway.

History of previous development proposals and activities

This is a vacant property with no known prior history of proposed development...

Property #1 (d):

Via Vera Cruz (one of 4 adjoining parcels) – 221-061-52



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency on May 24, 2012 using housing bond funds in accordance with the bond covenants. The purchase price (inclusive of all four adjoining parcels) was \$1,027,063.53.

No appraisals have been completed since the acquisition although with the recent transfer date and the general land values for non-improved land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

The property was acquired as part of the assemblage properties necessary for the construction of two new public roads, pedestrian paths and flood control improvements. These improvements are part of the Creek District Specific Plan. The roadway improvements are necessary to complete the infrastructure dictated by the Specific Plan and to spur private development on non-public owned lands within the Specific Plan area.

The two proposed roadways would include Main Street (name not finalized) and Creekside Drive running parallel to San Marcos Boulevard and the San Marcos Creek and connecting other North/South

streets, including Via Vera Cruz. Flood control efforts would raise the property's elevation to above the 100-year flood elevation and assist in the creation of a levy system along San Marcos Creek.

Parcel data for each property

The property does not have a specific address; however, it is in the 400 block of Via Vera Cruz. The Assessor Parcel Number for this specific parcel is 221-061-52. The lot size is approximately 36,590 sf and measures 0.84 acres. There are no buildings or other improvements on the property. The current zoning is SPA – mixed use and is within the Creek District Specific Plan. Attachment F is the land use and circulation portion for the Creek District Specific Plan.

Estimate of current value

The property, inclusive of four contiguous parcels, was purchased for \$1,027,063.53. This purchase price is NOT the value of this specific parcel as the parcel was purchased with three others as one specific property purchase.

No rental revenue was ever received by the Redevelopment or Successor Agency and the land has and continues to remain vacant and not fenced. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$1,027,063.53.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site. [A phase one environmental review was performed during escrow, which did not reveal any issues of concern.

Potential for transit-oriented development and advancement of planning objectives

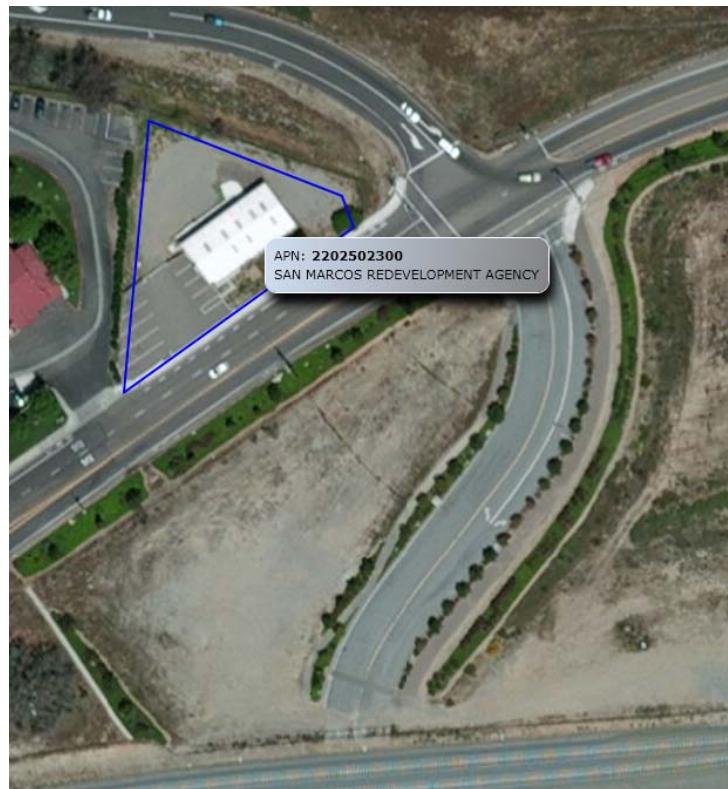
Bus Stops may be constructed along Via Vera Cruz. Main Street and Creek Side Drive Improvements will include diagonal street parking and pedestrian walkway.

History of previous development proposals and activities

This is a vacant property with no known prior history of development proposals.

Property #2:

684 Barham – 220-250-23



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the City of San Marcos in March 2010 using locally levied impact fees. The purchase price was \$809,719. This property was wrongly entitled to the San Marcos Redevelopment Agency.

No appraisals have been completed since the acquisition although with the current trends in property values in the area, it is reasonable to expect the price would not have changed from the acquisition price. While there is a building (warehouse with offices) on the property, it is not compliant with state and federal accessibility laws and would require significant investment to bring the building up to current requirements. This factor would negate all, if any, of a property value increase.

Purpose for which the property was acquired

684 Barham Drive was acquired for the purpose of widening SR 78 and realigning the existing State Route 78 East Bound off ramp to Barham Drive and Woodland Parkway. The remnant will be used for

the implementation of water quality treatment and hydro-modification as required by the Regional Water Quality Control Board. (Attachment I - Engineering design)

Parcel data for each property

The property's address is 684 East Barham Drive in San Marcos (zip code 92078). The Assessor Parcel Number for this specific parcel is 220-250-23. The lot size is approximately 13,503 sf and measures 0.31 acres. There is one building measuring approximately 2,700 square feet and is of a steel-framed, metal-sided warehouse with limited office space. The current zoning is light industrial.

The parcel itself includes an approximately 2,700 square foot steel-framed warehouse with limited office space located adjacent to the parking lot. A larger outdoor yard and loading dock are also located on this parcel.

Estimate of current value

The property was purchased for \$809,719 with locally collected impact fees. No rental revenue was ever received by the Redevelopment or Successor Agency and the land has and continues to remain vacant and not fenced. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$809,719.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

Bus stops may be constructed on Barham Drive. Sidewalk and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #3:

567 Deer Springs – 182-270-11



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency in February 2010 using bond proceeds in accordance with the bond covenants. The purchase price was \$1,207,075.

No appraisals have been completed since the acquisition. The property has changed with the demolition of the only structure on the property, which would negatively affect the present day property value. With the current trends in property values in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

567 Deer Springs Road was acquired as part of the planned expansion of the nearby Walnut Grove Park. The intent of the purchase was for this property to be solely as parkland and to benefit the community. Regional use of the expanded park, once completed, is possible and likely.

Parcel data for each property

The property is located off of Marilyn Lane although it has a metered address of 567 Deer Springs Road. The property is located within an unincorporated area of San Diego County. The Assessor Parcel Number

for this specific parcel is 182-270-11. The lot size is approximately 1,232,748 square feet and measures 28.30 acres. There are no current buildings on the property. The previous building, a 912 square foot home that was built in 1941, was demolished in 2010. This property is located outside city limits, however it is within the sphere of influence; the city's current zoning is agricultural-residential. The County has this land zoned as limited agriculture.

Estimate of current value

No appraisals have been completed since the acquisition. The property has changed with the demolition of the only structure on the property, which would negatively affect the present day property value. Additionally, the terrain of and access to this property reduces future private development possibilities. With the current trends in property values in the area, it is reasonable to expect the price would not have changed from the acquisition price of \$1,207,075.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

None

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #4 (a):

South Santa Fe Avenue (Right of Way Strip) – 217-102-55



Date of Acquisition and value at purchase, and an estimate of current value

This property is one of seven small linear sections of land that was purchased by the San Marcos Redevelopment Agency in April, June and July of 2010 using bond proceeds in accordance with the bond covenants. The total purchase price for all seven sections was \$600,355.55.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. With size and location of this parcel, it is unlikely its current value would equal or exceed the acquisition price.

Purpose for which the property was acquired

As demonstrated on the aerial photo above, this property is to be used to widen South Santa Fe Avenue heading west towards Vista, California, our neighboring city. The parcel represents the necessary right of way needed to widen the existing two-lane road to a four-lane secondary arterial consistent with the City's Circulation Element.

Parcel data for each property

The property does not have a specific address; however, it is in the 2700 block of South Santa Fe Avenue. The Assessor Parcel Number for this specific parcel is 217-102-55. The lot size is approximately 2,539 square feet and measures 0.06 acres. There are no buildings or other improvements on the property. Since this property was acquired for the purposes of widening an arterial roadway, it is consider right of way, however the adjacent property is zoned light industrial.

Estimate of current value

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. Since this was purchased with several other properties there is no current estimate of value, however with size, location of this parcel and lack of developable land, it is unlikely its current value would equal or exceed the acquisition price.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site. [

Potential for transit-oriented development and advancement of planning objectives

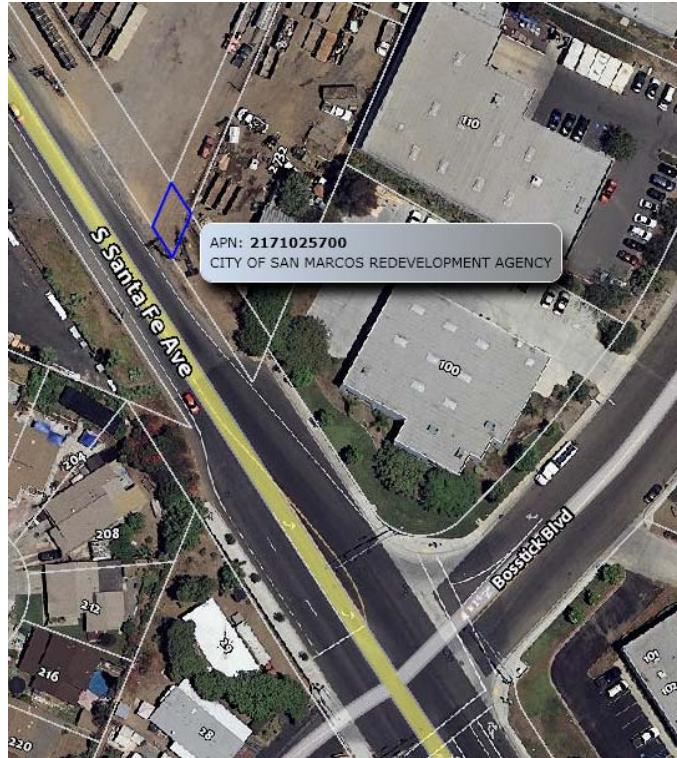
Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #4(b):

South Santa Fe Avenue (Right of Way Strip) – 217-102-57



Date of Acquisition and value at purchase, and an estimate of current value

This property is one of seven small linear sections of land that was purchased by the San Marcos Redevelopment Agency in April, June and July of 2010 using bond proceeds in accordance with the bond covenants. The total purchase price for all seven sections was \$600,355.55.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. With size and location of this parcel, it is unlikely its current value would equal or exceed the acquisition price.

Purpose for which the property was acquired

As demonstrated on the aerial photo above, this property is to be used to widen South Santa Fe Avenue heading west towards Vista, California, our neighboring city. The parcel represents the necessary right of way needed to widen the existing two-lane road to a four-lane secondary arterial consistent with the City's Circulation Element.

Parcel data for each property

The property does not have a specific address; however, it is in the 2700 block of South Santa Fe Avenue. The Assessor Parcel Number for this specific parcel is 217-102-57. The lot size is approximately 625 square feet and measures 0.01 acres. There are no buildings or other improvements on the property. Since this property was acquired for the purposes of widening an arterial roadway, it is consider right of way, however the adjacent property is zoned light industrial.

Estimate of current value

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. Since this was purchased with several other properties there is no current estimate of value, however with size, location of this parcel and lack of developable land, it is unlikely its current value would equal or exceed the acquisition price.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

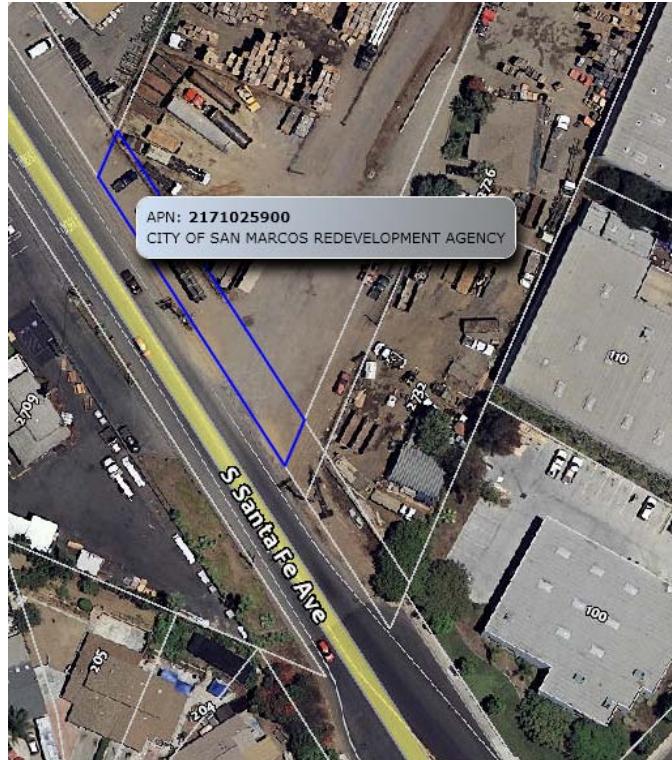
Transit bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #4(c):

South Santa Fe Avenue (Right of Way Strip) – 217-102-59



Date of Acquisition and value at purchase, and an estimate of current value

This property is one of seven small linear sections of land that was purchased by the San Marcos Redevelopment Agency in April, June and July of 2010 using bond proceeds in accordance with the bond covenants. The total purchase price for all seven sections was \$600,355.55.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. With size and location of this parcel, it is unlikely its current value would equal or exceed the acquisition price.

Purpose for which the property was acquired

As demonstrated on the aerial photo above, this property is to be used to widen South Santa Fe Avenue heading west towards Vista, California, our neighboring city. The parcel represents the necessary right of way needed to widen the existing two-lane road to a four-lane secondary arterial consistent with the City's Circulation Element.

Parcel data for each property

The property does not have a specific address; however, it is in the 2700 block of South Santa Fe Avenue. The Assessor Parcel Number for this specific parcel is 217-102-59. The lot size is approximately 5,610 square feet and measures 0.13 acres. There are no buildings or other improvements on the property. Since this property was acquired for the purposes of widening an arterial roadway, it is consider right of way, however the adjacent property is zoned light industrial.

Estimate of current value

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. Since this was purchased with several other properties there is no current estimate of value, however with size, location of this parcel and lack of developable land, it is unlikely its current value would equal or exceed the acquisition price.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #4(d):

South Santa Fe Avenue (Right of Way Strip) – 217-102-61



Date of Acquisition and value at purchase, and an estimate of current value

This property is one of seven small linear sections of land that was purchased by the San Marcos Redevelopment Agency in April, June and July of 2010 using bond proceeds in accordance with the bond covenants. The total purchase price for all seven sections was \$600,355.55.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. With size and location of this parcel, it is unlikely its current value would equal or exceed the acquisition price.

Purpose for which the property was acquired

As demonstrated on the aerial photo above, this property is to be used to widen South Santa Fe Avenue heading west towards Vista, California, our neighboring city. The parcel represents the necessary right of way needed to widen the existing two-lane road to a four-lane secondary arterial consistent with the City's Circulation Element.

Parcel data for each property

The property does not have a specific address; however, it is in the 2600 block of South Santa Fe Avenue. The Assessor Parcel Number for this specific parcel is 217-102-61. The lot size is approximately 3,592 square feet and measures 0.08 acres. There are no buildings or other improvements on the property. Since this property was acquired for the purposes of widening an arterial roadway, it is consider right of way, however the adjacent property is zoned light industrial.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. Since this was purchased with several other properties there is no current estimate of value, however with size, location of this parcel and lack of developable land, it is unlikely its current value would equal or exceed the acquisition price.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #4(e):

South Santa Fe Avenue (Right of Way Strip) – 217-102-63



Date of Acquisition and value at purchase, and an estimate of current value

This property is one of seven small linear sections of land that was purchased by the San Marcos Redevelopment Agency in April, June and July of 2010 using bond proceeds in accordance with the bond covenants. The total purchase price for all seven sections was \$600,355.55.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. With size and location of this parcel, it is unlikely its current value would equal or exceed the acquisition price.

Purpose for which the property was acquired

As demonstrated on the aerial photo above, this property is to be used to widen South Santa Fe Avenue heading west towards Vista, California, our neighboring city. The parcel represents the necessary right of way needed to widen the existing two-lane road to a four-lane secondary arterial consistent with the City's Circulation Element.

Parcel data for each property

The property does not have a specific address; however, it is in the 2600 block of South Santa Fe Avenue. The Assessor Parcel Number for this specific parcel is 217-102-63. The lot size is approximately

2,128 square feet and measures 0.05 acres. There are no buildings or other improvements on the property. Since this property was acquired for the purposes of widening an arterial roadway, it is consider right of way, however the adjacent property is zoned light industrial.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. Since this was purchased with several other properties there is no current estimate of value, however with size, location of this parcel and lack of developable land, it is unlikely its current value would equal or exceed the acquisition price.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #4(f):

South Santa Fe Avenue (Right of Way Strip) – 217-102-65



Date of Acquisition and value at purchase, and an estimate of current value

This property is one of seven small linear sections of land that was purchased by the San Marcos Redevelopment Agency in April, June and July of 2010 using bond proceeds in accordance with the bond covenants. The total purchase price for all seven sections was \$600,355.55.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. With size and location of this parcel, it is unlikely its current value would equal or exceed the acquisition price.

Purpose for which the property was acquired

As demonstrated on the aerial photo above, this property is to be used to widen South Santa Fe Avenue heading west towards Vista, California, our neighboring city. The parcel represents the necessary right of way needed to widen the existing two-lane road to a four-lane secondary arterial consistent with the City's Circulation Element.

Parcel data for each property

The property does not have a specific address; however, it is in the 2600 block of South Santa Fe Avenue. The Assessor Parcel Number for this specific parcel is 217-102-65. The lot size is approximately 686 square feet and measures 0.02 acres. There are no buildings or other improvements on the property. Since this property was acquired for the purposes of widening an arterial roadway, it is considered right of way, however the adjacent property is zoned light industrial.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. Since this was purchased with several other properties there is no current estimate of value, however with size, location of this parcel and lack of developable land, it is unlikely its current value would equal or exceed the acquisition price.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #4(g):

South Santa Fe Avenue (Right of Way Strip) – 217-103-13



Date of Acquisition and value at purchase, and an estimate of current value

This property is one of seven small linear sections of land that was purchased by the San Marcos Redevelopment Agency in April, June and July of 2010 using bond proceeds in accordance with the bond covenants. The total purchase price for all seven sections was \$600,355.55.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. With size and location of this parcel, it is unlikely its current value would equal or exceed the acquisition price.

Purpose for which the property was acquired

As demonstrated on the aerial photo above, this property is to be used to widen South Santa Fe Avenue. The parcel represents the necessary right of way needed to widen the existing two-lane road to a four-lane secondary arterial consistent with the City's Circulation Element.

Parcel data for each property

The property does not have a specific address; however, it is in the 2600 block of South Santa Fe Avenue. The Assessor Parcel Number for this specific parcel is 217-103-13. The lot size is approximately 2,398 square feet and measures 0.06 acres. There are no buildings or other improvements on the property. Since this property was acquired for the purposes of widening an arterial roadway, it is consider right of way, however the adjacent property is zoned light industrial.

No appraisals have been completed since the acquisition. The property is not large enough for the construction of any buildings and is to be used to widen South Santa Fe Avenue. Since this was purchased with several other properties there is no current estimate of value, however with size, location of this parcel and lack of developable land, it is unlikely its current value would equal or exceed the acquisition price.

Estimate of lease, rental, or other revenues

There have been no previous or current leases on this property since the acquisition of the parcel. No other revenues have been received on this property.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

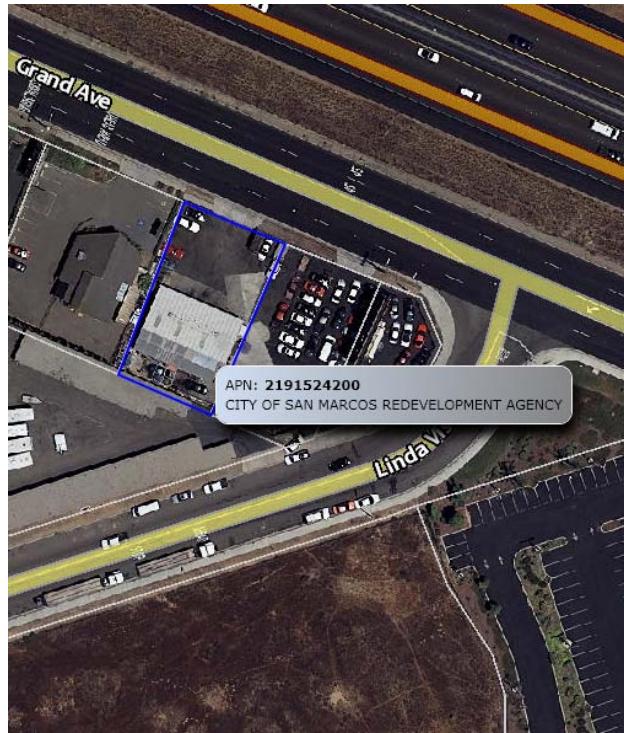
Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #5a:

931 Grand Avenue (One of Three Parcels) – 219-152-42



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency in May 2010 using bond proceeds in accordance with the bond covenants. The purchase price (inclusive of all three adjoining parcels) was \$1,087,775.63.

No appraisals have been completed since the acquisition although with the recent trends of general land values for non-improved (building was demolished) land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

This property (and the adjacent parcels under one purchase agreement) was acquired for the necessary realignment and general improvement of the Grand Avenue and Linda Vista Drive intersection. The purposed improvements will bring this intersection into current intersection safety standards by meeting the minimum intersection spacing; and incorporating water quality treatment, turning lanes, and ADA improvements. (Attachment J – engineering design)

Parcel data for each property

The property, including parcels 219-152-44 and 219-152-45, is located at 931 Grand Avenue in San Marcos (zip code 92078). The Assessor Parcel Number for this specific parcel is 219-152-42. The parcel size is approximately 26,136 and measures 0.60 acres. There are no existing buildings on this specific parcel. The current zoning is commercial.

Estimate of current value

The property, inclusive of all three contiguous parcels, was purchased for \$1,087,775.63. This purchase price is NOT the value of this specific parcel as the parcel was purchased with two others as one specific property purchase.

The parcel is currently vacant (a billboard is on the property as a whole but is included in parcel 219-152-44) and will remain vacant and fenced. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$1,087,775.63.

Estimate of lease, rental, or other revenues

This specific parcel does not have any leases or sources of revenue.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

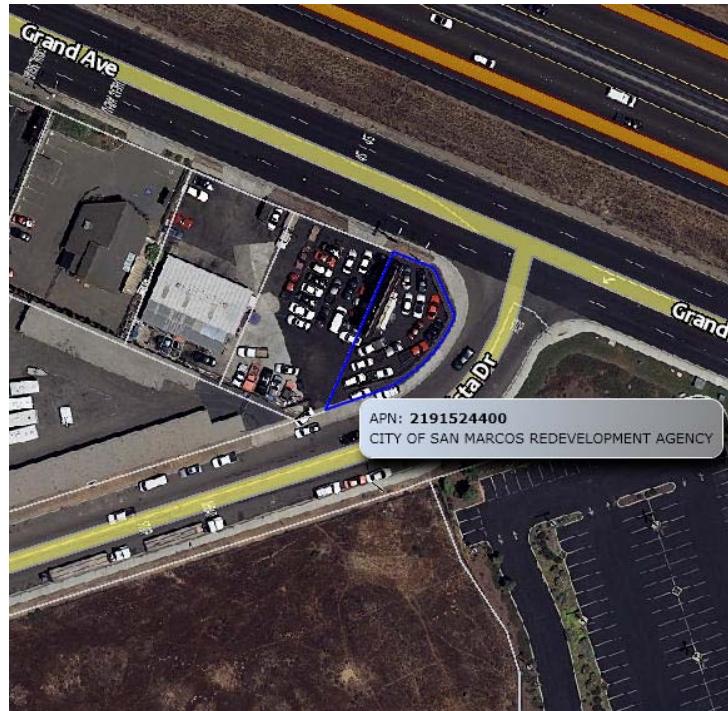
Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #5b:

931 Grand Avenue (One of Three Parcels) – 219-152-44



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency in May 2010 using bond proceeds in accordance with the bond covenants. The purchase price (inclusive of all three adjoining parcels) was \$1,087,775.63.

No appraisals have been completed since the acquisition although with the recent trends of general land values for generally non-improved (billboard remains on this parcel) land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

This property (and the adjacent parcels under one purchase agreement) was acquired for the necessary realignment and general improvement of the Grand Avenue and Linda Vista Drive intersection. The purposed improvements will bring this intersection into current intersection safety standards by meeting the minimum intersection spacing; and incorporating water quality treatment, turning lanes, and ADA improvements. (Attachment J – engineering design)

Parcel data for each property

The property, including parcels 219-152-42 and 219-152-45, is located at 931 Grand Avenue in San Marcos (zip code 92078). The Assessor Parcel Number for this specific parcel is 219-152-44. The parcel size is approximately 4,200 and measures 0.10 acres. A billboard remains on site, although a lease termination notice was issued in July 2010. The billboard remains in dispute. There are no other existing buildings on this specific parcel. The current zoning is commercial.

Estimate of current value

The property, inclusive of all three contiguous parcels, was purchased for \$1,087,775.63. This purchase price is NOT the value of this specific parcel as the parcel was purchased with two others as one specific property purchase.

The parcel contains a billboard (in dispute) but remains otherwise vacant and fenced. (See attachment H) No additional appraisals have taken place and it would be estimated that the value of the land (all three parcels) remains at its purchase price of \$1,087,775.63.

Estimate of lease, rental, or other revenues

A billboard lease existed on the property at the time of acquisition, although the San Marcos Redevelopment Agency provided a lease termination notice, dated July 19, 2010, and has refused attempts by the former billboard tenant to pay rent. Each month, the rent checks are returned to the tenant. No other revenue sources or lease / rental sources exist on this parcel.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

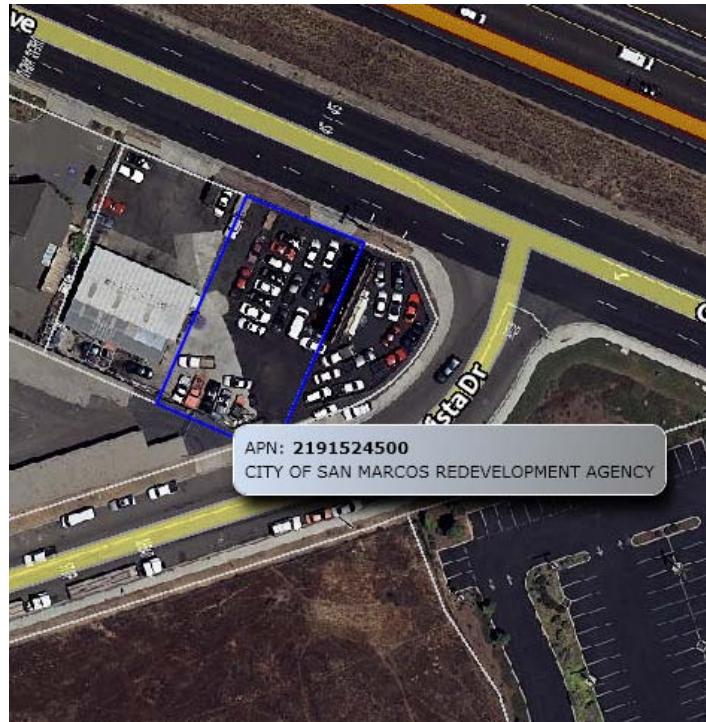
Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

The billboard lease was terminated by notice sent from the San Marcos Redevelopment Agency on July 19, 2010.

Property #5c:

931 Grand Avenue (One of Three Parcels) – 219-152-45



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency in May 2010 using bond proceeds in accordance with the bond covenants. The purchase price (inclusive of all three adjoining parcels) was \$1,087,775.63.

No appraisals have been completed since the acquisition although with the recent trends of general land values for non-improved (building was demolished) land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

This property (and the adjacent parcels under one purchase agreement) was acquired for the necessary realignment and general improvement of the Grand Avenue and Linda Vista Drive intersection. The purposed improvements will bring this intersection into current intersection safety standards by meeting the minimum intersection spacing; and incorporating water quality treatment, turning lanes, and ADA improvements. (Attachment J – engineering design)

Parcel data for each property

The property, including parcels 219-152-42 and 219-152-44, is located at 931 Grand Avenue in San Marcos (zip code 92078). The Assessor Parcel Number for this specific parcel is 219-152-45. The parcel size is approximately 8,712 and measures 0.20 acres. There are no existing buildings on this specific parcel. The current zoning is commercial.

Estimate of current value

The property, inclusive of all three contiguous parcels, was purchased for \$1,087,775.63. This purchase price is NOT the value of this specific parcel as the parcel was purchased with two others as one specific property purchase.

The parcel is currently vacant (a billboard is on the property as a whole but is included in parcel 219-152-44) and will remain vacant and fenced. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$1,087,775.63.

Estimate of lease, rental, or other revenues

This specific parcel does not have any leases or sources of revenue.

History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

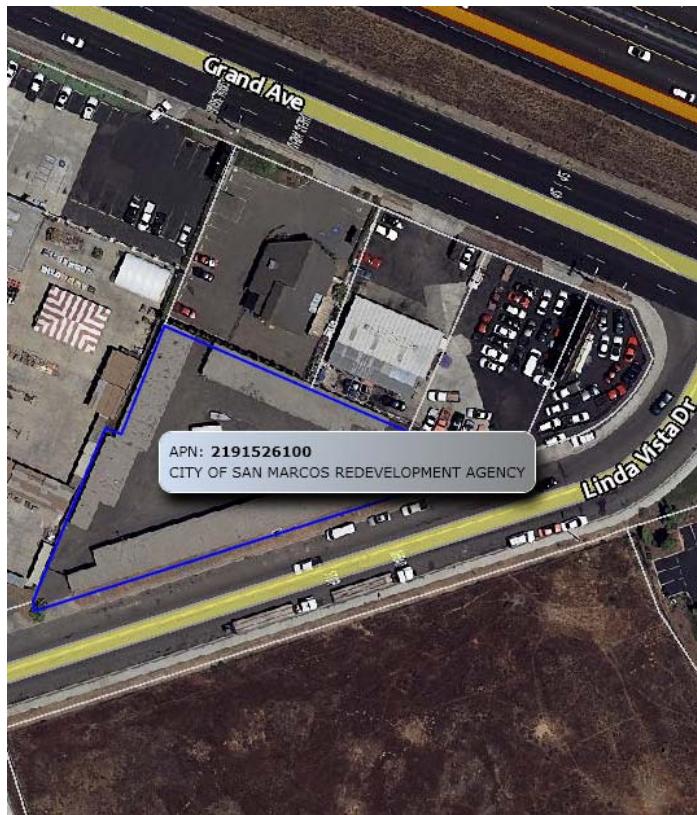
Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

No previous development proposals or activities have taken place on this property.

Property #6

930 Linda Vista Drive – 219-152-61



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency in May 2010 using bond proceeds in accordance with the bond covenants. The purchase price was \$856,086.21.

No appraisals have been completed since the acquisition although with the recent trends of general land values for non-improved (buildings were demolished) land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

This property (and the adjacent parcels under one purchase agreement) was acquired for the necessary realignment and general improvement of the Grand Avenue and Linda Vista Drive intersection. The purposed improvements will bring this intersection into current intersection safety standards by meeting the minimum intersection spacing; and incorporating water quality treatment, turning lanes, and ADA improvements. (Attachment J – engineering design)

Parcel data for each property

The property's address is 930 Linda Vista Drive in San Marcos (zip code 92078). The Assessor Parcel Number for this specific parcel is 219-152-61. The lot size is approximately 23,087 and measures 0.53 acres. There are no existing buildings remaining on this site. The warehouse buildings were demolished in approximately 2011. The current zoning is commercial.

Estimate of current value

The property was purchased for \$856,086.21. No rental revenue was ever received by the Redevelopment or Successor Agency and the land has and continues to remain vacant and fenced. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$856,086.21.

Estimate of lease, rental, or other revenues

This specific parcel is vacant. It does not have any leases or sources of revenue.

History of environmental contamination or remediation efforts

The Phase 1 Environmental Site Assessment was completed at the time of escrow. There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

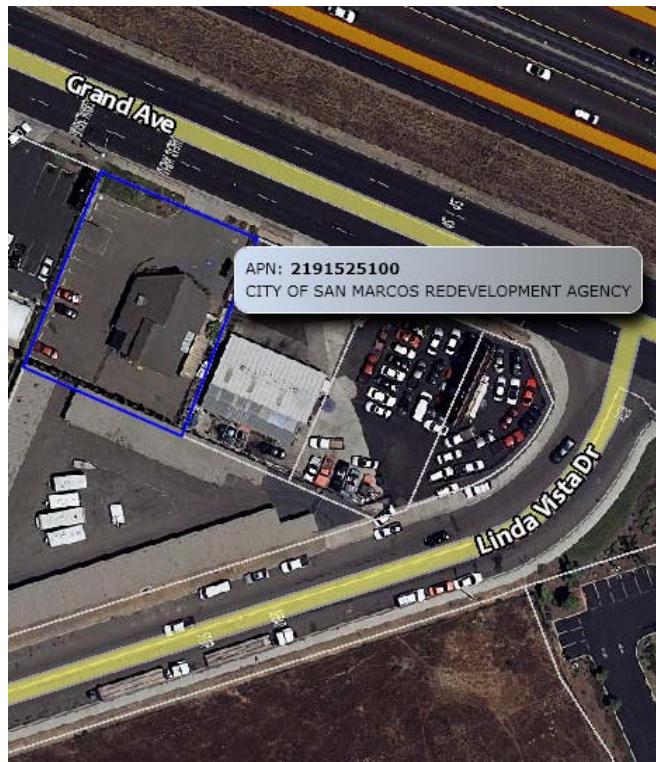
Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

There is no known proposed development since acquisition of the property.

Property #7

939 Grand Avenue – 219-152-51



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency in September 2009 using bond proceeds in accordance with the bond covenants. The purchase price was \$746,284.21.

No appraisals have been completed since the acquisition although with the recent trends of general land values for generally non-improved (buildings were demolished, billboard remains) land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

This property (and the adjacent parcels under one purchase agreement) was acquired for the necessary realignment and general improvement of the Grand Avenue and Linda Vista Drive intersection. The purposed improvements will bring this intersection into current intersection safety standards by meeting the minimum intersection spacing; and incorporating water quality treatment, turning lanes, and ADA improvements. (Attachment J – engineering design)

Parcel data for each property

The property's address is 939 Grand Avenue in San Marcos (zip code 92078). The Assessor Parcel Number for this specific parcel is 219-152-51. The lot size is approximately 12,283 and measures 0.28 acres. There are no existing buildings remaining on this site other than one billboard structure. The current zoning is commercial.

Estimate of current value

The property was purchased for \$746,284.21. The main building and outbuilding were demolished and currently sits vacant. A billboard structure is located on the property, lease revenues continue to be received by the Successor Agency at the current monthly rent of \$655.77. These funds are used to maintain the property. (Attachment D)

No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$746,284.21.

Estimate of lease, rental, or other revenues

The San Marcos Chamber of Commerce occupied / leased the main and out building on the property from the date of acquisition (they were the previous owner) until they vacated the space as of November 30, 2010. Their monthly rent payment was \$1,365.75. The building was demolished in approximately 2011.

CBS Outdoor (also referred to as Viacom) continues to operate and rent the existing billboard on the property for a current monthly rent of \$655.77. Their lease extends until December 31, 2015 and escalates each year based on San Diego CPI data.

History of environmental contamination or remediation efforts

The Phase 1 Environmental Site Assessment was completed at the time of escrow. There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

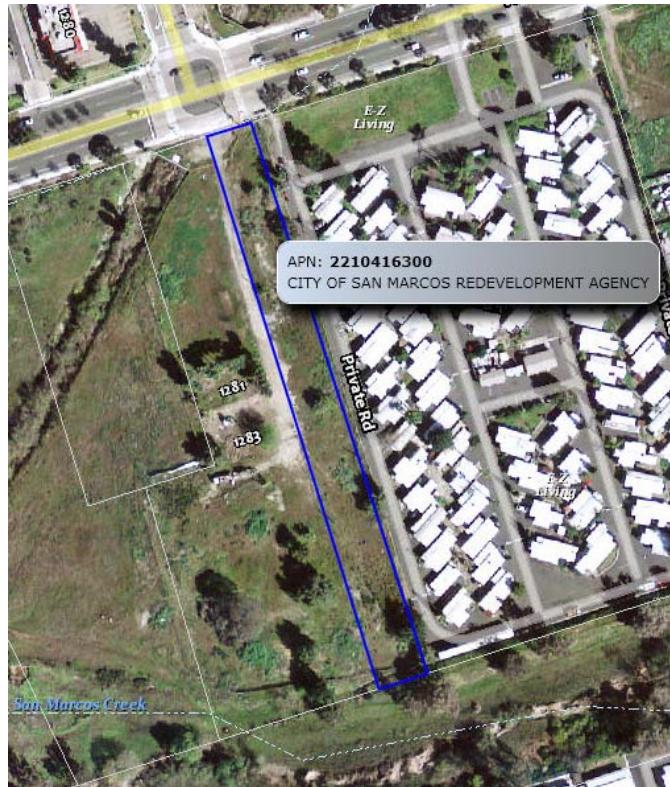
Bus-stops may be constructed upon request from the Transit District. Sidewalks and ADA improvements will be provided.

History of previous development proposals and activities

There is no known proposed development since the time of acquisition.

Property #8a:

West San Marcos Blvd Parcels (One of Two Parcels) – 221-041-63



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency in January 2010 using bond proceeds in accordance with the bond covenants. The purchase price (inclusive of one adjoining parcels) was \$1,914,477.95.

No appraisals have been completed since the acquisition although with the recent trends of general land values for non-improved (buildings were demolished) land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

The property was acquired as part of the assemblage properties necessary for the construction of new public roads, pedestrian paths and flood control improvements. These improvements are part of the Creek District Specific Plan. The roadway improvements are necessary to complete the infrastructure dictated by the Specific Plan and to spur private development on non-public owned lands within the Specific Plan area.

The roadways would include Main Street (name not finalized) other existing and new roadway improvements / widening through the approved Creek District Specific Plan. Flood control efforts would raise the property's elevation to above the 100-year flood to assist in the creation of a levee system along San Marcos Creek.

Parcel data for each property

The property does not have a specific address; however, it is in the 1200 block of West San Marcos Boulevard. The Assessor Parcel Number for this specific parcel is 221-041-63. The lot size is approximately 42,689 and measures 0.98 acres. There are no buildings but is currently used (along with one other Successor Agency property and three City of San Marcos parcels) as a temporary parking lot by the San Marcos Unified School District. The current zoning is mixed use and is within the Creek District Specific Plan. (Attachment F)

Estimate of current value

The property, inclusive of one other contiguous parcels, was purchased for \$1,914,477.95. This purchase price is NOT the value of this specific parcel as the parcel was purchased with one other as one specific property purchase.

At the time of acquisition, no rental income was received, however, as part of a joint lease between the City of San Marcos (for three parcels) and the San Marcos Redevelopment Agency (for two parcels) agreed to lease the property to the San Marcos Unified School District for use as a temporary parking lot. Temporary parking-related improvements have been made by the School District to the site. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$1,914,477.95.

Estimate of lease, rental, or other revenues

San Marcos Unified School District entered into a lease agreement with both the City of San Marcos (owner of three parcels) and the San Marcos Redevelopment Agency (owner of this and one adjoining parcel) for the establishment of a temporary parking lot during construction of the nearby San Marcos High School. The lease was signed August 11, 2011 and established a base rent of \$10,110 per month plus annual escalations until the end of the lease term or the construction of the San Marcos High School is completed. Their current lease rate (July 2013) is \$10,416.68 and is scheduled to increase to \$10,625.01 on August 1, 2013. (Attachment E)

History of environmental contamination or remediation efforts

A Phase 1 Environmental Site Assessment was completed at escrow. There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

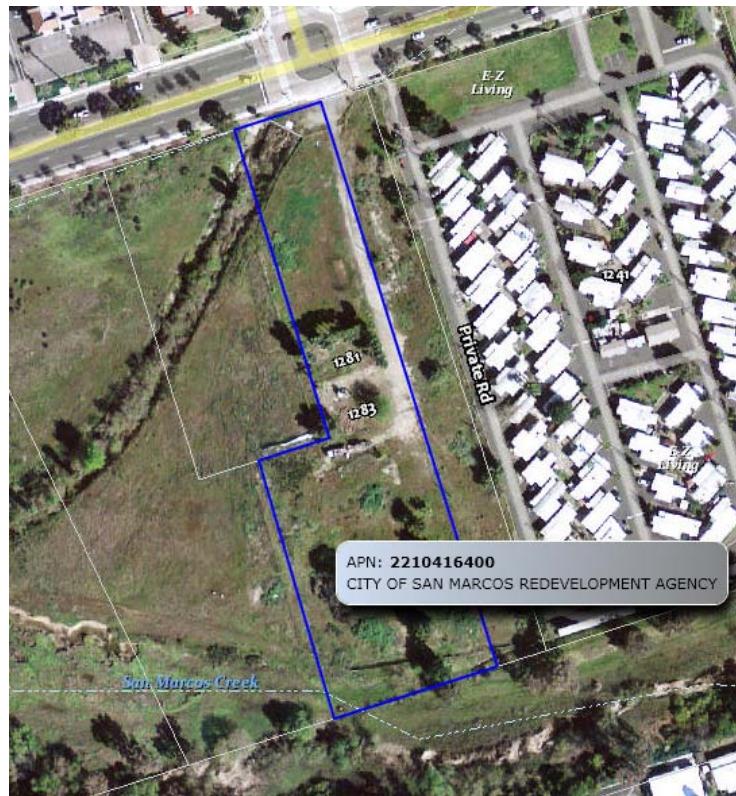
Bus-stops may be constructed upon request from the Transit District. Sidewalks, pedestrian promenade, and ADA improvements will be provided.

History of previous development proposals and activities

The site is vacant. There is no known proposed development.

Property #8b:

West San Marcos Blvd Parcels (One of Two Parcels) – 221-041-64



Date of Acquisition and value at purchase, and an estimate of current value

This property was purchased by the San Marcos Redevelopment Agency in January 2010 using bond proceeds in accordance with the bond covenants. The purchase price (inclusive of one adjoining parcels) was \$1,914,477.95.

No appraisals have been completed since the acquisition although with the recent trends of general land values for non-improved (buildings were demolished) land in the area, it is reasonable to expect the price would not have changed from the acquisition price.

Purpose for which the property was acquired

The property was acquired as part of the assemblage properties necessary for the construction of new public roads, pedestrian paths and flood control improvements, environmental mitigation, and water quality improvements. These improvements are part of the Creek District Specific Plan. The roadway improvements are necessary to complete the infrastructure dictated by the Specific Plan and to spur private development on non-public owned lands within the Specific Plan area.

The roadways would include Main Street (name not finalized) other existing and new roadway improvements / widening through the approved Creek District Specific Plan. Flood control efforts would raise the property's elevation to above the 100-year flood and assist in the creation of a levee system along San Marcos Creek; and realign the existing Las Posas Branch north of the property to improve flow in the channel. (Attachment F)

Parcel data for each property

The property does not have a specific address; however, it is in the 1200 block of West San Marcos Boulevard. The Assessor Parcel Number for this specific parcel is 221-041-64. The lot size is approximately 90,605 and measures 2.08 acres. There are no buildings but is currently used (along with one other Successor Agency property and three City of San Marcos parcels) as a temporary parking lot by the San Marcos Unified School District. The current zoning is mixed use and is within the Creek District Specific Plan.

Estimate of current value

The property, inclusive of one other contiguous parcels, was purchased for \$1,914,477.95. This purchase price is NOT the value of this specific parcel as the parcel was purchased with one other as one specific property purchase.

At the time of acquisition, no rental income was received, however, as part of a joint lease between the City of San Marcos (for three parcels) and the San Marcos Redevelopment Agency (for two parcels) agreed to lease the property to the San Marcos Unified School District for use as a temporary parking lot. Temporary parking-related improvements have been made by the School District to the site. No additional appraisals have taken place and it would be estimated that the value of the land remains at its purchase price of \$1,914,477.95.

Estimate of lease, rental, or other revenues

San Marcos Unified School District entered into a lease agreement with both the City of San Marcos (owner of three parcels) and the San Marcos Redevelopment Agency (owner of this and one adjoining parcel) for the establishment of a temporary parking lot during construction of the nearby San Marcos High School. The lease was signed August 11, 2011 and established a base rent of \$10,110 per month plus annual escalations until the end of the lease term or the construction of the San Marcos High School is completed. Their current lease rate (July 2013) is \$10,416.68 and is scheduled to increase to \$10,625.01 on August 1, 2013. (Attachment E)

History of environmental contamination or remediation efforts

A Phase 1 Environmental Site Assessment was completed at escrow. There is no known history of environmental contamination on this site.

Potential for transit-oriented development and advancement of planning objectives

Bus-stops may be constructed upon request from the Transit District. Sidewalks, pedestrian promenade, and ADA improvements will be provided.

History of previous development proposals and activities

The site is vacant. There is no known proposed development.

Use or Disposition of Properties.

Section 34191.5(c)(2) of the Health and Safety Code requires the Successor Agencies address the use or disposition of all properties in the Community Development Trust Fund. The properties can be retained for governmental use, retained for future development, sold, or used to fulfill an enforceable obligation.

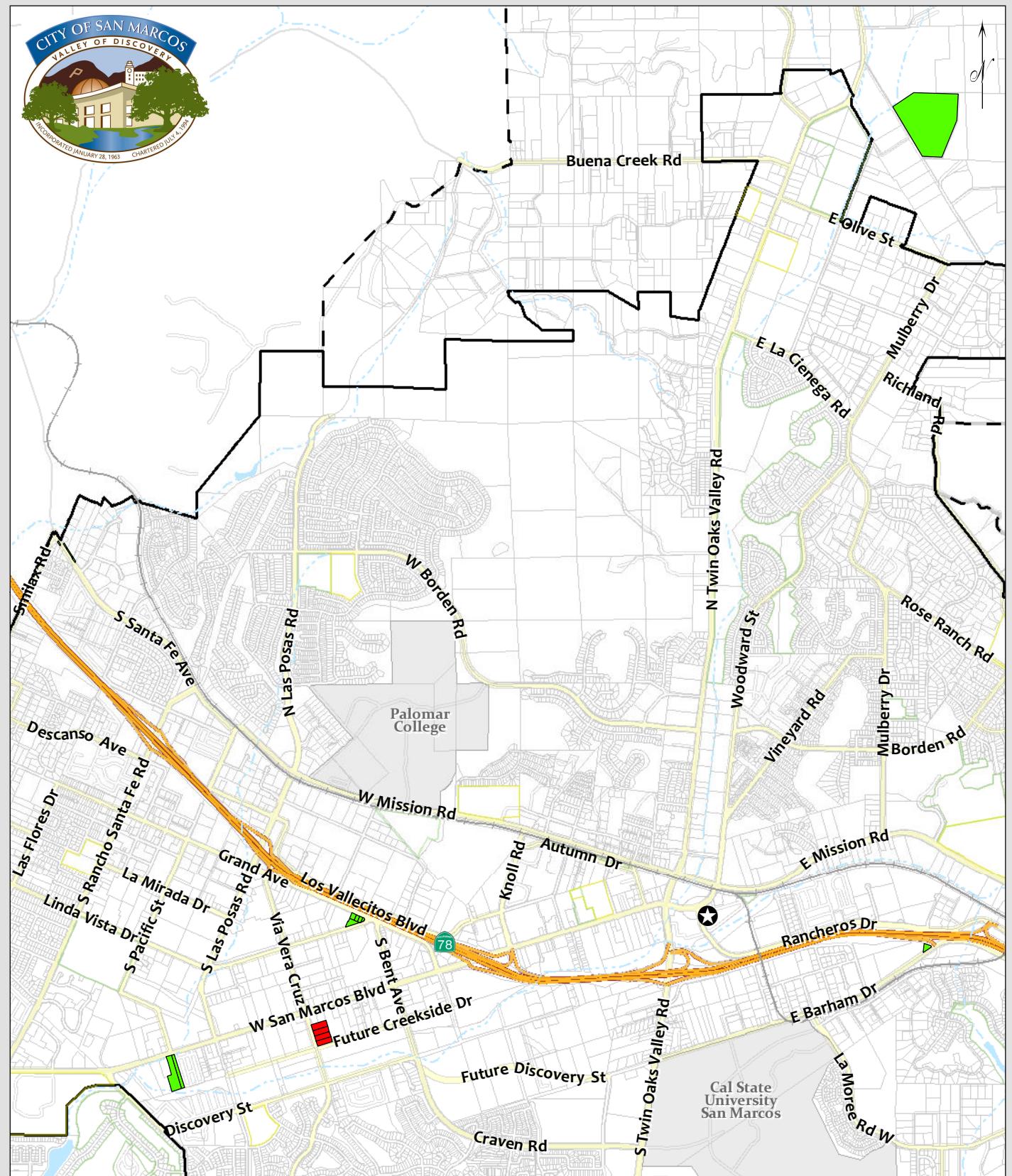
The Successor Agency desires to retain all properties except for property #3 for government use as they are part of either planned, necessary, or required street or flood control improvements. Property #3 is recommended to be sold at market rate and the funds achieved from this sale distributed among applicable taxing entities. Property #3 does represent the largest, in terms of lot size, property current held by the Successor Agency, although its sale value will be limited due to its limited access, terrain, and lack of any existing structures.

Attached are the following documents:

- Attachment A (GIS map showing Successor Agency properties)
- Attachment B (Metroscan printouts of each parcel's data)
- Attachment C (Former Redevelopment 5 year plan)
- Attachment D (Lease for CBS Outdoor: Property #13)
- Attachment E (Lease for San Marcos Unified School District: Property #14 a & #14 b)
- Attachment F (Creek District Specific Plan – Land Use section and Circulation section: Property 1a; 1b; 1c & 1d)
- Attachment G (Property purchase documents)
- Attachment H (Lease termination information)
- Attachment I (Woodland Parkway engineering design)
- Attachment J (Linda Vista re-alignment engineering design)

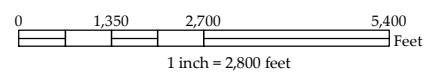
Attachment A

(Map of Properties)



Every effort has been made to assure the accuracy of the maps and data provided; however, some information may not be accurate or current. The City of San Marcos assumes no responsibility arising from use of this information and incorporates by reference its disclaimer regarding the lack of any warranties, whether expressed or implied, concerning the use of the same. For additional information see the Disclaimer on the City's website.

Properties Owned by the City of San Marcos Redevelopment Agency



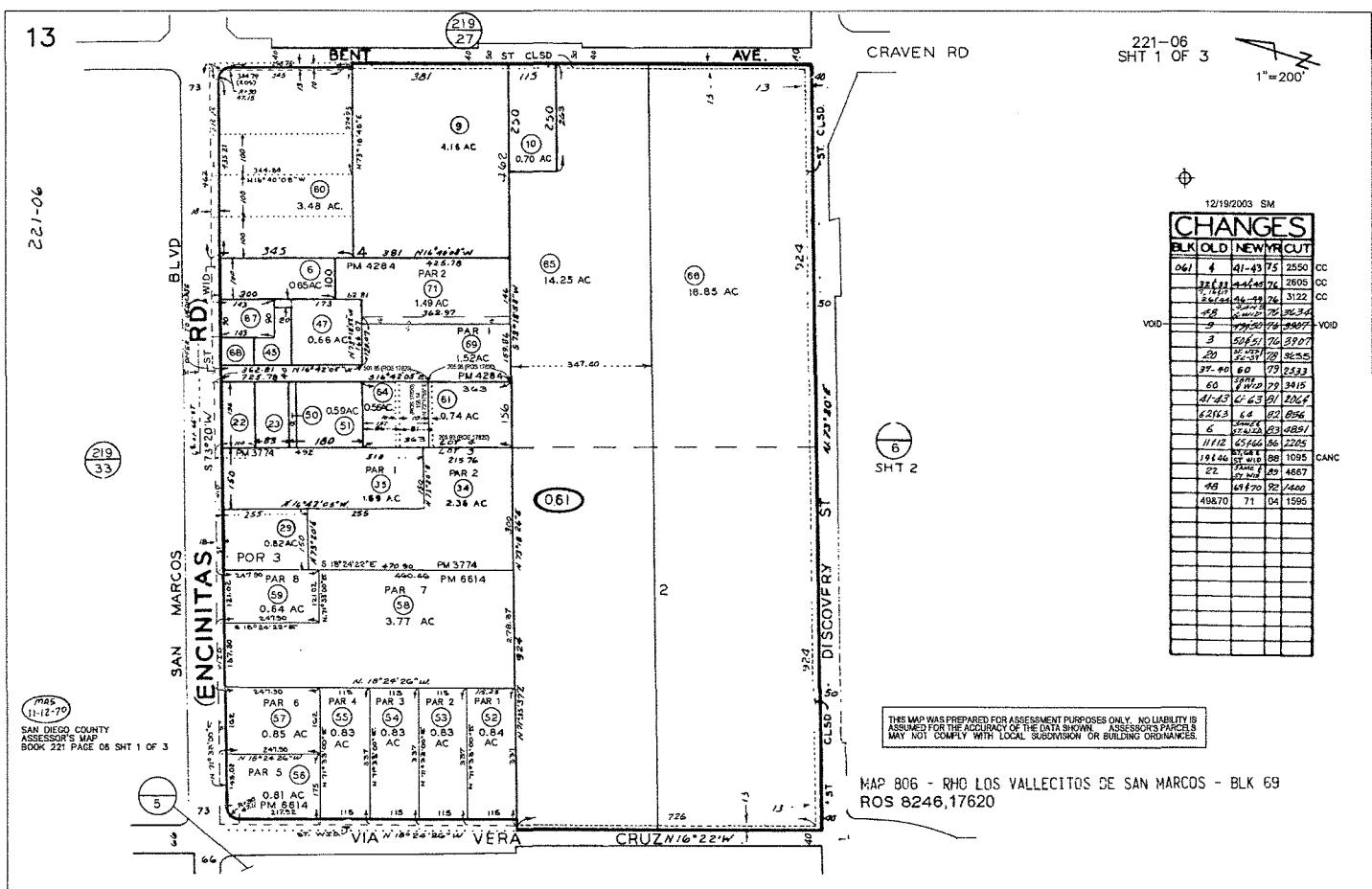
CREATED BY: City of San Marcos GIS
SOURCES OF DATA: SanGIS, 03/13

Attachment B

(Metroscan Printouts)

MetroScan / San Diego (CA)

<i>Owner</i>	:	City of San Marcos	<i>Parcel</i>	:	221 061 55 00
<i>CoOwner</i>	:		<i>Land</i>	:	\$239,357
<i>Site</i>	:	Via Vera Cruz San Marcos	<i>Struct</i>	:	
<i>Mail</i>	:	1 Civic Center Dr San Marcos Ca 92069	<i>Other</i>	:	
<i>Xfered</i>	:	05/25/2012	<i>Doc #</i>	:	307521 Multi-Parcel
<i>Price</i>	:		<i>Total</i>	:	\$239,357
<i>Loan Amt</i>	:		<i>Deed</i>	:	Deed
<i>VestType</i>	:	Corporation	<i>Loan</i>	:	
<i>Lender</i>	:		<i>IntTy</i>	:	
<i>Land Use</i>	:	620 Vacant,Commercial	<i>% Imprv</i>	:	
<i>Bldg Use</i>	:	*unknown Building Use*	<i>% Owned</i>	:	0
<i>Zoning</i>	:	6 Commercial	<i>TaxArea</i>	:	13115
<i>Plat</i>	:		<i>MapGrid</i>	:	1128 F1
<i>MapNumb</i>	:	PM06614	<i>12-13 Tx</i>	:	\$2,656.88
<i>Legal</i>	:	(EX ST) PAR 4	<i>TractNumber</i>	:	6614
<i>Census</i>	:	Tract : 200.29	<i>OwnerPhone</i>	:	
		Block : 1			
<i>Bedrooms</i>	:	View	<i>Acres</i>	:	.83
<i>Bathrooms</i>	:	Garage Sp	<i>LotSqFt</i>	:	36,155
<i>Pool</i>	:	Units	<i>Stories</i>	:	
			<i>Bldg SqFt</i>	:	
			<i>Year Built</i>	:	

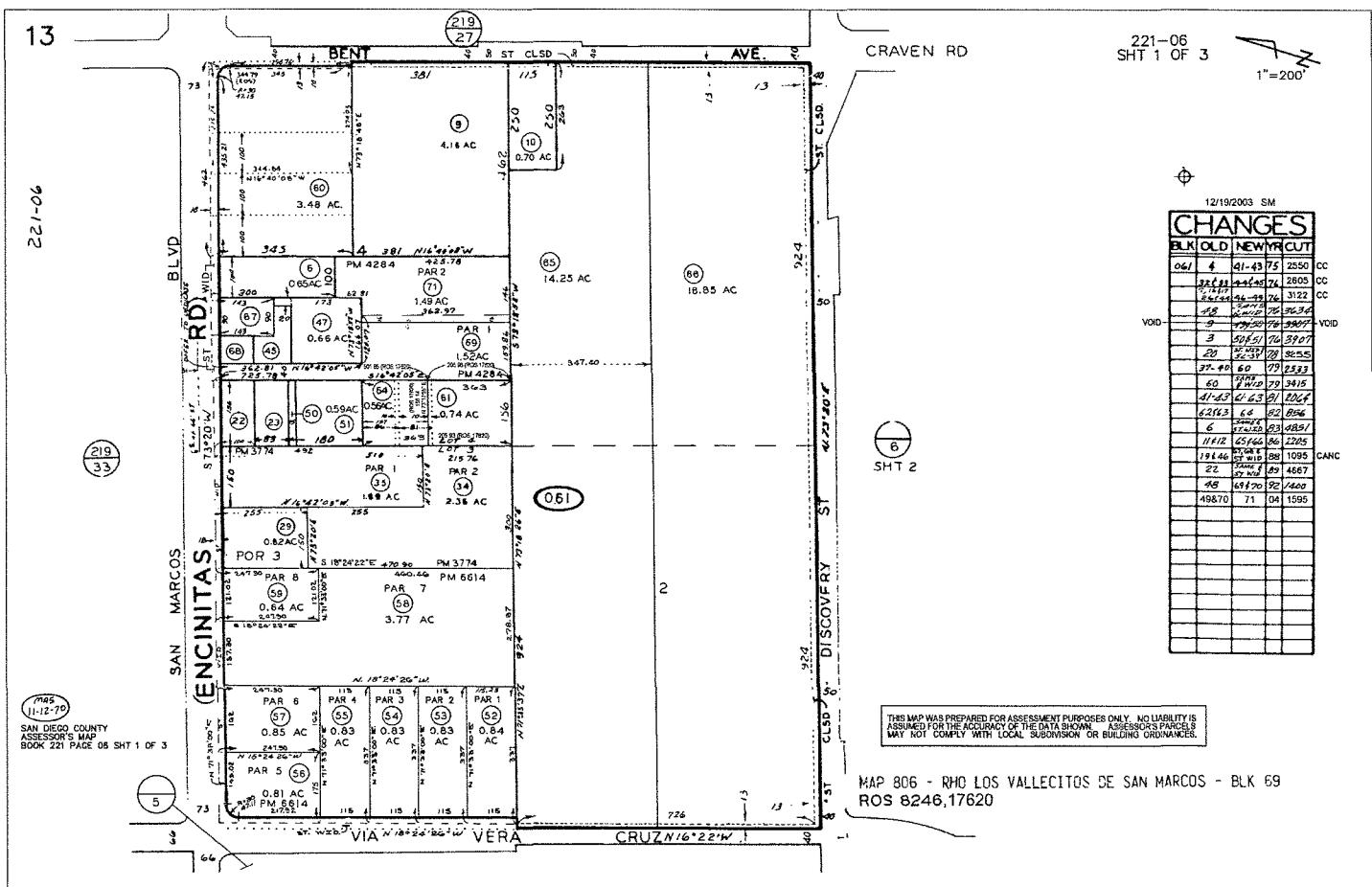


Information compiled from various sources. Real Estate Solutions makes no representations or warranties as to the accuracy or completeness of information contained in this report.

Item 2.60

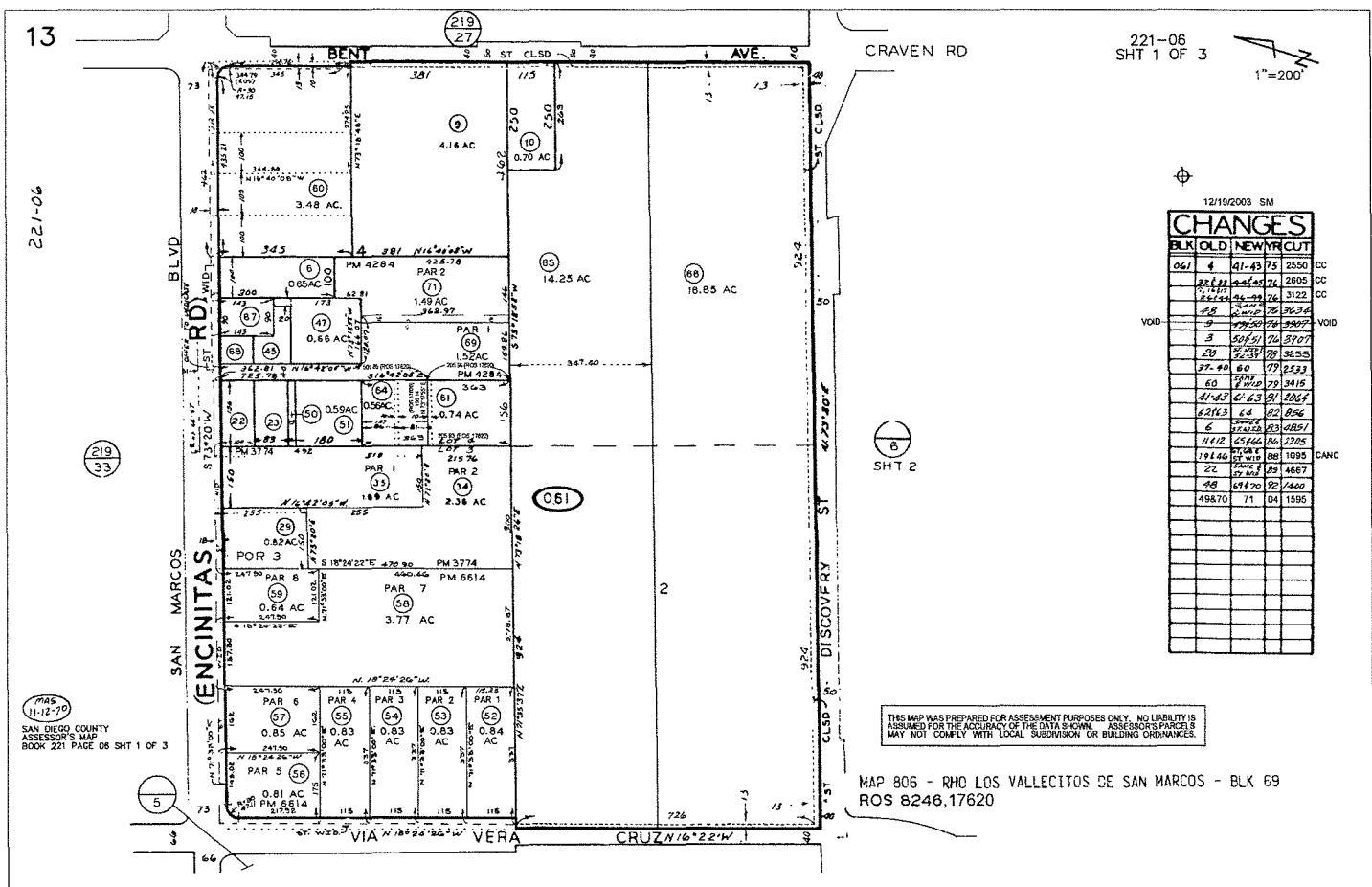
MetroScan / San Diego (CA)

Owner	: City of San Marcos	Parcel	: 221 061 54 00
CoOwner	:	Land	: \$239,357
Site	: Via Vera Cruz San Marcos	Struct	:
Mail	: 1 Civic Center Dr San Marcos Ca 92069	Other	:
Xferred	: 05/25/2012	Doc #	: 307521 Multi-Parcel
Price	:	Deed	: Deed
Loan Amt	:	Loan	:
VestType	: Corporation	IntTy	:
Lender	:	% Imprv	:
Land Use	: 620 Vacant,Commercial	% Owned	: 0
Bldg Use	: *unknown Building Use*	TaxArea	: 13115
Zoning	: 6 Commercial	MapGrid	: 1128 F1
Plat	:	12-13 Tx	: \$2,656.88
MapNumb	: PM06614	TractNumber	: 6614
Legal	: (EX ST) PAR 3	OwnerPhone	:
Census	: Tract : 200.29	Block	: 1
Bedrooms	:	View	:
Bathrooms	:	Garage Sp	:
Pool	:	Units	:
		Acres	: .83
		LotSqFt	: 36,155
		Stories	:
		Bldg SqFt	:
		Year Built	:



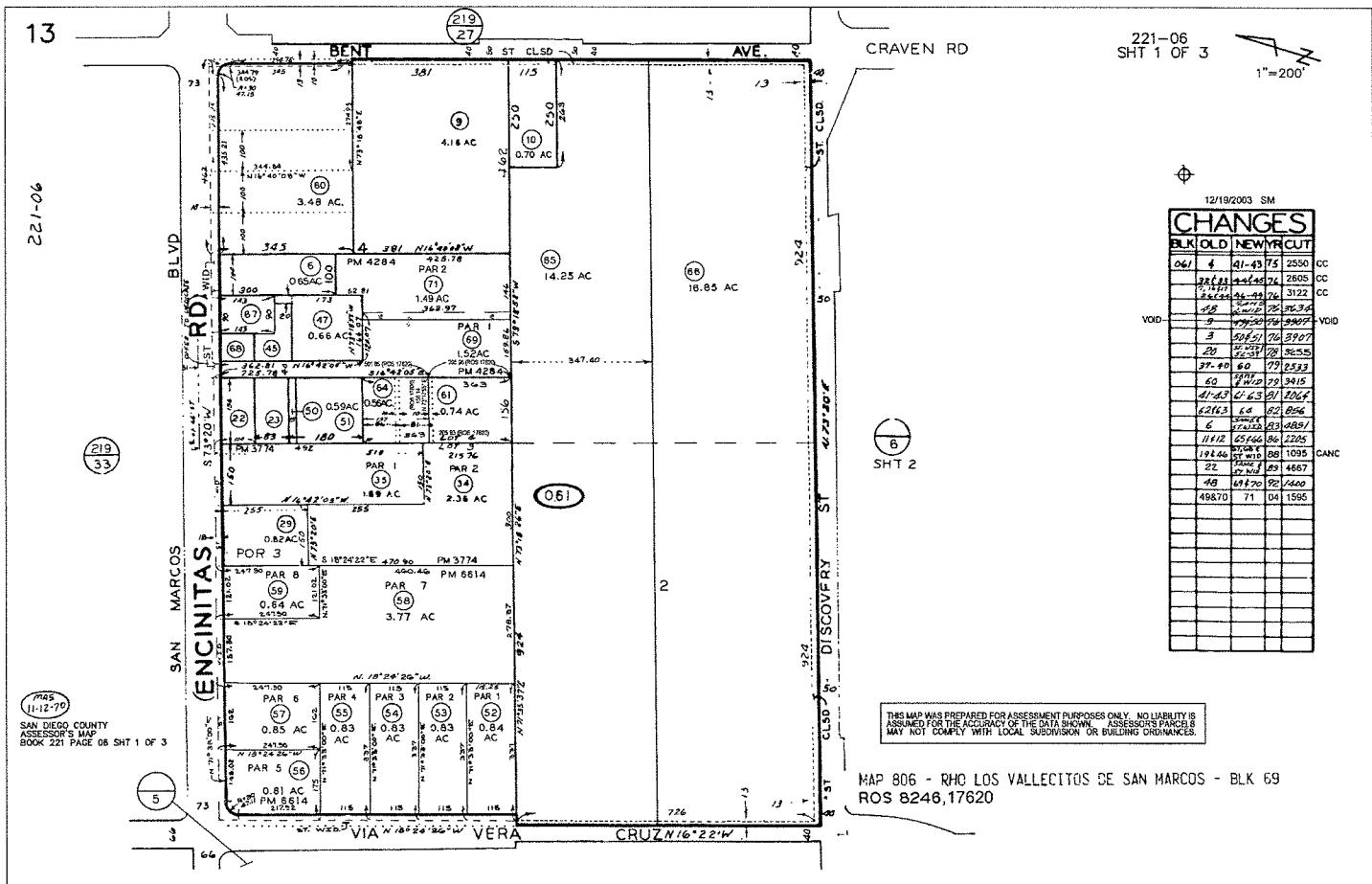
MetroScan / San Diego (CA)

<i>Owner</i>	:	City of San Marcos	<i>Parcel</i>	:	221 061 53 00
<i>CoOwner</i>	:		<i>Land</i>	:	\$239,357
<i>Site</i>	:	Via Vera Cruz San Marcos	<i>Struct</i>	:	
<i>Mail</i>	:	1 Civic Center Dr San Marcos Ca 92069	<i>Other</i>	:	
<i>Xfered</i>	:	05/25/2012	<i>Doc #</i>	:	307521 Multi-Parcel
<i>Price</i>	:		<i>Deed</i>	:	Deed
<i>Loan Amt</i>	:		<i>Loan</i>	:	
<i>VestType</i>	:	Corporation	<i>IntTy</i>	:	
<i>Lender</i>	:				
<i>Land Use</i>	:	620 Vacant,Commercial			
<i>Bldg Use</i>	:	*unknown Building Use*			
<i>Zoning</i>	:	6 Commercial			
<i>Plat</i>	:				
<i>MapNumb</i>	:	PM06614			TractNumber: 6614
<i>Legal</i>	:	(EX ST) PAR 2			OwnerPhone:
<i>Census</i>	:	Tract : 200.29	Block	:	1
<i>Bedrooms</i>	:		<i>View</i>	:	
<i>Bathrooms</i>	:		<i>Garage Sp</i>	:	
<i>Pool</i>	:		<i>Units</i>	:	
					<i>Acres</i> : .83
					<i>Bldg SqFt</i> :
					<i>LotSqFt</i> : 36,155
					<i>Year Built</i> :
					<i>Stories</i> :



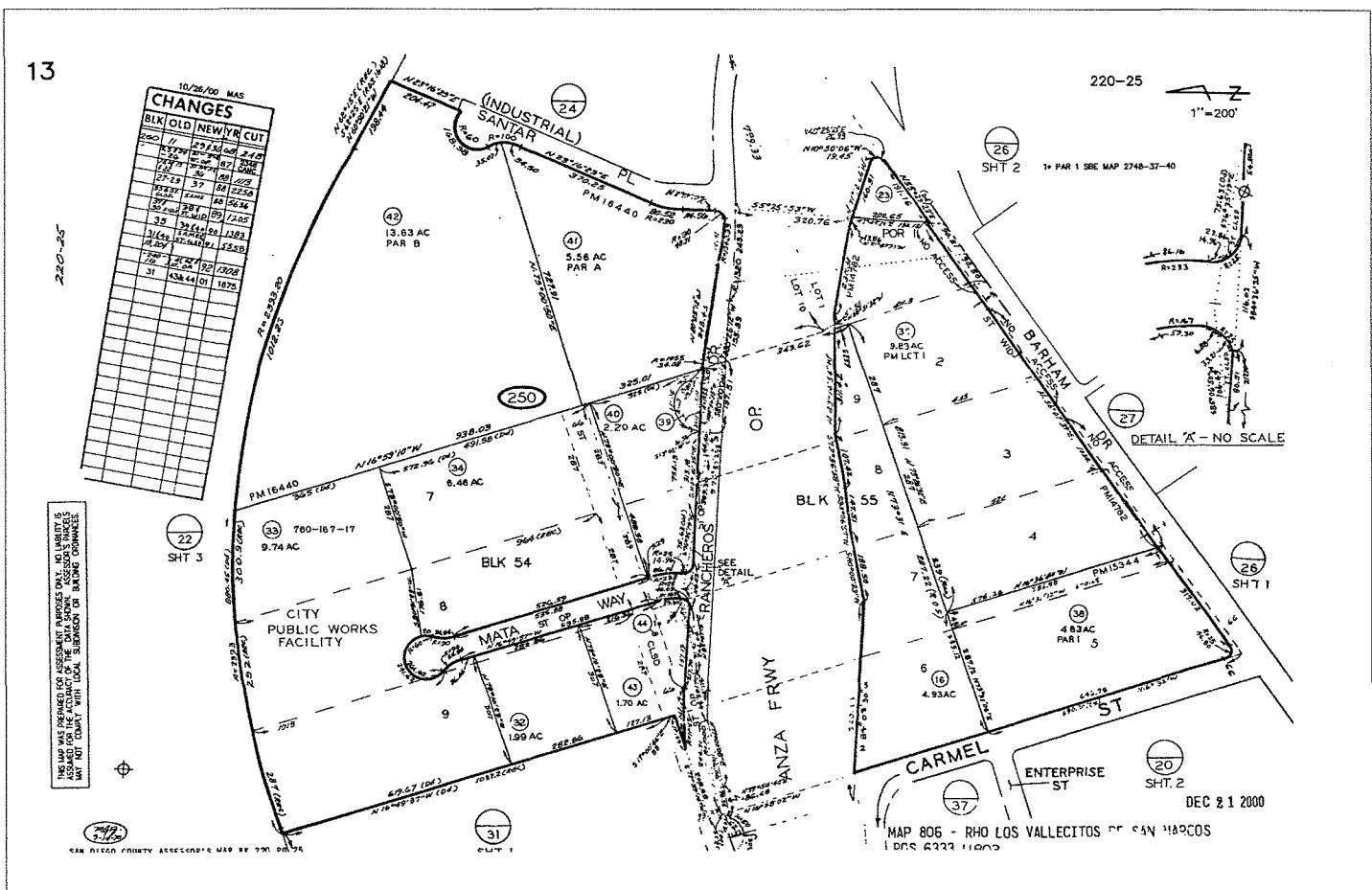
MetroScan / San Diego (CA)

<i>Owner</i>	:	City of San Marcos	<i>Parcel</i>	:	221 061 52 00
<i>CoOwner</i>	:		<i>Land</i>	:	\$307,572
<i>Site</i>	:	Via Vera Cruz San Marcos	<i>Struct</i>	:	
<i>Mail</i>	:	1 Civic Center Dr San Marcos Ca 92069	<i>Other</i>	:	
<i>Xfered</i>	:	05/25/2012	<i>Doc #</i>	:	307521 Multi-Parcel
<i>Price</i>	:		<i>Deed</i>	:	Deed
<i>Loan Amt</i>	:		<i>Loan</i>	:	
<i>VestType</i>	:	Corporation	<i>IntTy</i>	:	
<i>Lender</i>	:				
<i>Land Use</i>	:	620 Vacant,Commercial			
<i>Bldg Use</i>	:	*unknown Building Use*			
<i>Zoning</i>	:	6 Commercial			
<i>Plat</i>	:				
<i>MapNumb</i>	:	PM06614			<i>TractNumber</i> : 6614
<i>Legal</i>	:	(EX ST) PAR 1			<i>OwnerPhone</i> :
<i>Census</i>	:	Tract : 200.29	<i>Block</i>	:	1
<i>Bedrooms</i>	:		<i>View</i>	:	
<i>Bathrooms</i>	:		<i>Garage Sp</i>	:	
<i>Pool</i>	:		<i>Units</i>	:	
					<i>Acres</i> : .84
					<i>Bldg SqFt</i> :
					<i>LotSqFt</i> : 36,590
					<i>Year Built</i> :
					<i>Stories</i> :



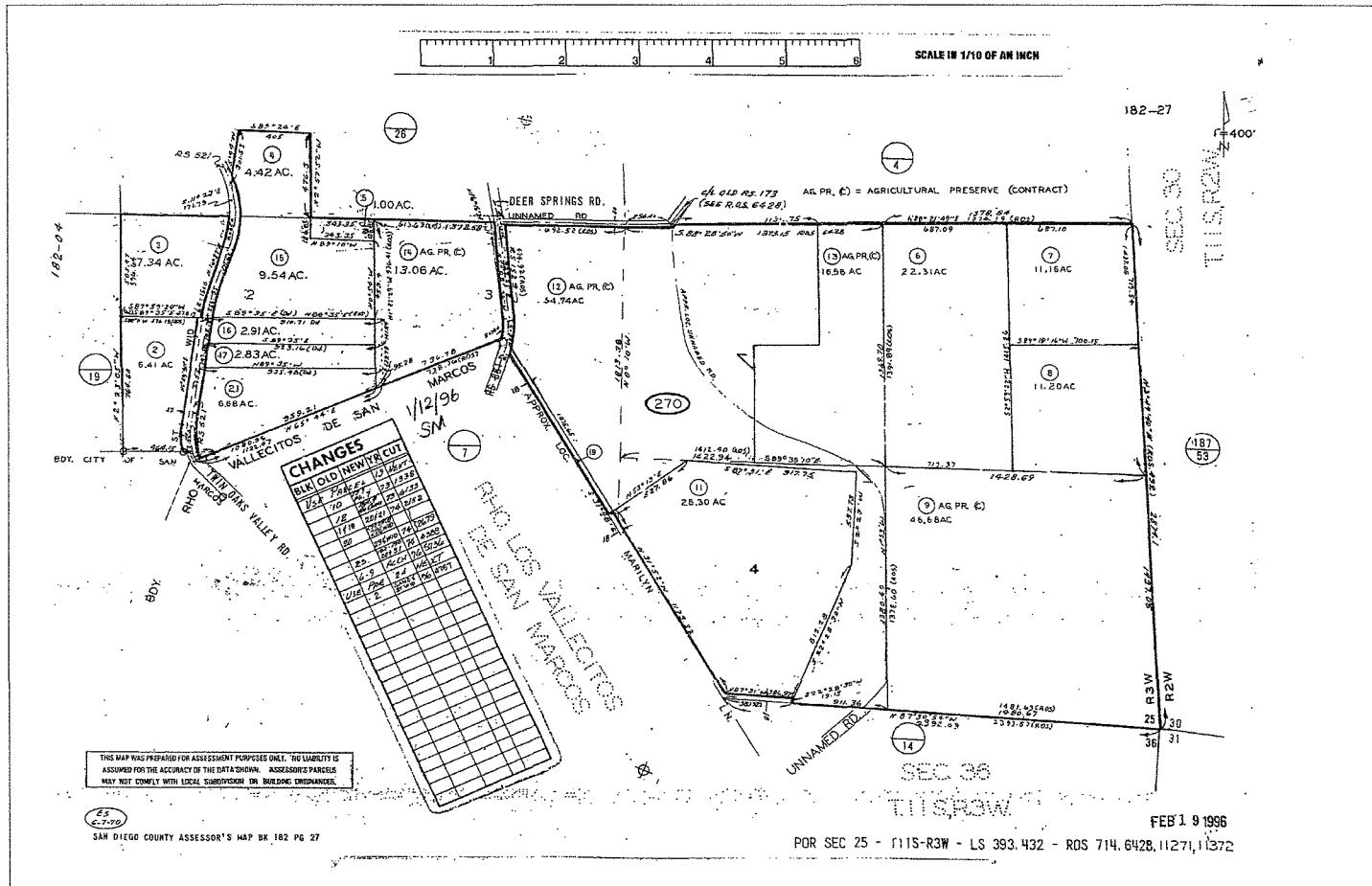
MetroScan / San Diego (CA)

Owner	: San Marcos Redevelopment Agency	Parcel	: 220 250 23 00
CoOwner	:	Land	:
Site	: 684 E Barham Dr San Marcos 92078	Struct	:
Mail	: 1 Civic Center Dr San Marcos Ca 92069	Other	:
Xfered	: 03/26/2010	Total	:
Price		Exempt	:
Loan Amt		Type	:
VestType	: Corporation	% Imprv	:
Lender	:	% Owned	: 0
Land Use	: *unknown Use Code*	TaxArea	: 13109
Bldg Use	: *unknown Building Use*	MapGrid	: 1109 A7
Zoning	: 7 Industrial,M-Zone	12-13 Tx	:
Plat	: RANCHO LOS VALLECITOS DE SAN MARCOS		
MapNumb	: 000806	TractNumber	: 806
Legal	: POR LOT 1 BLK 55	OwnerPhone	:
Census	: Tract : 203.06	Block	: 1
Bedrooms	:	View	:
Bathrooms	:	Garage Sp	:
Pool	:	Units	:
		Acres	: .31
		LotSqFt	: 13,503
		Stories	:
		Bldg SqFt	:
		Year Built	:



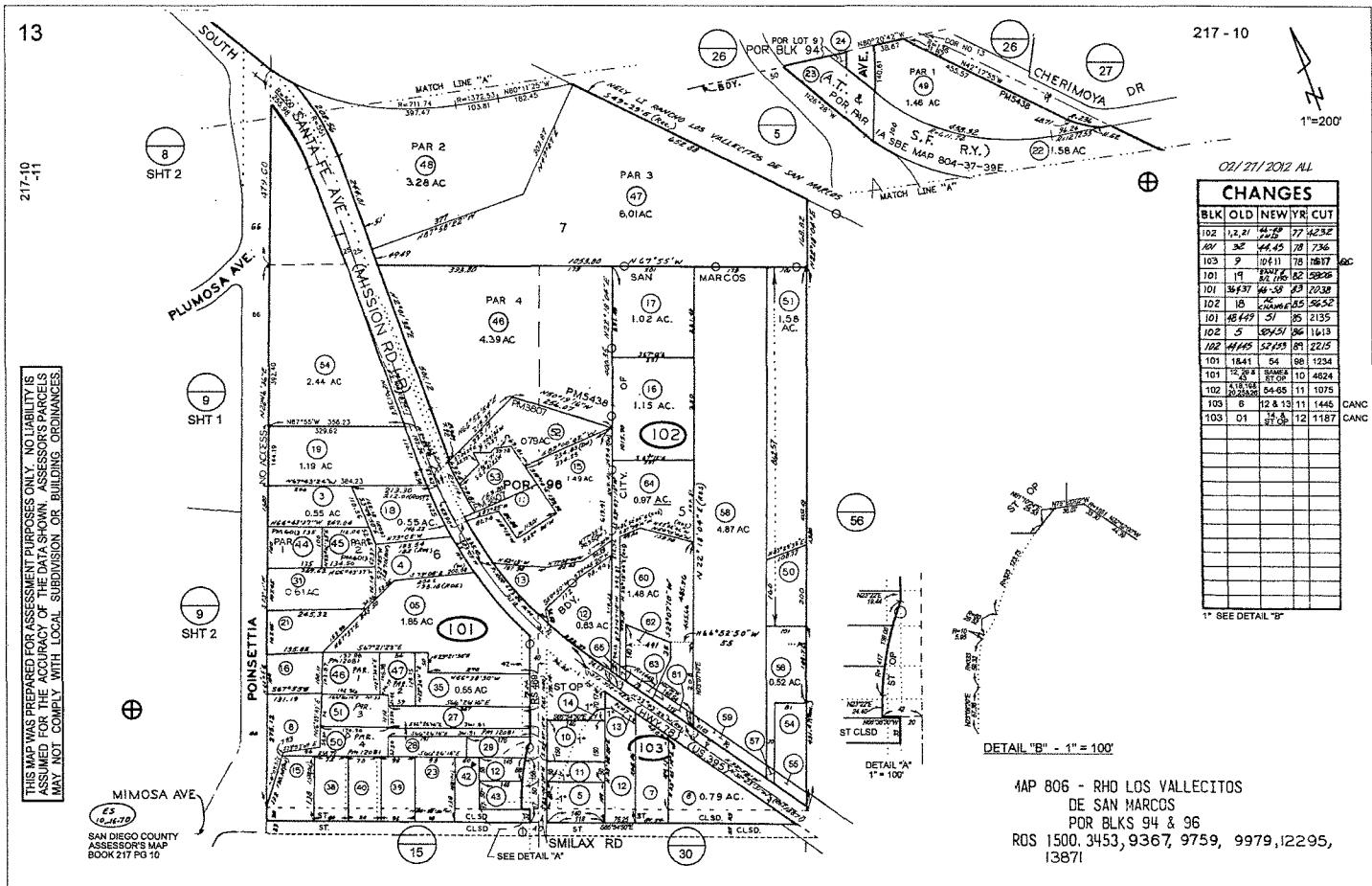
MetroScan / San Diego (CA)

Owner	: San Marcos Redevelopment Agency			Parcel	: 182 270 11 00
CoOwner	:			Land	: \$554,141
Site	: 567 Deer Springs Rd San Marcos 92069			Struct	:
Mail	: 1 Civic Center Dr San Marcos Ca 92069			Other	:
Xfered	: 02/03/2010			Total	: \$554,141
Price	:			Exempt	:
Loan Amt	:			Type	:
VestType	: Corporation			% Imprv	:
Lender	:			% Owned	: 0
Land Use	: 111 Res,Single Family Residence			TaxArea	: 76009
Bldg Use	: *unknown Building Use*			MapGrid	: 1084 A7
Zoning	: A70 *unknown Zoning*			12-13 Tx	: \$6,705.06
Plat	:			TractNumber:	
MapNumb	:			OwnerPhone:	760-744-6914
Legal	: 28.30 AC M/L IN LOT 3&IN LOT 4 SEC				
Census	: Tract : 203.04 Block : 4				
Bedrooms	: 2	View	:	Acres	: 28.30
Bathrooms	: 2.00	Garage Sp	: 2	LotSqFt	: 1,232,748
Pool	:	Units	: 1	Stories	:
				Bldg SqFt	: 912
				Year Built	: 1941



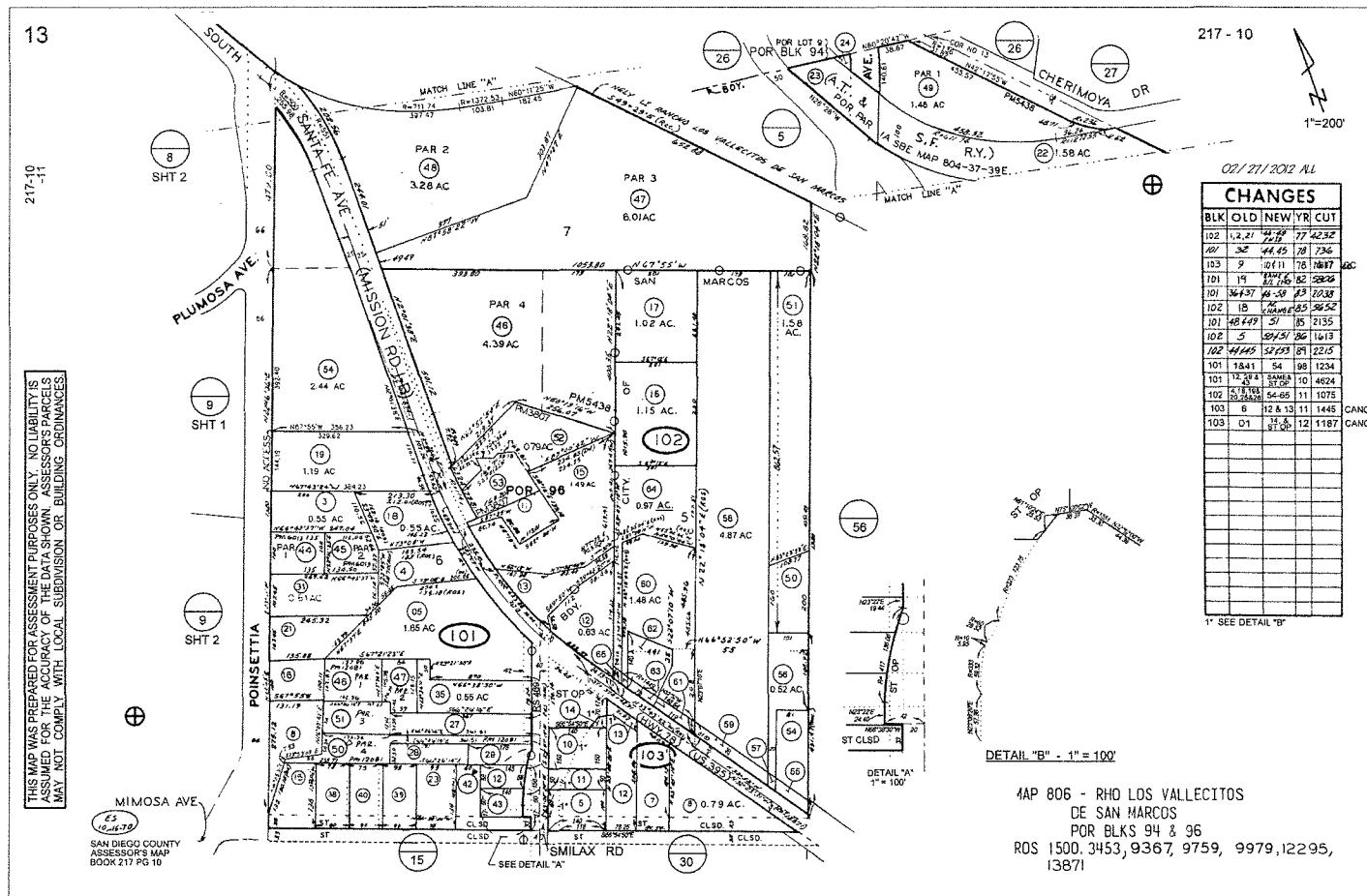
MetroScan / San Diego (CA)

Owner	: City of San Marcos Redevelopment Agency			Parcel	: 217 102 55 00	
CoOwner	:			Land	:	
Site	: Santa Fe Ave S San Marcos 92069			Struct	:	
Mail	: Santa Fe Ave S San Marcos Ca 92069			Other	:	
Xfered	: 04/02/2010 Doc # : 163424			Total	:	
Price	: Deed : Deed			Exempt	:	
Loan Amt	: Loan :			Type	:	
VestType	: Corporation IntTy :			% Imprv	:	
Lender	:			% Owned	: 0	
Land Use	: *unknown Use Code*			TaxArea	: 13203	
Bldg Use	: *unknown Building Use*			MapGrid	: 1108 C4	
Zoning	: *unknown Zoning*			12-13 Tx	:	
Plat	: RANCHO LOS VALLECITOS DE SAN MARCOS			TractNumber:		
MapNumb	: 000806			OwnerPhone:		
Legal	: DOC10-163424 IN LOT 5 BLK 96					
Census	: Tract : 200.18 Block : 1					
Bedrooms	:	View	:	Acres	: .06	Bldg SqFt :
Bathrooms	:	Garage Sp	:	LotSqFt	: 2,539	Year Built :
Pool	:	Units	:	Stories	:	



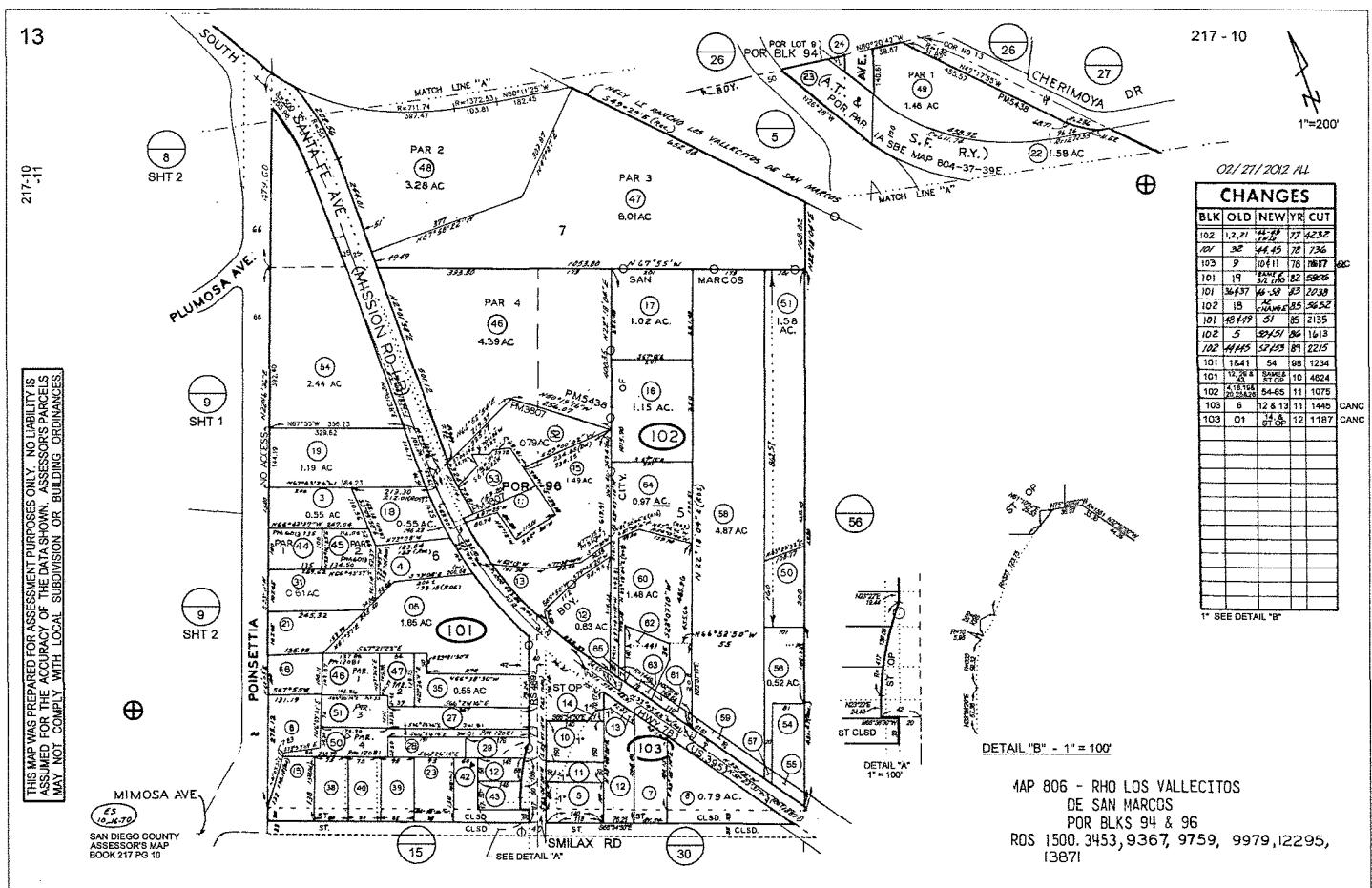
MetroScan / San Diego (CA)

Owner	: City of San Marcos Redevelopment Agency	Parcel	: 217 102 57 00
CoOwner	:	Land	:
Site	: Santa Fe Ave S San Marcos 92069	Struct	:
Mail	: Santa Fe Ave S San Marcos Ca 92069	Other	:
Xfered	: 04/02/2010	Total	:
Price	:	Exempt	:
Loan Amt	:	Type	:
VestType	: Corporation	% Imprv	:
Lender	:	% Owned	: 0
Land Use	: *unknown Use Code*	TaxArea	: 13203
Bldg Use	: *unknown Building Use*	MapGrid	: 1108 C4
Zoning	: *unknown Zoning*	12-13 Tx	:
Plat	: RANCHO LOS VALLECITOS DE SAN MARCOS	TractNumber:	
MapNumb	: 000806	OwnerPhone:	
Legal	: THAT POR OF DOC10-163425 LY IN LOT		
Census	: Tract : 200.18	Block	: 1
Bedrooms	:	Acres	: .01
Bathrooms	:	LotSqFt	: 625
Pool	:	Stories	:
		Bldg SqFt	:
		Year Built	:



MetroScan / San Diego (CA)

<i>Owner</i>	:	City of San Marcos Redevelopment Agency	<i>Parcel</i>	:	217 102 59 00
<i>CoOwner</i>	:		<i>Land</i>	:	
<i>Site</i>	:	Santa Fe Ave S San Marcos 92069	<i>Struct</i>	:	
<i>Mail</i>	:	Santa Fe Ave S San Marcos Ca 92069	<i>Other</i>	:	
<i>Xfered</i>	:	04/02/2010	<i>Doc #</i>	:	163425 Multi-Parcel
<i>Price</i>	:		<i>Deed</i>	:	Deed
<i>Loan Amt</i>	:		<i>Loan</i>	:	
<i>VestType</i>	:	Corporation	<i>IntTy</i>	:	
<i>Lender</i>	:				<i>% Owned</i> : 0
<i>Land Use</i>	:	*unknown Use Code*			<i>TaxArea</i> : 13203
<i>Bldg Use</i>	:	*unknown Building Use*			<i>MapGrid</i> : 1108 C4
<i>Zoning</i>	:	*unknown Zoning*			<i>12-13 Tx</i> :
<i>Plat</i>	:	RANCHO LOS VALLECITOS DE SAN MARCOS			
<i>MapNumb</i>	:	000806			<i>TractNumber</i> :
<i>Legal</i>	:	THAT POR OF DOC10-163425 LY IN LOT			<i>OwnerPhone</i> :
<i>Census</i>	:	Tract : 200.18	Block	:	1
<i>Bedrooms</i>	:		<i>View</i>	:	
<i>Bathrooms</i>	:		<i>Garage Sp</i>	:	
<i>Pool</i>	:		<i>Units</i>	:	
					<i>Acres</i> : .13
					<i>Bldg SqFt</i> :
					<i>LotSqFt</i> : 5,610
					<i>Year Built</i> :
					<i>Stories</i> :

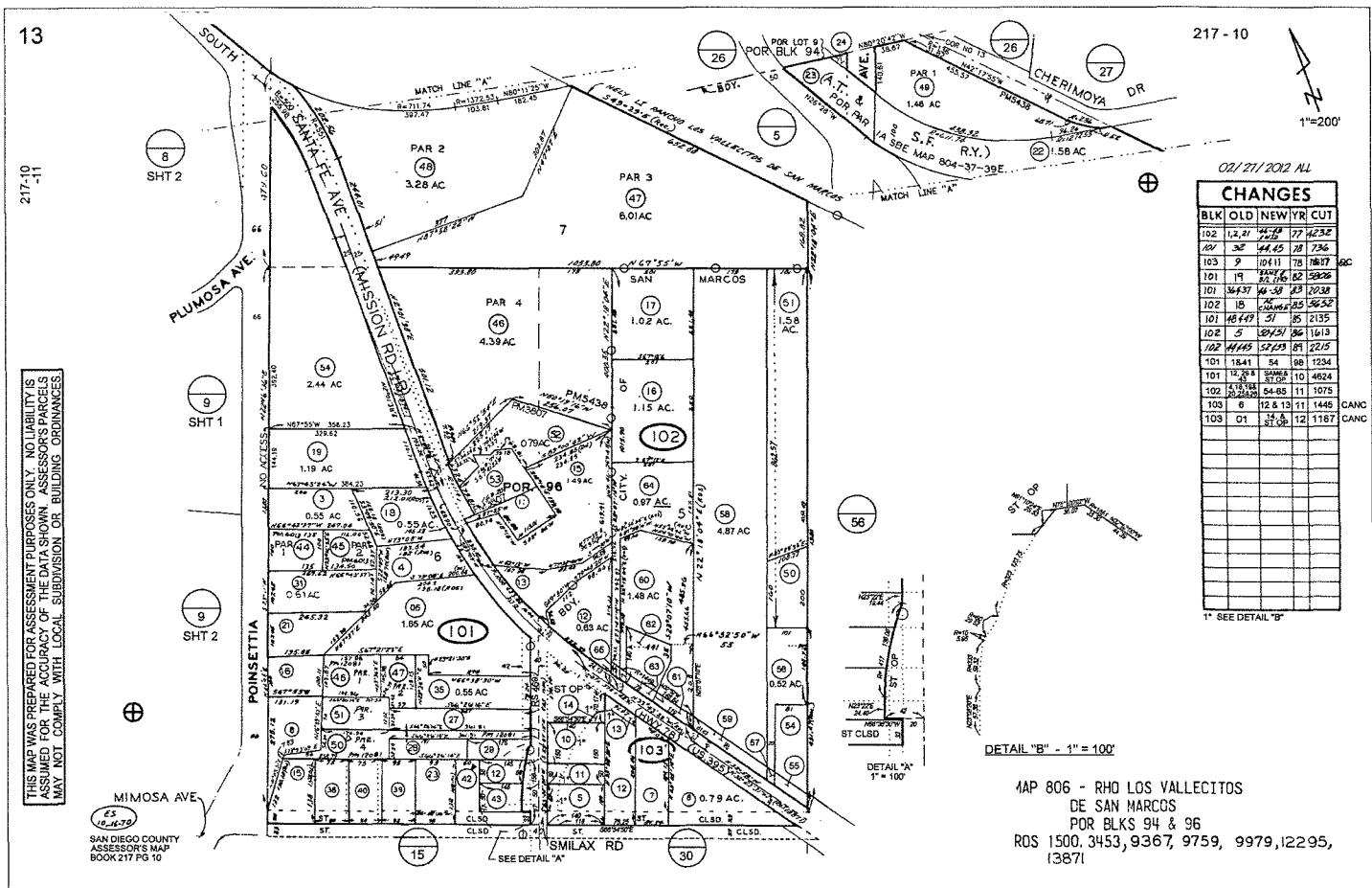


Information compiled from various sources. Real Estate Solutions makes no representations or warranties as to the accuracy or completeness of information contained in this report.

Item 2.68

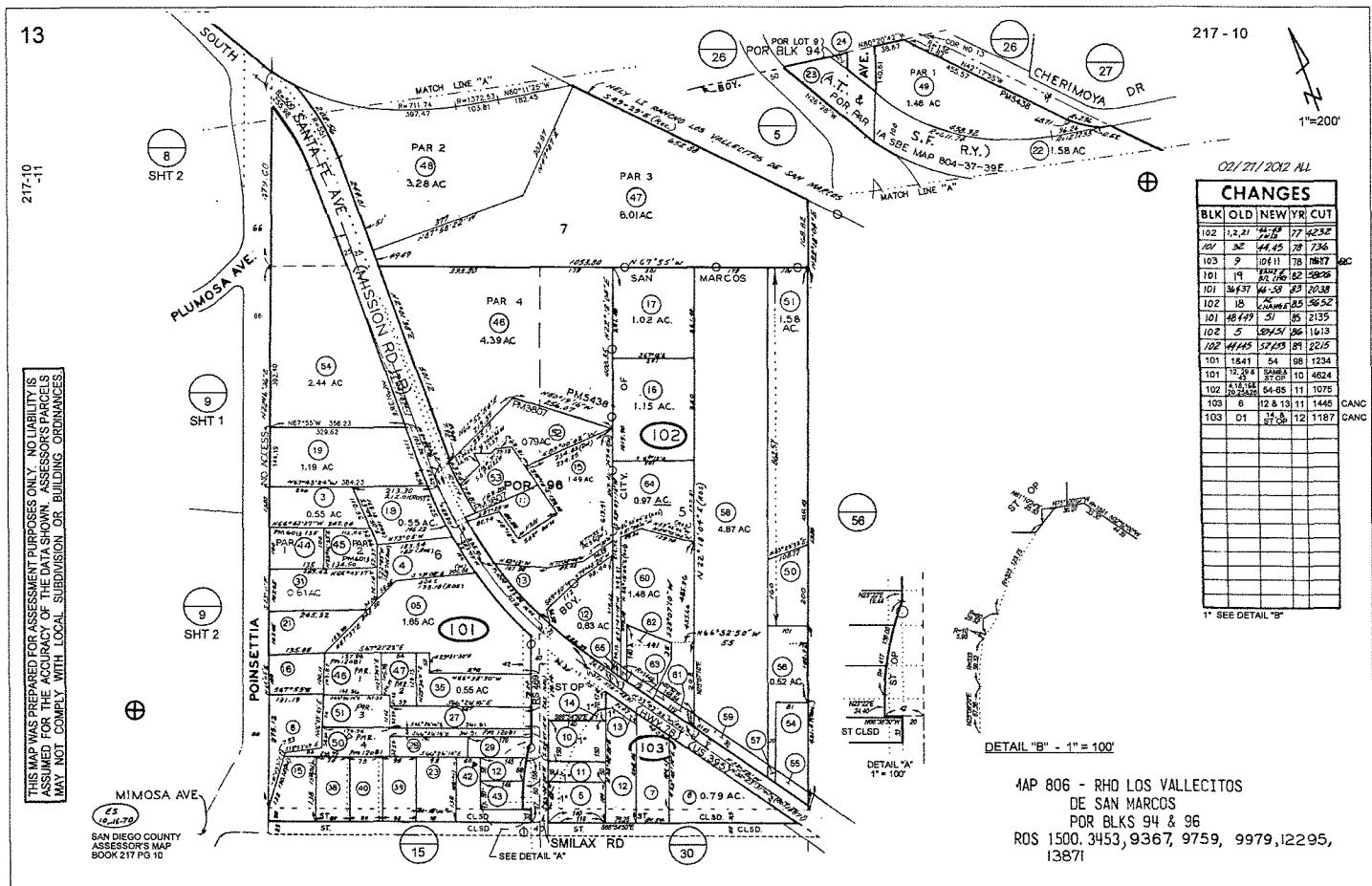
MetroScan / San Diego (CA)

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CoOwner	:	Land	:
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Mail	: Santa Fe Ave S San Marcos Ca 92069	Other	:
Xfered	: 07/09/2010	Total	:
Price	:	Exempt	:
Loan Amt	:	Type	:
VestType	: Corporation	% Imprv	:
Lender	:	% Owned	: 0
Land Use	: *unknown Use Code*	TaxArea	: 13203
Bldg Use	: *unknown Building Use*	MapGrid	: 1108 C4
Zoning	: *unknown Zoning*	12-13 Tx	:
Plat	: RANCHO LOS VALLECITOS DE SAN MARCOS	TractNumber:	
MapNumb	: 000806	OwnerPhone:	
Legal	: THAT POR OF DOC10-344024 LY IN LOT		
Census	: Tract : 200.18 Block : 1		
Bedrooms	:	View	:
Bathrooms	:	Garage Sp	:
Pool	:	Units	:
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		Year Built	:



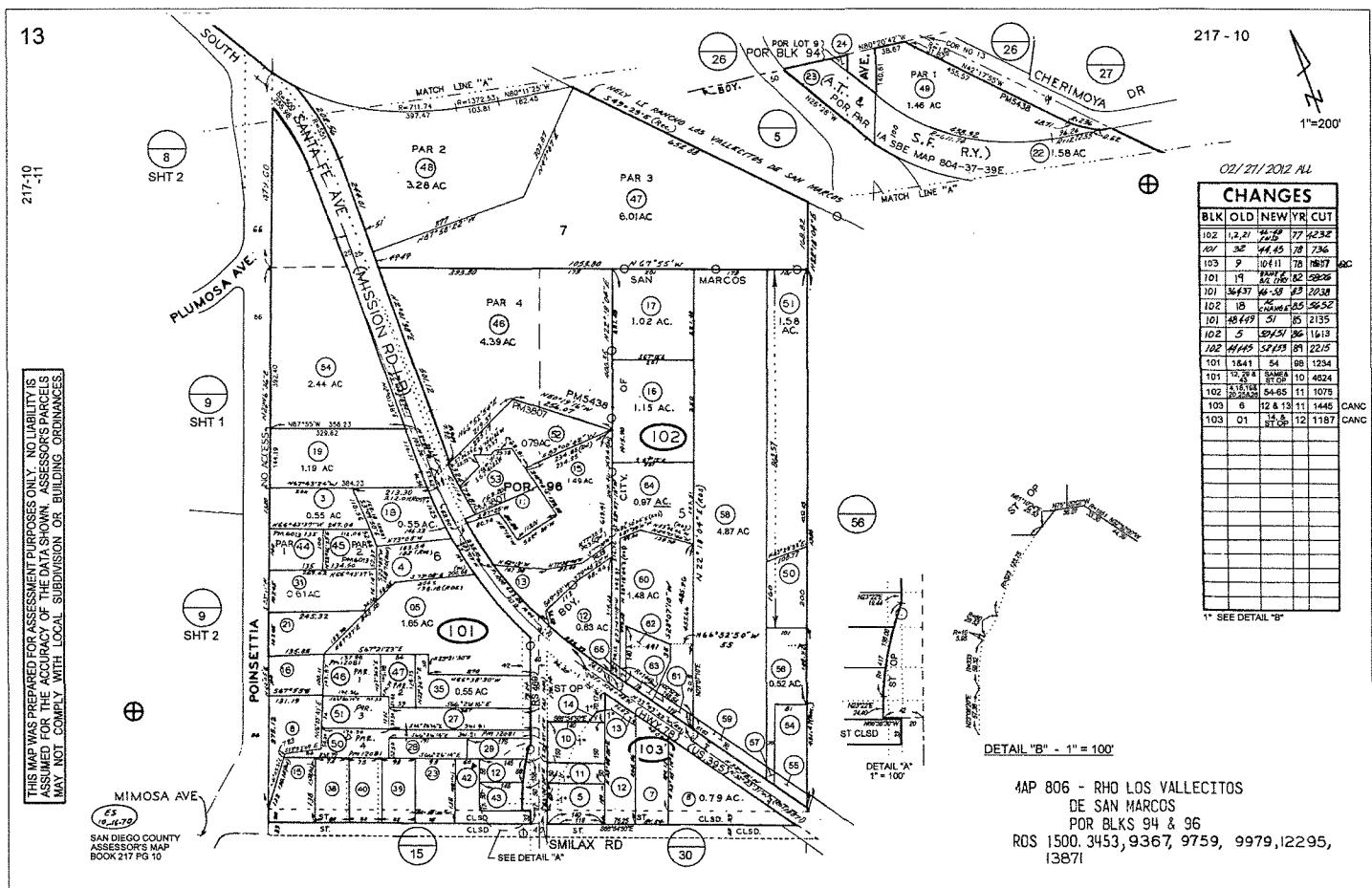
MetroScan / San Diego (CA)

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CoOwner	:	Land	:
Site	: Santa Fe Ave S San Marcos 92069	Struct	:
Mail	: Santa Fe Ave S San Marcos Ca 92069	Other	:
Xferred	: 07/09/2010	Total	:
Price		Exempt	:
Loan Amt		Type	:
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Lender	:	% Owned	: 0
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Bldg Use	: *unknown Building Use*	MapGrid	: 1108 C4
Zoning	: *unknown Zoning*	12-13 Tx	:
Plat	: RANCHO LOS VALLECITOS DE SAN MARCOS	TractNumber:	
MapNumb	: 000806	OwnerPhone:	
Legal	: THAT POR OF DOC10-344024 LY IN LOT		
Census	: Tract : 200.18	Block	: 1
Bedrooms	:	View	:
Bathrooms	:	Garage Sp	:
Pool	:	Units	:
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		Stories	:
		Bldg SqFt	:
		Year Built	:



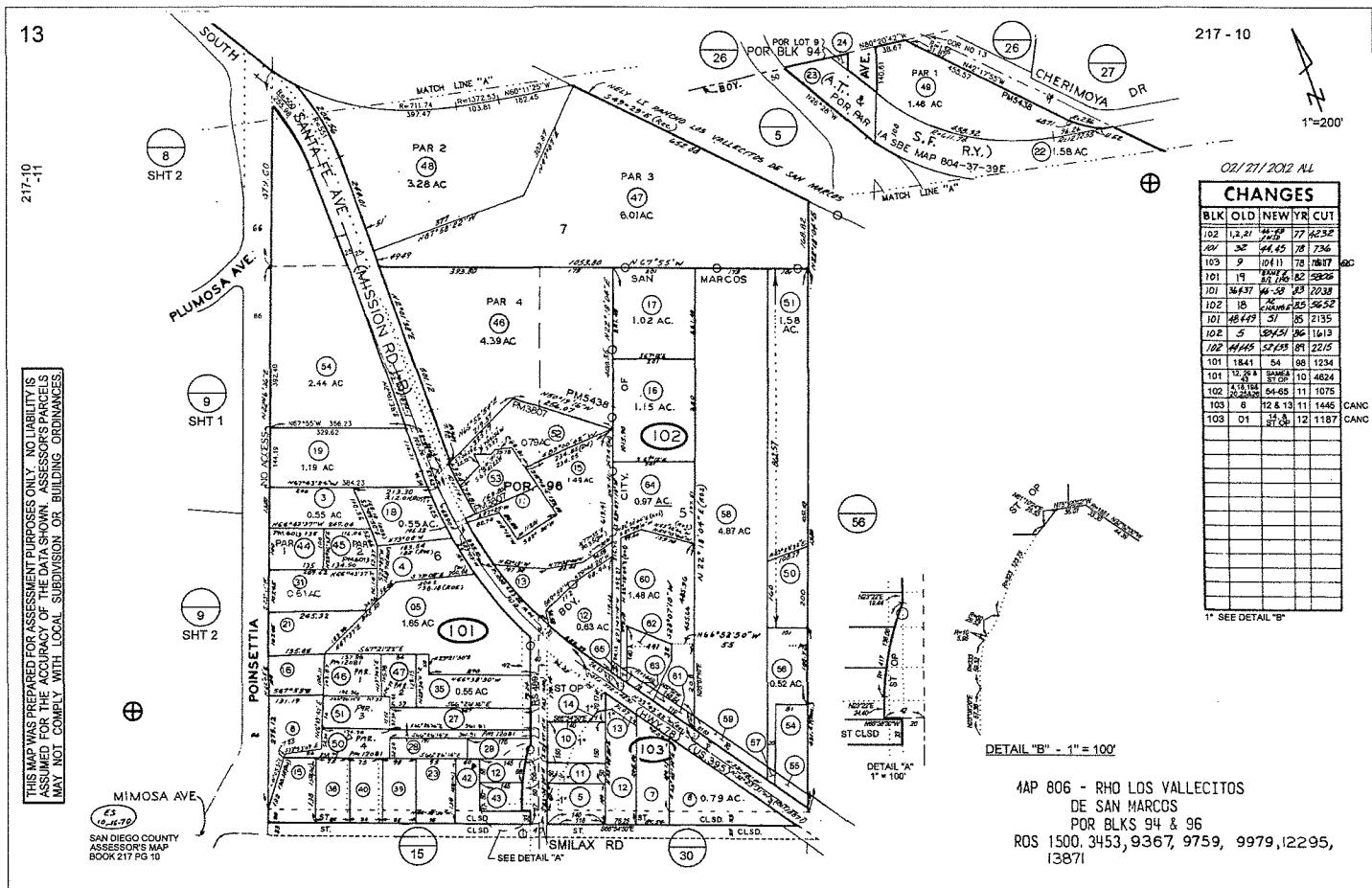
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Mail	: Santa Fe Ave S San Marcos Ca	Other	:
Xfered	:	Total	:
Price	:	Exempt	:
Loan Amt	:	Type	:
VestType	:	% Imprv	:
Lender	:	% Owned	: 0
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Bldg Use	: *unknown Building Use*	MapGrid	: 1108 C4
Zoning	: *unknown Zoning*	12-13 Tx	:
Plat	: RANCHO LOS VALLECITOS DE SAN MARCOS	TractNumber:	
MapNumb	: 000806	OwnerPhone:	
Legal	: DOC10-309482 IN LOT 5 BLK 96		
Census	: Tract : 200.18	Block	: 1
Bedrooms	:	View	:
Bathrooms	:	Garage Sp	:
Pool	:	Units	:
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		LotSqFt	: 686
		Stories	:
		Bldg SqFt	:
		Year Built	:



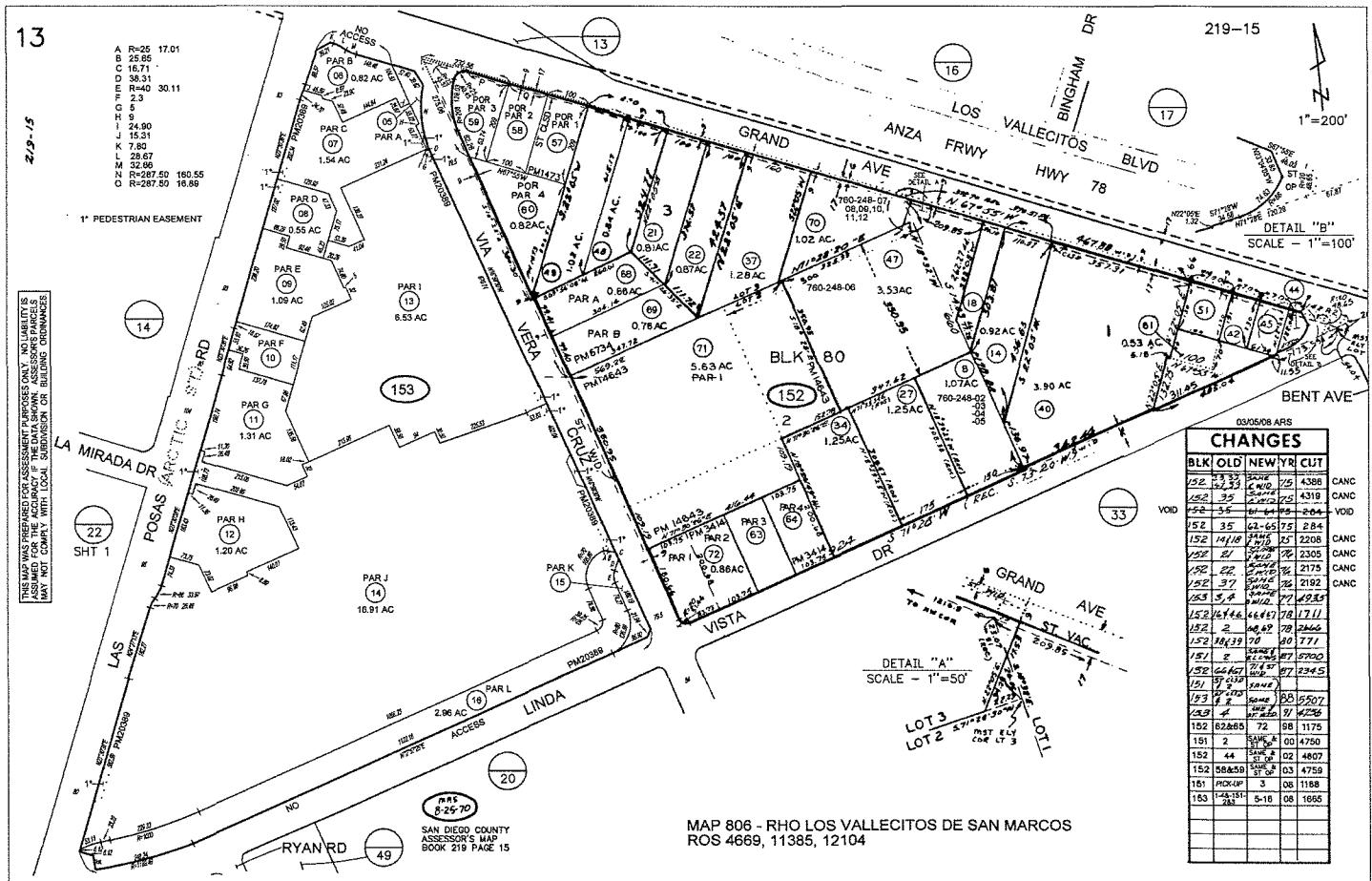
MetroScan / San Diego (CA)

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Mail	: Santa Fe Ave S San Marcos Ca	Other	:
Xfered	:	Total	:
Price	:	Exempt	:
Loan Amt	:	Type	:
VestType	:	% Imprv	:
Lender	:	% Owned	: 0
Land Use	: *unknown Use Code*	TaxArea	: 13203
Bldg Use	: *unknown Building Use*	MapGrid	: 1108 C4
Zoning	: *unknown Zoning*	12-13 Tx	:
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MapNumb	: 000806	OwnerPhone:	
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Census	: Tract : 200.18	Block	: 1
Bedrooms	:	View	:
Bathrooms	:	Garage Sp	:
Pool	:	Units	:
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		Stories	:
		Bldg SqFt	:
		Year Built	:



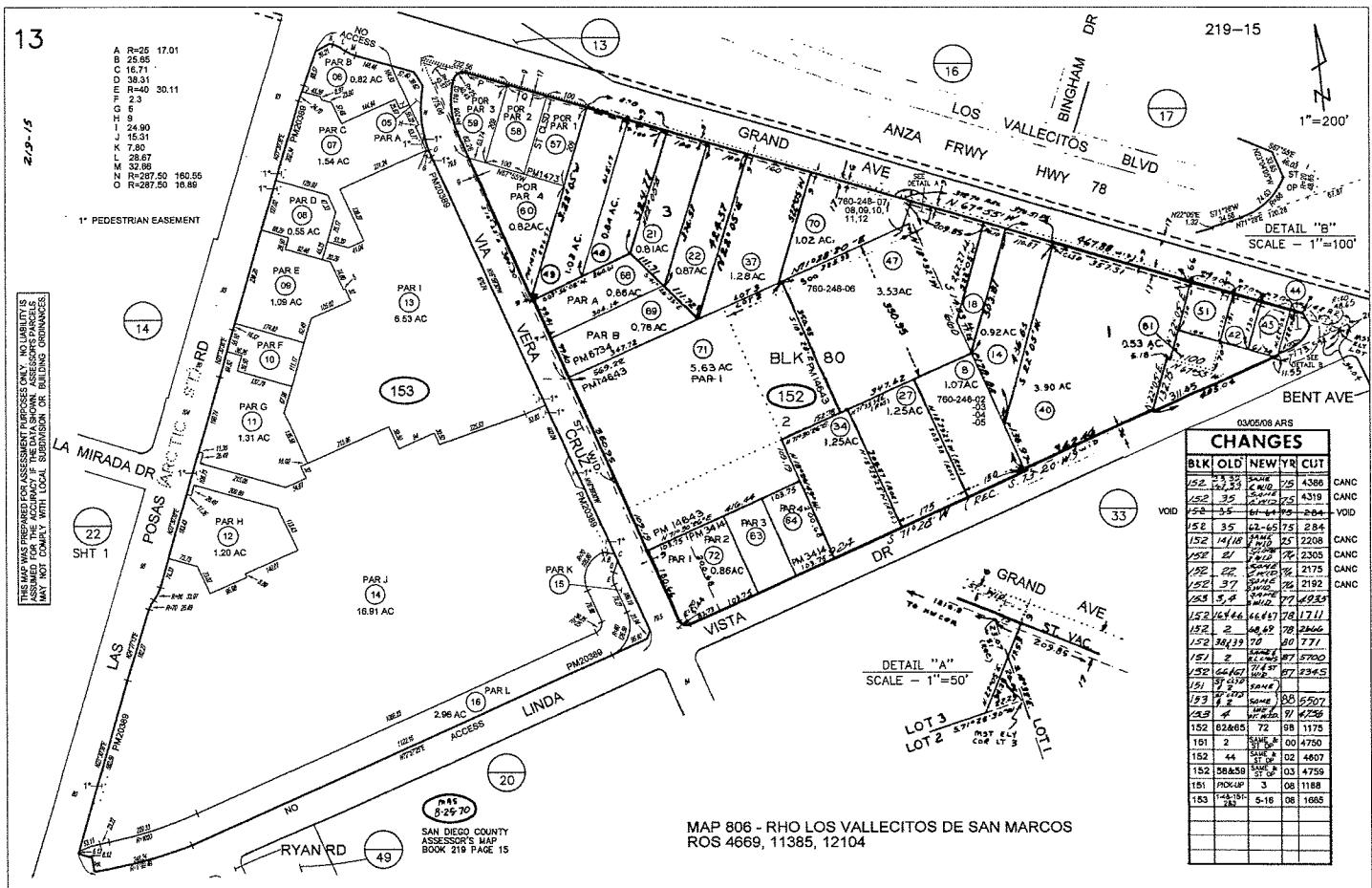
MetroScan / San Diego (CA)

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Xfered	:	Total	:
Price	:	Exempt	:
Loan Amt	:	Type	:
VestType	:	% Imprv	:
Lender	:	% Owned	: 0
Land Use	: 731 Com, Garage, Parking Lot, Used Car	TaxArea	: 13115
Bldg Use	: *unknown Building Use*	MapGrid	: 1108 F7
Zoning	: 7 Industrial, M-Zone	12-13 Tx	:
Plat	: RANCHO LOS VALLECITOS DE SAN MARCOS	TractNumber	: 806
MapNumb	: 000806	OwnerPhone	:
Legal	: (EX ST WID) DOC IN 34479REC71 IN ST		
Census	: Tract : 200.29 Block : 1		
Bedrooms	:	Acres	: .60
Bathrooms	:	LotSqFt	: 26,136
Pool	:	Stories	:
		Bldg SqFt	:
		Year Built	:



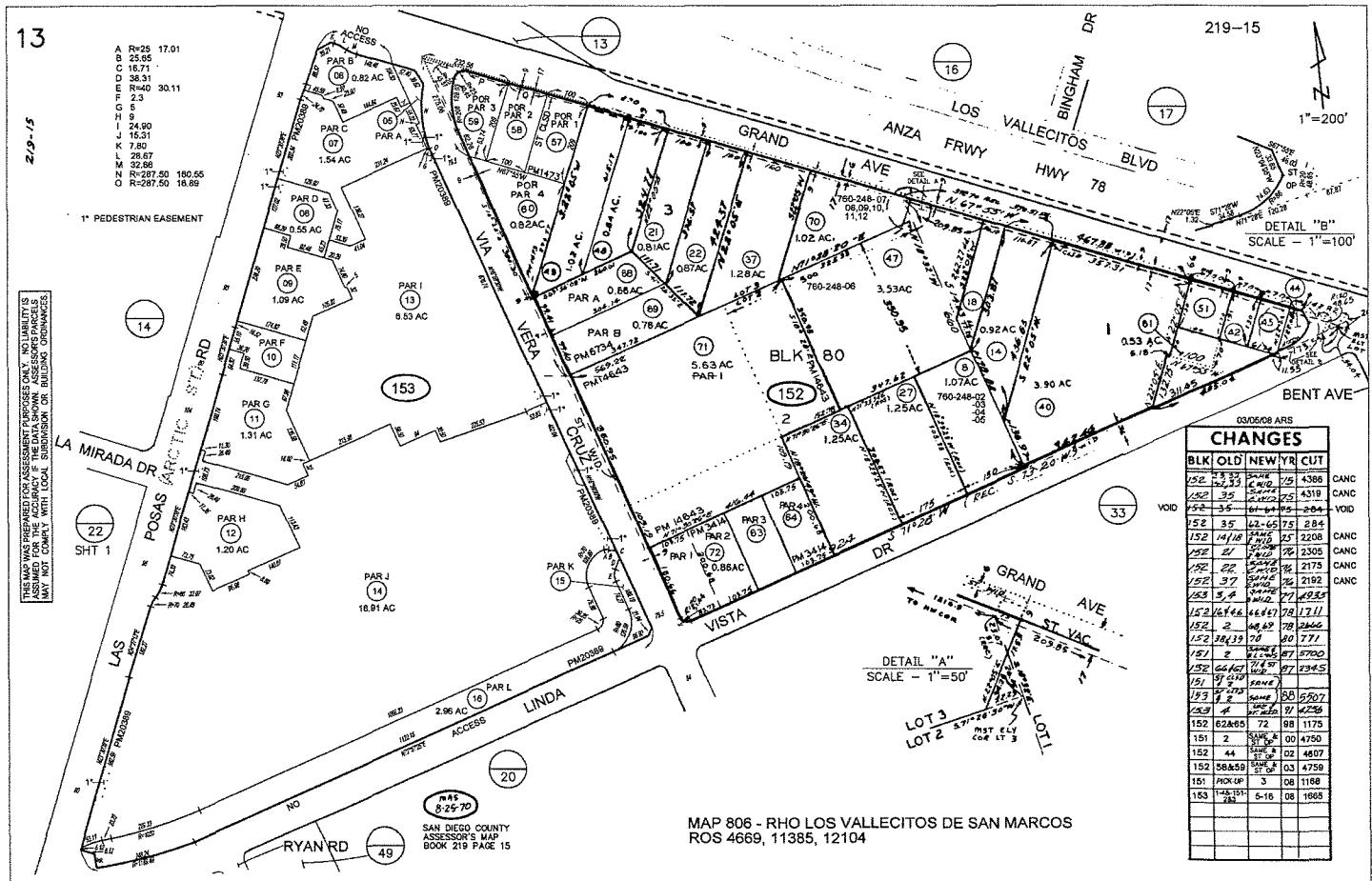
MetroScan / San Diego (CA)

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<i>Site</i>	: Grand Ave San Marcos 92078			<i>Struct</i>	:	
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<i>Xfered</i>	:			<i>Doc #</i>	:	
<i>Price</i>	:			<i>Deed</i>	:	
<i>Loan Amt</i>	:			<i>Loan</i>	:	
<i>VestType</i>	:			<i>IntTy</i>	:	
<i>Lender</i>	:				<i>% Imprv</i>	:
<i>Land Use</i>	: 720	Vacant,Commercial			<i>% Owned</i>	: 0
<i>Bldg Use</i>	*:unknown Building Use*				<i>TaxArea</i>	: 13115
<i>Zoning</i>	: 7 Industrial,M-Zone				<i>MapGrid</i>	: 1108 E7
<i>Plat</i>	: RANCHO LOS VALLECITOS DE SAN MARCOS				<i>12-13 Tx</i>	:
<i>MapNumb</i>	: 000806				<i>TractNumber</i>	: 806
<i>Legal</i>	: (EX ST)PAR 2 OF DOC91-341955 IN LOT				<i>OwnerPhone</i>	:
<i>Census</i>	<i>Tract</i>	: 200.29	<i>Block</i>	: 1		
<i>Bedrooms</i>	:			<i>View</i>	:	
<i>Bathrooms</i>	:			<i>Garage Sp</i>	:	
<i>Pool</i>	:			<i>Units</i>	:	
				<i>Acres</i>	: .20	
				<i>LotSqFt</i>	: 8,712	
				<i>Stories</i>	:	
				<i>Bldg SqFt</i>	:	
				<i>Year Built</i>	:	



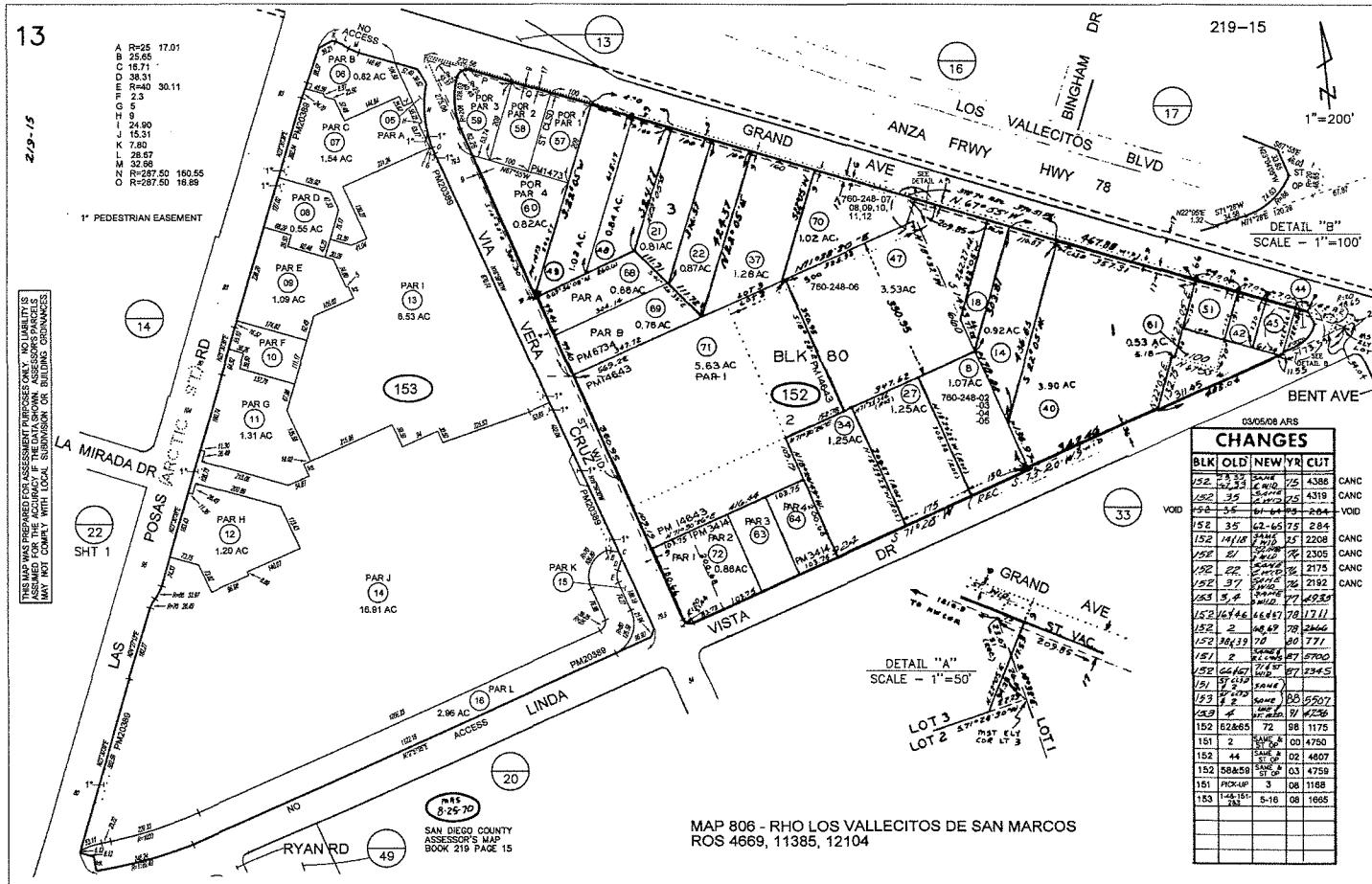
MetroScan / San Diego (CA)

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CoOwner	:	Land	:
Site	: Grand Ave San Marcos 92078	Struct	:
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Xfered	:	Total	:
Price	:	Exempt	:
Loan Amt	:	Type	:
VestType	:	% Imprv	:
Lender	:	% Owned	: 0
Land Use	: 620 Vacant,Commercial	TaxArea	: 13115
Bldg Use	: *unknown Building Use*	MapGrid	: 1108 E7
Zoning	: 6 Commercial	12-13 Tx	:
Plat	: RANCHO LOS VALLECITOS DE SAN MARCOS	TractNumber	: 806
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Census	: Tract : 200.29 Block : 1		
Bedrooms	:	View	:
Bathrooms	:	Garage Sp	:
Pool	:	Units	:
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		Stories	:
		Bldg SqFt	:
		Year Built	:



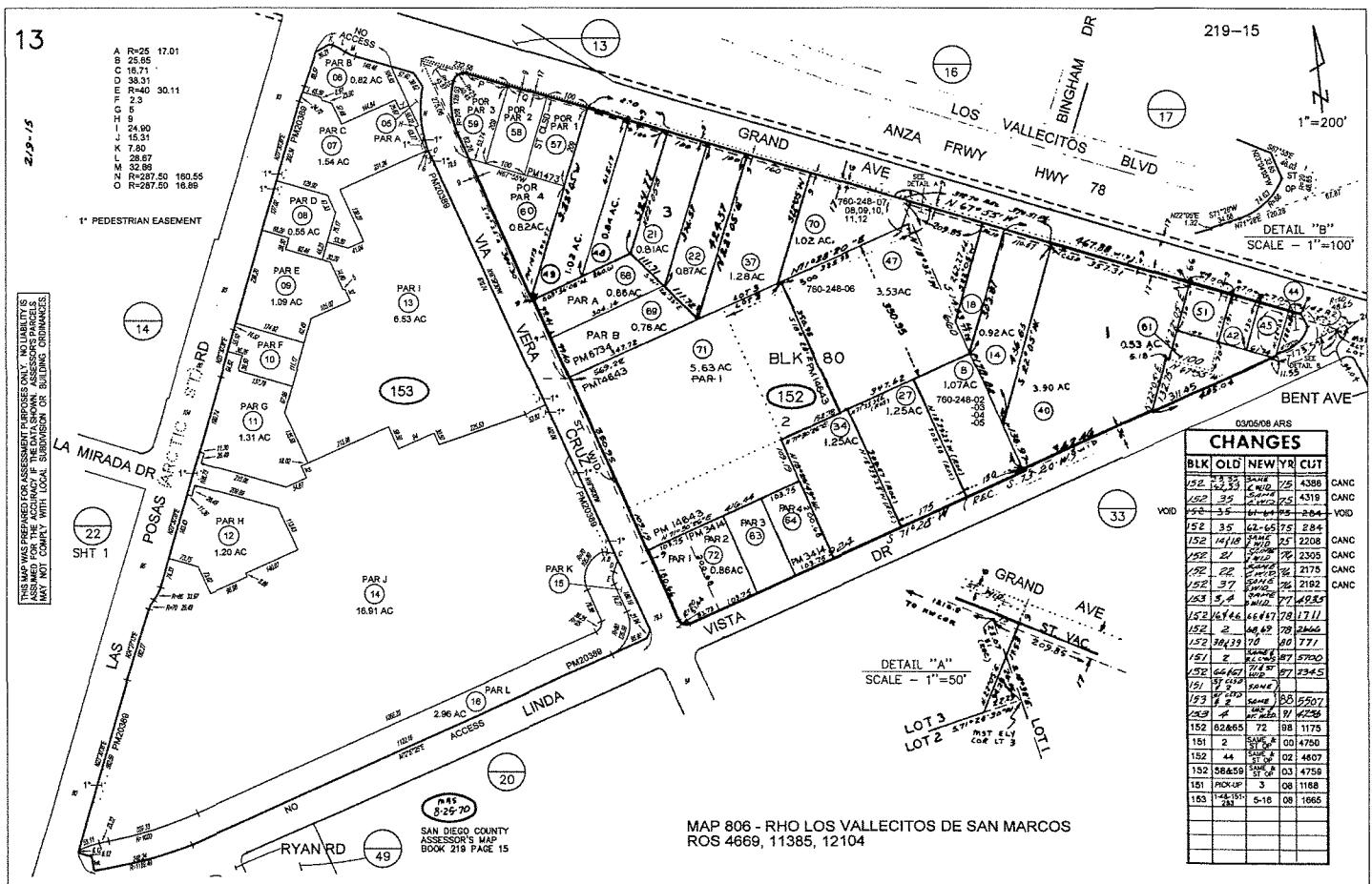
MetroScan / San Diego (CA)

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Mail	: 930 Linda Vista Dr San Marcos Ca			Other	:		
Xfered	:			Total	:		
Price	:			Exempt	:		
Loan Amt	:			Type	:		
VestType	:			% Imprv	:		
Lender	:			% Owned	: 0		
Land Use	: 743 Ind, Warehouse, Processing, Storage			TaxArea	: 13115		
Bldg Use	: *unknown Building Use*			MapGrid	: 1128 F1		
Zoning	: 7 Industrial,M-Zone			12-13 Tx	:		
Plat	: RANCHO LOS VALLECITOS DE SAN MARCOS			TractNumber	: 806		
MapNumb	: 000806			OwnerPhone	:		
Legal	: (EX DOC73-201093)DOC71-306647 IN						
Census	: Tract : 200.29 Block : 1						
Bedrooms	:	View	:	Acres	: .53	Bldg SqFt	:
Bathrooms	:	Garage Sp	:	LotSqFt	: 23,087	Year Built	:
Pool	:	Units	:	Stories	:		



MetroScan / San Diego (CA)

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<i>CoOwner</i>	:			<i>Land</i>	:	
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<i>Price</i>	:			<i>Exempt</i>	:	
<i>Loan Amt</i>	:			<i>Type</i>	:	
<i>VestType</i>	:			<i>% Imprv</i>	:	
<i>Lender</i>	:			<i>% Owned</i>	: 0	
<i>Land Use</i>	: *unknown Use Code*			<i>TaxArea</i>	: 13115	
<i>Bldg Use</i>	: *unknown Building Use*			<i>MapGrid</i>	: 1108 F7	
<i>Zoning</i>	: 7 Industrial,M-Zone			<i>12-13 Tx</i>	:	
<i>Plat</i>	: RANCHO LOS VALLECITOS DE SAN MARCOS					
<i>MapNumb</i>	: 000806			<i>TractNumber</i>	: 806	
<i>Legal</i>	: (EX ST WID)DOC73-201093 IN ST CLSD			<i>OwnerPhone</i>		
<i>Census</i>	<i>Tract</i>	: 200.29		<i>Block</i>	: 1	
<i>Bedrooms</i>	:			<i>View</i>	:	
<i>Bathrooms</i>	:			<i>Garage Sp</i>	:	
<i>Pool</i>	:			<i>Units</i>	:	
		<i>Acres</i>	: .28		<i>Bldg SqFt</i>	:
		<i>LotSqFt</i>	: 12,283		<i>Year Built</i>	:
		<i>Stories</i>	:			

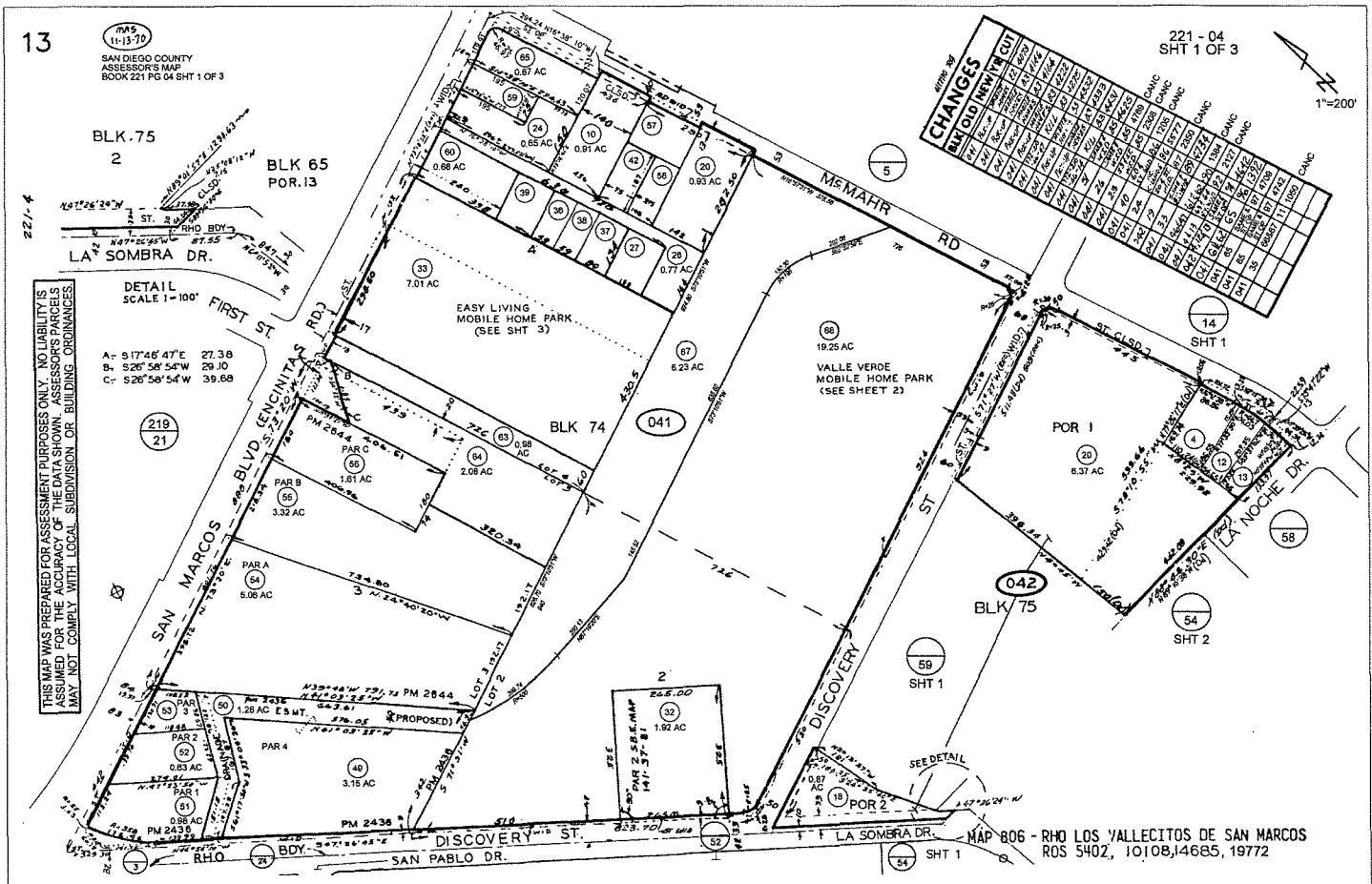


Information compiled from various sources. Real Estate Solutions makes no representations or warranties as to the accuracy or completeness of information contained in this report.

Item 2.77

MetroScan / San Diego (CA)

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<i>Site</i>	:	San Marcos Blvd W San Marcos 92078	<i>Struct</i>	:	
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<i>VestType</i>	:	<i>IntTy</i>	<i>% Imprv</i>	:	
<i>Lender</i>	:		<i>% Owned</i>	:	0
<i>Land Use</i>	:	*unknown Use Code*	<i>TaxArea</i>	:	13115
<i>Bldg Use</i>	:	*unknown Building Use*	<i>MapGrid</i>	:	1128 E2
<i>Zoning</i>	:	7 Industrial,M-Zone	<i>12-13 Tx</i>	:	
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<i>Legal</i>	:	(EX ST)SWLY 60 FT IN LOT 4 BLK 74	<i>OwnerPhone</i>	:	
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<i>Bedrooms</i>	:	<i>View</i>	<i>Acres</i>	:	.98
<i>Bathrooms</i>	:	<i>Garage Sp</i>	<i>LotSqFt</i>	:	42,689
<i>Pool</i>	:	<i>Units</i>	<i>Stories</i>	:	
<i>Bldg SqFt</i>	:				
<i>Year Built</i>	:				



MetroScan / San Diego (CA)

<i>Owner</i>	:	City of San Marcos Redevelopment Agency	<i>Parcel</i>	:	221 041 64 00
<i>CoOwner</i>	:		<i>Land</i>	:	
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<i>Price</i>	:	<i>Deed</i>	<i>Exempt</i>	:	
<i>Loan Amt</i>	:	<i>Loan</i>	<i>Type</i>	:	
<i>VestType</i>	:	<i>IntTy</i>	<i>% Imprv</i>	:	
<i>Lender</i>	:		<i>% Owned</i>	:	0
<i>Land Use</i>	:	*unknown Use Code*	<i>TaxArea</i>	:	13115
<i>Bldg Use</i>	:	*unknown Building Use*	<i>MapGrid</i>	:	1128 D2
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<i>Census</i>	:	Tract : 200.29	Block	:	1
<i>Bedrooms</i>	:	<i>View</i>	<i>Acres</i>	:	2.08
<i>Bathrooms</i>	:	<i>Garage Sp</i>	<i>LotSqFt</i>	:	90,605
<i>Pool</i>	:	<i>Units</i>	<i>Stories</i>	:	
<i>Bldg SqFt</i>	:		<i>Year Built</i>	:	

Attachment C

(Former Redevelopment 5 year Plan)

RESOLUTION NO. RDA 2010-402

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SAN MARCOS REDEVELOPMENT AGENCY
ADOPTING THE AGENCY'S FIVE-YEAR
IMPLEMENTATION PLAN FOR FISCAL YEARS 2010-2011
THROUGH 2014-2015.

WHEREAS, pursuant to the California Community Redevelopment Law, Health and Safety Code Section 33490, redevelopment agencies must adopt, after a noticed public hearing, an implementation plan which contains specific goals and objectives of each of its project areas; and

WHEREAS, the said implementation plan must be updated every five years; and

WHEREAS, the San Marcos Redevelopment Agency last approved a five year implementation plan in February 2005.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the San Marcos Redevelopment Agency adopts the attached Five-year Implementation Plan for Project Areas 1, 2, and 3 for Fiscal Years 2010-2011 through 2014-2015.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the San Marcos Redevelopment Agency this 22d day of June, 2010, by the following roll call votes:

AYES: DIRECTORS: JONES, MARTIN, ORLANDO, PRESTON, DESMOND

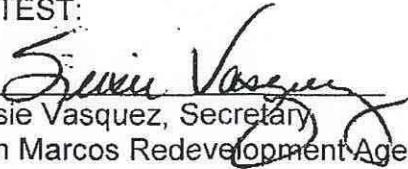
NOES: DIRECTORS: NONE

ABSENT: DIRECTORS: NONE



James M. Desmond, Chairman
San Marcos Redevelopment Agency

ATTEST:



Susie Vasquez, Secretary
San Marcos Redevelopment Agency

**FIVE-YEAR IMPLEMENTATION
PLAN**

FOR PROJECT AREAS 1, 2 & 3

OF THE

SAN MARCOS REDEVELOPMENT AGENCY

(FISCAL YEAR 2010/2011 THROUGH FISCAL YEAR 2014/2015)

June 2010

AGENDA ITEM
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PART ONE – THE NEXT FIVE YEARS

I. INTRODUCTION

This document constitutes the Five-Year Implementation Plan for Redevelopment Project Areas 1, 2 and 3 of the San Marcos Redevelopment Agency ("Agency"). It is intended to meet the requirements of Section 33490 of the Health and Safety Code; California Community Redevelopment Law.

Section 33490 requires that each redevelopment agency enacting a redevelopment plan prior to December 31, 1993, adopt, after a noticed public hearing, an implementation plan which contains specific goals and objectives for each of its project areas, the specific projects and expenditures proposed during the upcoming five year period for each project area, an explanation of how those goals and objectives, projects and expenditures will eliminate blight within the project areas and a discussion of how the same will implement the requirement to increase and improve the supply of housing affordable to very low, low, and moderate income households.

Section 33490 stipulates that an implementation plan must be adopted on or before December 31, 1994, and be updated every five years thereafter. The Agency's initial Implementation Plan was adopted in December 1995 with the first five-year update approved at a Public Hearing on January 11, 2000. This document constitutes the third five-year update.

Pursuant to Section 33490, this Implementation Plan presents:

- ◆ Agency goals and objectives for its Project Areas;
- ◆ Proposed projects and expenditures within the Project Areas over the next five years;
- ◆ An explanation of how these goals, objectives, projects and expenditures will eliminate blight in the Project Areas;
- ◆ A discussion of how the same will increase and improve the supply of affordable housing to very low, low and moderate income households; and
- ◆ A housing compliance plan (incorporated as Section Two), which identifies:
 - Current funds available in, and projected deposits to, the Housing Fund.
 - The number of new, rehabilitated, or price-restricted housing units to be assisted during each of the five years, and estimates of the expenditures of monies from the Housing Fund.

INTRODUCTION (CONTINUED)

- Estimates of the number of new, substantially rehabilitated, or price-restricted residential units to be developed or purchased both over the term of this Plan and during the next ten years, and the number of such units of very low, low, and moderate income households required to be developed to comply with Section 33413(b)(2) of the Law.
- The number of units of very low, low, and moderate income households which have been developed which meet the requirements of Section 33413(b) (2) of the Law.
- Estimates of the number of Agency-developed units which will be constructed during the next five years and be governed by Section 33413(b)(1) of the Law, and the number of units reserved for very low, low, and moderate income households.

II. BACKGROUND

PROJECT AREA 1

Project Area 1 encompasses some 1,987 acres of the City's central business core (Figure I-1). It is generally bounded by Mission Road, Richmar Avenue, Rock Springs and Knob Hill Roads on the north; Discovery Street and Barham Drive to the south; Pacific Street to the west; and the San Marcos-Escondido corporate limits on the east.

The Redevelopment Plan for Project Area 1 was originally adopted on July 12, 1983, pursuant to Ordinance No. 83-604. It was amended in July, 1993 (Ordinance No. 93-951) to increase the tax increment limit imposed by the original plan.

In terms of zoning, 23% of Project Area 1 is zoned for either the San Marcos Creek Specific Plan or the University District Specific Plan. Approved by the City Council in 2007, but still pending permits from various State and Federal agencies, the San Marcos Creek Specific Plan is a 214-acre, mixed-use area using form-based codes entirely within Planning Area 1. The University District Specific Plan is a 194-acre, mixed-use area also using form-based codes. Approximately, one-third of the University District Specific Plan area east of S. Twin Oaks Valley Road is in Planning Area 1. The remainder of the University District Specific Plan area west of S. Twin Oaks Valley Road is in Planning Area 2. Outside of the Specific Plan areas, 23% of Project Area 1 is zoned for residential use. Industrial zoning accounts for 32% of the project area, while acreage zoned for commercial use accounts for a further 17%. The balance of the area is comprised of street rights-of-ways and other public facilities.

Ordinance 94-972, which implements the required time limitations, stipulates that the Project Area 1 Redevelopment Plan will expire and be of no further effect in 2023. It further prohibits the incurring of indebtedness after January 1, 2004 and precludes the allocation of tax increment from this project area to the Agency starting in 2033. However, in November of 2003 in accordance with Health and Safety Code Section 33333.6(e) (2), the Agency Board adopted Ordinance No. 2003-1211, which eliminated the time limit to establish debt in order to fully develop the potential of the Project Area. By eliminating the time limit to establish debt, the Agency was required to make statutory pass-through payments to any taxing entity that did not have an existing tax-sharing agreement at the time. The Agency had existing pass-through agreements with all but four agencies in Project Area 1. These four agencies, the Rincon Del Diablo Municipal Water District, Escondido Elementary and High School Districts and the Vista Irrigation District are present in only a small portion of the Project Area and each has a very low tax rate. Thus, the financial to these agencies are minimal: less than \$99,000 total over the remaining life of the Project Area.

The time limits for this project are:

Termination of Plan:	July 12, 2023
Incurring of Debt:	N/A
Tax Increment Collection:	2033
Commencement for eminent domain proceedings:	Expired
Repay indebtedness with property tax proceeds:	July 12, 2034

The Project Area 1 Redevelopment Plan, as amended, also states that the tax increment accruing to the Agency over the life of Project Area 1 shall not exceed \$600,000,000, adjusted for inflation pursuant the Consumer Price Index. It also provides that the Agency's outstanding bonded indebtedness payable from tax increment derived from Project Area 1 shall not exceed \$100,000,000, adjusted for inflation.

PROJECT AREA 2

Project Area 2 is comprised of five discrete "sub areas" ("A", "B1", "B2", "C" and "D") totaling 1,853 acres in west, central and south San Marcos (Figure I-1).

The Redevelopment Plan for this project area was adopted pursuant to Ordinance 85-662 on July 19, 1985. It was amended on June 24, 1986 to delete sub area "C2", consisting of several hundred acres in north Twin Oaks Valley.

In terms of zoning, 60% of Project Area 2 is zoned for specific plans, primarily the University District Specific Plan area and the campus for California State University at San Marcos. Approved by the City Council in late 2009, the University District Specific Plan is a 194-acre, mixed-use area using form-based codes. Approximately, two-thirds of the University District Specific Plan area west of S. Twin Oaks Valley Road and is in Planning Area 2. The remainder of the University District Specific Plan area east of S. Twin Oaks Valley Road is in Planning Area 1. Outside of the specific plan areas, 20% of Project Area 2 is zoned for residential use. Industrial zoning accounts for 6% of the project area, while acreage zoned for commercial use accounts for a further 7%. The balance of the area is comprised of street rights-of-ways and other public facilities.

The time limits for this project are:

Effectiveness of Plan:	2025
Termination of Plan:	July 19, 2025
Incurring of Debt:	2005
Tax Increment Collection:	2035
Commencement for eminent domain proceedings:	Expired
Repay indebtedness with property tax proceeds:	July 19, 2036

The redevelopment plan for Project Area 2 limits the Agency's collection of tax increment over the life of the Area to \$200,000,000, adjusted for inflation. It further limits the Agency's outstanding bond debt payable with tax increment from the project area to \$100,000,000, adjusted for inflation.

PROJECT AREA 3

Project Area 3 totals 6,355 acres bounded generally by Mission Road, Discovery Street and Barham Drive on the north; San Marcos Boulevard and the City's incorporated limits to the south; the City limits to the east and Poinsettia Avenue and Rancho Santa Fe Road on the west (Figure 1).

The Redevelopment Plan for this area was adopted on July 11, 1989, pursuant to Ordinance 89-820.

More than three quarters of Project Area 3 is zoned for residential use. Commercial and office zoning collectively account for approximately 1.5% of the Area, while acreage zoned for industrial activity comprises slightly less than 7%. The balance of the Project Area is reserved for public facilities.

The time limits for this project are:

Termination of Plan:	July 11, 2029
Incurring of Debt:	2009
Tax Increment Collection:	2039
Commencement for eminent domain proceedings:	Expired
Repay indebtedness with property tax proceeds:	July 11, 2040

The Project Area 3 Redevelopment Plan limits the Agency's collection of tax increment to \$50,000,000 per year, adjusted for inflation. As in Project Areas 1 and 2, outstanding bond debt payable from Project Area 3 proceeds is limited to \$100,000,000.

EXTENSION OF PROJECT AREA EFFECTIVENESS DATES AND TAX INCREMENT COLLECTION BY EDUCATION REVENUE AUGMENTATION FUND (ERAF) OF 2003

On September 1, 2003, the Governor signed into law SB 1045, which increases Redevelopment Agencies' annual Education Revenue Augmentation Fund (ERAF) contributions. The legislation is codified in Section 33333.6 of the Health and Safety Code. In addition to spelling out the increase in the ERAF contributions, Section 33333.6 permits a redevelopment agency making an ERAF contribution pursuant to SB 1045 to extend, by one year each, the existing time limits on both a redevelopment plan effectiveness date and the final date an agency can receive of tax increment from a Project Area. In November 2003, the City of San Marcos Redevelopment Agency adopted Ordinance No. 2003-1208, -1209 and -1210, extending by one year each the existing time limits on all three redevelopment plan effectiveness and receipt of tax increment dates pursuant to Section 33333.6(e)(2)(c) of the Redevelopment Law. The Agency will continue to take advantage of this allowance as long as it is obligated to make ERAF contributions. Under this new regulation, the effectiveness dates of the Agencies three Project Areas is as follows:

Project Area 1:	New Effectiveness of Plan Date:	2024
	New Tax Increment Collection Date:	2034
Project Area 2:	New Effectiveness of Plan Date:	2026
	New Tax Increment Collection Date:	2036
Project Area 3:	New Effectiveness of Plan Date:	2030
	New Tax Increment Collection Date:	2040

THE 2009 SPECIAL EDUCATION REVENUE AUGMENTATION FUND (SERAFF)

On July 28, 2009, the Governor signed into law AB X4-26, which requires additional contributions from Redevelopment Agencies for the Special Education Revenue Augmentation Fund (SERAFF). The Agency's share of SERAFF for fiscal year 2009-10 is \$20,201,520 and for fiscal year 2010-11 is \$4,159,137 for a total SERAFF share of \$24,360,657.

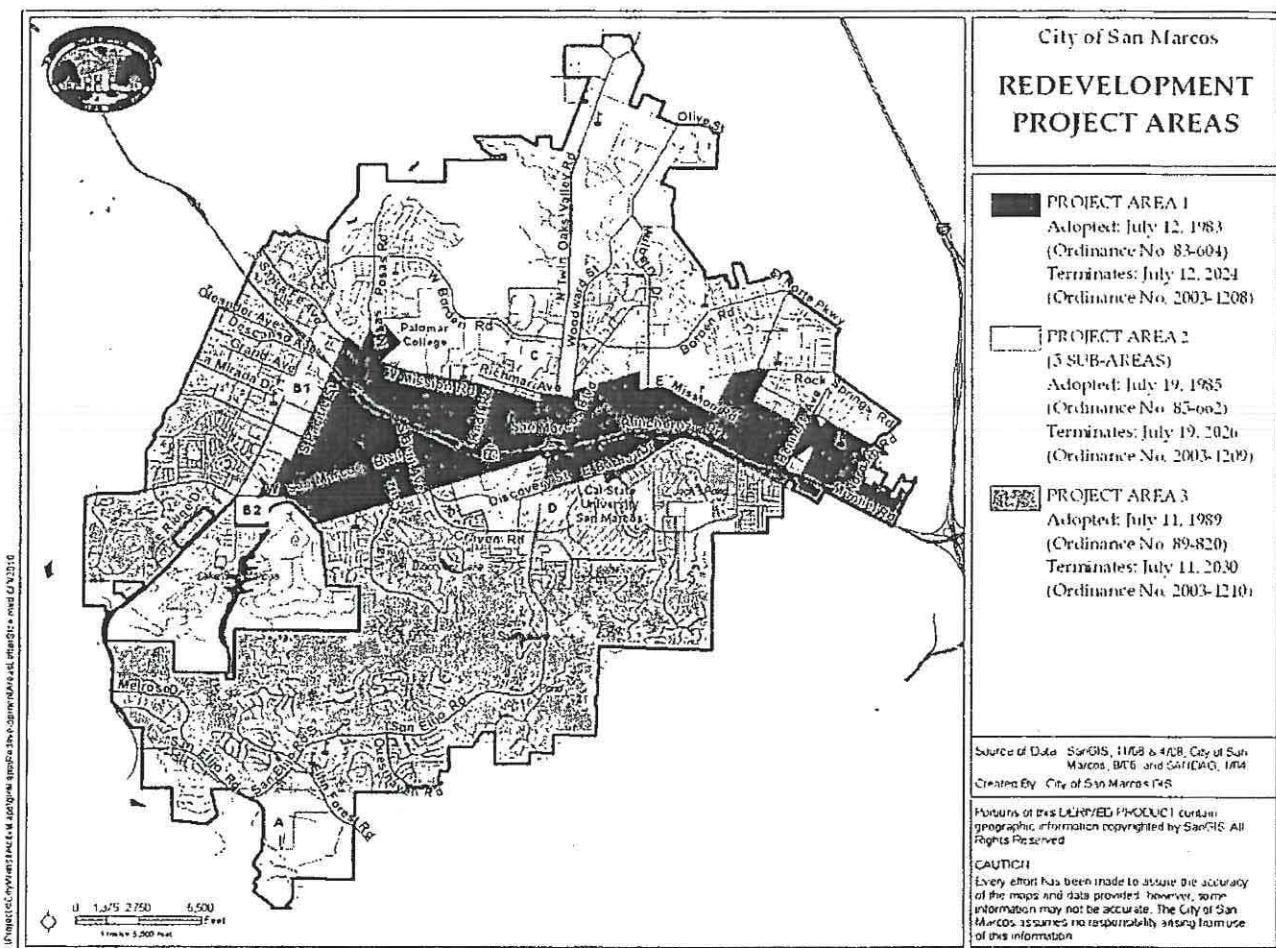
Increment 1:	Fiscal year	2009-2010
	Date required:	May 10, 2010
	Amount required	\$20,201,520
Increment 2:	Fiscal year	2010-2011
	Date required:	May 10, 2011
	Amount required	\$4,159,137

The effects of the SERAF levy are still being assessed. However, the seizure of RDA funds via the SERAF will deliver a potentially devastating blow to redevelopment efforts in San Marcos.

POPULATION ESTIMATES

As of the 2000 Census, the City of San Marcos population was 54,977. At the time of the Census, San Marcos' population aged 65 years and older was 6,487 (11.8%). The median age of the City's population in 2000 was 32.1 years. As of June 2010 according to the San Diego Association of Governments (SANDAG), the City of San Marcos population had increased to 83,149. San Marcos' population aged 65 years and older had also grown to 10,471 (12.5%). The median age of the City's population had also increased to 34.5 years.

Figure I-1: San Marcos Agency Project Area Map



III. GOALS & OBJECTIVES

The Agency's Redevelopment Plan delineates specific redevelopment goals with regard to each of the three project areas. The following common goals and objectives (not necessarily listed in order of priority) describe the overall strategy for this Implementation Plan and will serve as a guide for the Agency's activities during the next five years:

- A. Remove Blight. To eliminate and prevent the spread of blight and deterioration and to conserve, rehabilitate, and redevelop the Project Areas in accordance with the Redevelopment Plans and the Capital Improvement Program (CIP).
- B. Encourage Stakeholder Participation. To encourage the cooperation and participation of residents, the business and economic development communities, public agencies and community organizations in the revitalization of the Project Areas.
- C. Encourage Private Sector Investment. To encourage private sector investment in the development and redevelopment of the Project Areas.
- D. Expand Economic Base and Employment Opportunities. To promote and expand activities designed to attract and retain desirable business and industry which effectively improve employment opportunities for residents and enhance the tax base of local government.
- E. Promote Compatible Development. To encourage the development of residential, commercial, and industrial environments which relate positively to adjacent land uses and upgrade and stabilize existing uses.
- F. Develop Distinct Commercial Districts. To provide for the development of distinct commercial districts, to attain consistent image and character, and to enhance their economic viability.
- G. Improve Community Facilities. To provide needed improvements to the community's education, cultural and other community facilities to better serve the Project Areas.
- H. Assemble and Re-parcel Property. To remove impediments to land assembly and development through acquisition and re-parceling of land into reasonably sized and shaped parcels.
- I. Expand Resources for Land Development. To expand the resource of developable land by making underutilized public and privately owned property available for redevelopment.
- J. Coordinate Revitalization and Community Development Activities. To coordinate revitalization efforts in the Project Areas with other public programs of the City and other public agencies.
- K. Improve Architectural, Landscape, and Urban Design Standards. To achieve an environment reflecting a high level of concern for architectural, landscape, and urban design principles appropriate to the objectives of the Plan.

- L. Improve Public Infrastructure. To provide needed improvements to the utility infrastructure and public facilities serving the Project Areas.
- M. Address Traffic Circulation Deficiencies. To improve traffic circulation through the reconstruction and improvement of existing streets in the Project Areas.
- N. Provide Affordable Homeownership Opportunities. To improve housing and assist low and moderate-income persons and families to obtain homeownership.
- O. Increase and Improve Affordable Housing Opportunities. To promote the rehabilitation of existing housing stock where appropriate and promote development of high quality, safe and affordable housing.
- P. Promote Transit Oriented Development. To improve the effective utilization of mass transit systems by designing redevelopment around access to transit within the Project Areas.
- Q. Promote Environmentally Responsible and Sustainable Redevelopment. To promote environmentally responsible and sustainable redevelopment within the Project Areas.

IV. BLIGHTING CONDITIONS

The Agency's redevelopment project areas were established to address conditions of blight as defined by the Law; Sections 33030 and 33031 of the Law define physical and economic blight as:

- A. Unsafe/Dilapidated/Deteriorated Buildings. Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.
- B. Physical Conditions that Limit the Economic Viability and Use of Lots/Buildings. Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.
- C. Incompatible Uses. Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area.
- D. Lots of Irregular Shape, Inadequate Size, and Under Multiple Ownership. The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.
- E. Inadequate Public Infrastructure/Facilities. Provided that other conditions of physical and economic blight are present, the existence of inadequate public improvements, parking facilities, or utilities.
- F. Depreciated/Stagnant Property Values; Impaired Investments. Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with Section 33459).
- G. High Business Turnovers and Vacancies/Low Lease Rates/Abandoned Buildings/Vacant Lots. Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.
- H. Lack of Commercial Facilities. A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, banks, and other lending institutions
- I. Residential Overcrowding/Excess Bars, Liquor Stores, Adult Businesses. Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, which has led to problems of public safety and welfare.
- J. High Crime Rates. A high crime rate that constitutes a serious threat to the public safety and welfare.

V. FINANCIAL RESOURCES/FIVE YEAR PROGRAMS & EXPENDITURES

BACKGROUND

Financial resources available to fund redevelopment activities in the project areas typically include tax increment, bond and loan proceeds, land lease revenues and interest earnings. Repayment of bonded debt, housing set-asides, and financial obligations to other taxing entities make the greatest claims on those revenues.

NON-HOUSING FINANCIAL RESOURCES

Tables A-1 through A-3 (following page) summarize the Agency's projected tax increment revenues and scheduled financial obligations, by project area, during the five-year Implementation Plan period.

NON-HOUSING FIVE-YEAR PROGRAMS AND EXPENDITURES

Unencumbered non-housing revenues will be leveraged and applied to those components of the City's Capital Improvement Program which benefit one or more of the Agency's project areas. They could also be used in a manner consistent with Community Redevelopment Law to assist in the realization of unforeseen economic development opportunities as they present themselves (i.e., through the provision of financial incentives to owner-participants). The particular redevelopment goals and objectives advanced, and the conditions of blight eliminated would vary, depending on the specific nature of such activities, should revenue exist to fund them.

HOUSING SET-ASIDE FUNDS

In order to make most effective use of financial resources and with Resolution 2001-329, the RDA Board authorized that Housing Set-Aside funds collected from a project area could be used outside of the project area and within the City if a finding is made that it would benefit the project area. Pursuant to a stipulated judgment with the Legal Aid Society of San Diego (the "Leitch Agreement"), the Agency has, since 1990, contributed to the Housing Fund in each of its project areas at a rate higher than that prescribed by law (22% in Project Areas 1 and 2 and 24.7% in Project Area 3).

**Tax Increment Revenues & Income Allocation
(Fiscal year 2010/11 through 2014/15)**

TABLE I-A-1

Project Area 1

Fiscal Year	Projected Tax Increment Revenue	Other Revenue	Administrative Expenditures	Non-Housing Fund Debt Service	Agency Pass Through	SERAFF	Housing Fund Set-Aside (@22%)	Available Increment
2010/11	15,781,582	537,912	(464,573)	(8,547,523)	(3,966,475)	(1,090,744)	(3,471,948)	(1,221,769)
2011/12	15,781,582	571,555	(467,660)	(8,482,183)	(3,968,165)	-	(3,471,948)	(36,820)
2012/13	16,097,213	595,377	(492,506)	(8,428,267)	(4,761,762)	-	(3,541,387)	(531,332)
2013/14	16,538,474	607,285	(502,356)	(8,398,488)	(4,994,369)	-	(3,638,464)	(387,919)
2014/15	17,283,831	619,430	(512,403)	(8,393,381)	(5,253,416)	-	(3,802,443)	(58,382)
Total	81,482,682	2,931,559	(2,439,498)	(42,249,842)	(22,944,188)	(1,090,744)	(17,926,190)	(2,236,221)

TABLE I-A-2

Project Area 2

Fiscal Year	Projected Tax Increment Revenue	Other Revenue	Administrative Expenditures	Non-Housing Fund Debt Service	Agency Pass Through	SERAFF	Housing Fund Set-Aside (@22%)	Available Increment
2010/11	10,305,852	523,797	(422,809)	(3,860,256)	(2,601,803)	(836,975)	(2,267,287)	840,519
2011/12	10,305,852	426,097	(425,796)	(3,860,502)	(4,239,409)	-	(2,267,287)	(61,045)
2012/13	10,511,969	378,602	(449,676)	(3,854,202)	(4,896,173)	-	(2,312,633)	(622,113)
2013/14	10,836,506	386,174	(458,670)	(3,819,152)	(5,138,969)	-	(2,384,031)	(578,142)
2014/15	11,321,346	393,898	(467,843)	(3,820,937)	(5,391,241)	-	(2,490,696)	(455,474)
Total	53,281,525	2,108,568	(2,224,794)	(19,215,049)	(22,267,595)	(836,975)	(11,721,936)	(876,256)

TABLE I-A-3

Project Area 3

Fiscal Year	Projected Tax Increment Revenue	Other Revenue	Administrative Expenditures	Non-Housing Fund Debt Service	Agency Pass Through	SERAFF	Housing Fund Set-Aside (@24.7%)	Available Increment
2010/11	29,559,169	502,356	(540,171)	(8,586,654)	(11,683,825)	(2,231,418)	(7,301,115)	(281,658)
2011/12	29,559,169	400,356	(543,158)	(8,583,826)	(11,429,800)	-	(7,301,115)	2,101,626
2012/13	30,150,353	350,801	(569,556)	(8,582,240)	(11,497,327)	-	(7,447,137)	2,404,894
2013/14	31,413,953	357,817	(580,947)	(8,460,515)	(11,895,077)	-	(7,759,246)	3,075,985
2014/15	32,810,971	364,973	(592,566)	(8,455,053)	(12,296,896)	-	(8,104,310)	3,727,120
Total	153,493,615	1,976,303	(2,826,398)	(42,668,288)	(58,802,925)	(2,231,418)	(37,912,923)	11,027,966

AVAILABLE INCREMENT 7,915,489

As of June 30, 2010, the aggregate balance of the Agency's Housing Funds is projected to be \$7,915,489 through FY 2014/15.

FIVE-YEAR HOUSING PROGRAMS AND EXPENDITURES

Table I-B-1 below summarizes the set-aside funds expected to be available for affordable housing programs over the next five years. Shown against that income are scheduled debt service and other long-term loans. Based on current projections as of June 30, 2010, a total of \$27,403,404 should be available to fund the Agency's very low, low and moderate income housing activities over the next 5 years. The Agency's proposed affordable housing activities and expenditures are detailed in the Housing Compliance Plan, which comprises Part Two of this document.

Housing Fund Revenues and Scheduled Debt (Fiscal year 2010/11 through 2014/15)

TABLE I-B-1

Total Project Areas Combined

Fiscal Year	Set-Aside Deposits (1)	Other Revenue	SERAFL Loan Repayment	Housing Fund Debt Service	Administrative Expenditures	Low Mod Housing Expenditures	Balance
2010/11	13,040,350	770,053	-	(1,192,696)	(1,050,151)	(28,406,893)	(16,839,337)
2011/12	13,040,350	770,053	-	(1,192,111)	(1,038,635)	(10,447,085)	1,132,572
2012/13	13,301,157	780,268	-	(1,190,061)	(1,096,430)	(16,320,000)	(4,525,066)
2013/14	13,781,742	795,873	-	(1,186,546)	(1,129,399)	(12,450,000)	(188,330)
2014/15	14,397,449	811,791	20,220,665	(1,186,425)	(1,160,987)	(450,000)	32,632,493
Total	67,561,048	3,928,038	20,220,665	(5,947,839)	(5,475,602)	(68,073,978)	12,212,333
Projected June 30, 2010 Balance							15,191,071
Net Funds Available 2010-2015							27,403,404

(1) Set Aside deposits are as follows: (PA #1 22%) (PA #2 22%) and (PA #3 24.7%)

PART TWO - HOUSING COMPLIANCE PLAN

I. INTRODUCTION

This document is the Housing Affordability Compliance Plan for Project Areas 1, 2 and 3 of the San Marcos Redevelopment Agency. It has been prepared to meet the requirements of Health and Safety Code Sections 33413(b)(4) and 33334.4.

The Law requires that this Plan set forth the Agency's program for ensuring that the number of inclusionary and replacement affordable housing units required by law are constructed within its three project areas over the next ten (10) years. Toward that end, the Plan has been drafted to accomplish the following:

- Assess existing affordable housing production needs resulting from the construction or substantial rehabilitation of housing within the Project Areas since the date of their adoption;
- Determine the number of affordable housing units constructed or substantially rehabilitated by private parties and the Agency within the Project Areas since their adoption;
- Estimate the number of housing units to be *privately* developed, substantially rehabilitated or destroyed within the Project Areas over the next ten (10) years and the number of units to be reserved for very low, low and moderate income households pursuant to Section 33413(b)(2);
- Estimate the number of housing units to be developed, substantially rehabilitated or destroyed within the Project Areas *by the Agency* over the next 5 years and the number of units to be reserved for very low, low and moderate income households pursuant to Section 33413(b)(1);
- Estimate the current availability of funds in, and projected deposits to, the Housing Funds;
- Identify implementation policies and programs for affordable housing development;
- Establish a schedule of actions for implementing this Plan to ensure that the requirements of Section 33413 for the next ten (10) years are met during that period; and
- Review the affordable housing goals, objectives, and programs contained in the City of San Marcos Housing Element to confirm that this Plan is consistent with that document.

II. LEGAL REQUIREMENTS

Section 33413(b)(4) requires all redevelopment agencies to adopt and periodically update a plan to ensure compliance with the existing criteria of Section 33413 regarding the affordability mix of new or rehabilitated housing units.

Since 1976, redevelopment agencies have been required to assure that at least thirty percent (30%) of all new or rehabilitated units developed by them directly are available at affordable costs to households of low (51%-80% of area median income) or moderate (81%-120% of area median income) income. Of this thirty percent (30%), not less than fifty percent (50%) of the dwelling units (or 15% of the total developed/rehabilitated by the agency in the project area) are required to be available at affordable costs to very low-income (50% or below of area median income) households. Further, Section 33413 requires that at least fifteen percent (15%) of all new or rehabilitated dwelling units developed within each project area by entities other than a redevelopment agency be made available at affordable costs to low or moderate income households. Of that figure, not less than forty percent (40%) of the dwelling units (or 6% of the total privately-developed/ rehabilitated units in the project area), are required to be available at affordable costs to very low-income households. These requirements are applicable to housing units in the aggregate and not on a project-by-project basis unless so required by an agency.

The Leitch Judgment augments the preceding requirements and other applicable provisions of the Law in the following particulars, which will guide the Agency's actions over the term of this Plan:

- Increases the percentage of tax increment that must be deposited to the Agency's Housing Funds;
- Applies lower income limits to the determination of "very-low," "low" and "moderate" income; and
- Requires that at least fifty percent (50%) of all units developed, acquired and/or rehabilitated annually (by the Agency *or* others with Agency assistance) be for households meeting its more restrictive definition of "very low" income;
- Limits the percentage of housing fund monies expended for rent subsidies; and
- Defines "longest feasible time" (w/regard to affordability covenants) to mean the longer of the duration of land use controls in the Project Areas or 30 years, unless the Law subsequently specifies a longer period

The Law requires that Housing Compliance Plans contain the contents prescribed by Section 33490(a)(2) & (3), including an indication of the number of very low, low and moderate housing units meeting the requirements of Section 33413(b)(2) which have been developed within a Project Area. Housing Compliance Plans must further include estimates of the following:

- The number of new, substantially rehabilitated restricted residential units to be developed or purchased within the Project Area in the next ten (10) years, as well as over the duration of the Redevelopment Plans. Of these:
 - The number of units for very low income households; and
 - The number of units for low and moderate-income households.
- The number of units to be developed or substantially rehabilitated by the Agency in the next five (5) years. Of these:
 - The number of units for very low income households; and
 - The number of units for low and moderate-income households.

Compliance Plans must be consistent with the jurisdiction's housing element. They must also be reviewed and, if necessary, amended at least every five (5) years, concurrent with either the housing element cycle or the implementation plan cycle.

If, at the end of each ten (10) year period, affordable housing production estimates are not realized, the Law requires that the Agency meet the production goals on an annual basis until the requirements for the ten (10) year period are met. Should the Agency exceed the production requirements within the ten (10) year period, the Law permits the Agency to count "excess" units toward the production requirements of the next ten (10) year period.

The Law provides that the Agency may satisfy its affordable housing production requirements by aggregating units in one or more project areas, provided that the Agency finds, based on substantial evidence, after a public hearing, that the aggregation will not cause or exacerbate racial, ethnic, or economic segregation. It is the Agency's intent to make these required findings as part of the public hearing process to adopt the Five-Year Implementation Plan. Therefore, the Compliance Plan, which follows, assumes the aggregation of units in Project Areas 1, 2 and 3.

III. AFFORDABLE HOUSING REQUIRED AND PRODUCED

A. AFFORDABLE HOUSING REQUIREMENT TO DATE (Project Area Adoption through June, 2010)

Section 33413 requires that this Plan take into account all residential construction or substantial rehabilitation that has occurred within the Agency's Project Areas since their adoption, to ascertain current affordable housing production requirements.

For all redevelopment project areas adopted after January 1, 1976, Health and Safety Code Section 33413 requires that affordable housing be provided in conjunction with: (a) the destruction or removal of existing affordable dwelling units within a project area through the direct or indirect involvement of a redevelopment agency; and (b) the development of new or substantially rehabilitated dwelling units within a project area by an agency or others.

This section identifies the number of dwelling units that have been destroyed/removed, constructed, or substantially rehabilitated within the Project Areas to date. It concludes with a calculation of the Agency's aggregate affordable housing production requirement from project area adoption to present.

1. Dwelling Units Destroyed or Removed Directly or Indirectly by Agency to Date

- As of the date of this Plan, the Agency had not directly destroyed or removed any affordable dwelling units housing persons and families of very low, low and moderate income.

2. Total Dwelling Units Constructed Within the Project Areas to Date

- As shown in Tables II-1-A through II-1-C on the following pages, the aggregate number of privately constructed housing within the Project Areas as of June 2010 is **12,757** units, an increase of 4,624 units since the 8,133 total submitted in the previous RDA Five Year Implementation Plan.
- During the last five years, the Agency itself has not constructed any multi-family projects or units. Therefore, the Agency total housing units constructed since the creation of the Project Areas remains at 34 units.
- The total number of new units produced within the Project Areas since the creation of the Project Areas as of June 2010 is **12,791** units, as shown in Table II-2 below.

Table II-1-A
Privately Created Housing Units
Planning Area 1
Project Area Adoption to end of FY 2009/10 (June 30, 2010)

Year	SFR	Duplex	Apartment	Condo	Townhouse	Total
1983	0	0	0	0	0	0
1984	3	0	210	0	0	213
1985	1	0	96	72	0	169
1986	0	0	1,372	96	0	1,468
1987	0	0	237	0	0	237
1988	0	0	0	0	0	0
1989	0	0	136	0	0	136
1990	13	0	155	57	0	225
1991	35	0	0	73	0	108
1992	0	0	0	0	0	0
1993	0	0	0	0	0	0
1994	0	0	0	0	24	24
1995	0	0	0	0	0	0
1996	0	0	0	0	0	0
1997	3	0	0	0	0	3
1998	0	0	0	0	0	0
1999	2	0	102	0	0	104
2000	1	0	0	0	0	1
2001	59	0	48	0	0	107
2002	19	0	192	0	0	211
2003	0	0	0	0	0	0
2004	1	0	9	0	0	10
2005	3	0	0	16	0	19
2006	5	0	0	0	0	5
2007	1	26	0	0	0	27
2008	1	0	0	0	0	1
2009	0	0	103	0	0	103
2010	0	0	0	0	0	0
PA 1 TOTAL						3,171

Table II-1-B
Privately Created Housing Units
Planning Area 2
Project Area Adoption to end of FY 2009/10 (June 30, 2010)

Year	SFR	Duplex	Apartment	Condo	Townhouse	Total
1983	0	0	0	0	0	0
1984	0	0	0	0	0	0
1985	0	6	0	0	0	6
1986	0	30	45	0	0	75
1987	68	0	4	12	0	84
1988	43	0	70	0	0	113
1989	83	0	0	0	0	83
1990	23	10	0	0	0	33
1991	0	0	0	0	0	0
1992	0	0	0	0	0	0
1993	84	0	0	0	0	84
1994	1	0	0	0	0	1

1995	0	0	38	0	0	38
1996	1	0	0	0	0	1
1997	0	0	0	0	0	0
1998	26	0	62	0	0	88
1999	29	0	168	75	0	272
2000	0	0	0	0	0	0
2001	44	0	0	0	0	44
2002	170	0	240	0	0	410
2003	96	0	0	102	0	198
2004	111	0	120	166	0	397
2005	23	0	0	0	0	23
2006	24	0	0	0	0	24
2007	28	0	0	0	0	28
2008	0	0	0	0	0	0
2009	11	0	0	0	0	11
2010	1	0	0	0	0	1

PA 2 TOTAL 2,008

Table II-1-C
Privately Created Housing Units
Planning Area 3
Project Area Adoption to end of FY 2009/10 (June 30, 2010)

Year	SFR	Duplex	Apartment	Condo	Townhouse	Total
1983	0	0	0	0	0	0
1984	0	0	0	0	0	0
1985	0	0	0	0	0	0
1986	0	0	0	0	0	0
1987	0	0	0	0	0	0
1988	0	0	0	0	0	0
1989	91	0	0	0	0	91
1990	126	0	0	0	0	126
1991	60	0	0	0	0	60
1992	208	0	0	0	0	208
1993	210	0	0	0	0	210
1994	171	0	0	0	0	171
1995	214	0	0	0	0	214
1996	123	0	0	0	0	123
1997	110	0	0	0	0	110
1998	175	0	0	0	0	175
1999	160	0	109	0	0	269
2000	132	0	0	0	0	132
2001	440	0	0	0	0	440
2002	397	0	86	0	84	567
2003	289	6	176	538	40	1,049
2004	707	4	362	596	21	1,690
2005	335	0	700	293	0	1,328
2006	190	0	2	0	100	292
2007	174	0	0	27	0	201
2008	52	0	0	0	0	52
2009	36	2	0	0	0	38
2010	13	8	0	11	0	32

PA 3 TOTAL 7,578
GRAND TOTAL 12,757

3. Dwelling Units Substantially Rehabilitated Within the Project Areas to Date

As detailed in paragraph B (2) below, a total of 445 units meeting the definition of Section 33413(b) (2) (A) (iii) or (iv) of the Law have been substantially rehabilitated, with Agency assistance, within the Project Areas to date.

4. Affordable Housing Units Required to Date

Section 33413(b)(2) requires that at least fifteen percent (15%) of all new and substantially rehabilitated dwelling units constructed within a project area by private parties or public entities other than a redevelopment agency must be made available at affordable rates to persons and families of very low, low or moderate income. Of these, not less than forty percent (40%)--or six percent (6%) of all units constructed or rehabilitated in the project area--must be affordable to very low-income households. Again, Leitch modifies this "very low" requirement to fifty percent (50%)--or seven and a half per cent (7.5%)--of all units.

Section 33413(b)(1) further requires that at least thirty percent (30%) of all new or substantially rehabilitated units developed by an Agency must be made available at affordable rates to persons or families of very low, low or moderate income. Of these, not less than fifty percent (50%)--or fifteen percent (15%) of all units constructed or rehabilitated in the project area--must be affordable to very low-income households.

Based on the information in Table II-2 below, the Agency's aggregate affordable housing requirement through June 30, 2010 is 1980 units, calculated and distributed among income groups as shown.

TABLE II-2

Affordable Housing Requirement San Marcos Redevelopment Agency Project Areas 1, 2, and 3 Project Area Adoption through June 30, 2010										
	No. Units Produced/ Substantially Rehabilitated	Affordability Factor	Subtotal Nb. Units Required	Nb. Units Destroyed/ Removed	Affordability Factor	Subtotal No. Units Required	Total No. Affordable Units Required	Required No. Very Low Income Units (@50% & below)	Required No. Low & Mod. Income Units (@51 - 120%)	Required No. (@51 - 120%)
Agency	34	0.30	10.2	0	1.0	0	10.2	5.1	5.1	5.1
Others	12,757	0.15	1913.55	56	1.0	56	1970.0	985.0	985.0	985.0
Total	12,791		1923.75	56		56	1980.2	990.1	990.1	990.1

B. AFFORDABLE HOUSING DWELLING UNITS DEVELOPED OR REHABILITATED DURING PREVIOUS (1983-2004) AND MOST RECENT (2005-2010) IMPLEMENTATION PERIODS

1. Units Developed

- **1983 to 2004:** During the period from the creation of the first Project Area in July 1983, through June 2004, a total of 1,231 new affordable housing units were built or new covenants created in the three Project Areas. These units are described in previous 5-year Plans and are listed in Table II-3- A below. They include:

New Construction multi-family or senior rental

Grandon Village	160 units
Hacienda Vallecitos	10 units
The Knolls	62 units
Northwoods	3 units
Paseo del Oro	96 units
Prominence Apartments	39 units
Royal Oaks	12 units
Terra Cotta Apartments –	166 units
Ventaliso Apartments	<u>23 units</u>
Total	571 units

Agency-created multi-family rental 34 units

Covenants of affordability - mobile homes 623 units

Mortgage Credit Certificates 3 units

Grand total 1,231 units

- **2004 to 2010:** Over the past five fiscal years, a total of 801 new affordable housing units were built or new covenants created in the three Project Areas and are listed in Table II-3- B below. They include:

New Construction multi-family or senior rental

Copper Creek –	202 units
Melrose Village –	113 units
Rancho Santa Fe Village –	120 units
Sage Canyon Apartments –	71 units
Camden Old Creek Apartments -	53 units
Las Flores Village -	100 units
Woodland Village -	31 units
Autumn Terrace	<u>100 units</u>
Total	790 units

New Construction multi-family for-sale 0

Agency-created multi-family rental 0

Covenants of affordability - mobile homes

Covenants lost	(-3)
New covenants	<u>50</u>

Total	47
<u>Mortgage Credit Certificates</u>	<u>12 units</u>
Grand total	849 units

From 2004 to 2010, a total of 50 new covenants of affordability have been recorded on mobile home units through the Agency's mobile home conversion program. Three (3) covenants that had been previously recorded against mobile homes were lost due to owner default.

- In 2009, a total of 48 new deed restrictions were recorded in the Palomar Estates East and Palomar Estates West mobilehome communities.

Since 2004, six private apartment projects (Copper Creek, Melrose Village, Sage Canyon Apartments, Camden Old Creek Apartments, Las Flores Village, Autumn Terrace) and two senior housing facilities (Rancho Santa Fe Village and Woodland Village) totaling over 790 units were constructed in or adjacent to the Project Areas. All of the 790 units have covenants of affordability recorded against them.

- In 2005, Copper Creek Apartments was completed in Project Area 3, adding 202 affordable family housing units to the City.
- In 2005, Melrose Village was completed in Project Area 3, adding 113 affordable family housing units to the City.
- In 2005, Rancho Santa Fe Village was completed in Project Area 2, adding 120 affordable senior housing units to the City. This is a mixed-use development which combines 120 units of housing with a retail component.
- In 2005, Sage Canyon Apartments was completed in Project Area 3, adding 71 affordable family housing units to the City.
- In 2006, Camden Old Creek Apartments was completed, adding 53 affordable family housing units to the City in a luxury apartment that is primarily market rate.
- In 2006, Las Flores Village was completed in Project Area 3, adding 100 affordable family housing units to the City.
- In 2006, Woodland Village was completed, adding 31 affordable senior housing units to the City in a mixed-use development that is primarily market rate.
- In 2010, Autumn Terrace was completed in Project Area 1, adding 100 affordable family housing units to the City in a mixed-use development

which combines 100 units of affordable housing with a 7,500 square foot retail component in the City's first LEED-certified affordable housing project.

- Twelve (12) Mortgage Credit Certificates entailing deed restriction of the affected single-family units have also been issued within the Project Areas during the last five years. This brings the aggregate total to 15 to date.
- During the last five years the Agency created 0 new affordable multi-family units. The Agency aggregate total remains at thirty-four (34) units to date.
- The combined total of new (new construction multi-family/senior rental, new construction multi-family for sale, Agency created multi-family rental, covenants on mobile homes, Mortgage Credit Certificates) affordable housing units produced within the Project Areas from July 1983 to June 2010, with covenants recorded, is 2,080 total units.

2. Units Substantially Rehabilitated

- 1983 - 2004: During this time frame, the following multi-family complexes were substantially rehabilitated with Agency assistance within the Project Areas:

El Dorado (formerly El Cid) Apartments in 1997 –	17 units
Villa Serena (formerly Lido/Imperial) Apartments in 1998 –	136 units
Mariposa (formerly San Marcos Gardens) Apartments in 1998 –	70 units
Sierra Vista (formerly Autumn Ridge) Apartments in 2000 –	<u>190 units</u>
	Total 413 units

- 2005 - 2010: During the last five years one multi-family complex has been substantially rehabilitated with Agency assistance within the Project Areas:

Sage Pointe (formerly Autumn Park Apartments) in 2010 –	<u>32 units</u>
	Total 32 units

Altogether, the Agency has assisted in the creation of a total of **445 rehabilitated units since 1983**.

3. Total Number of Units Produced and Substantially Rehabilitated

Affordable housing produced or substantially rehabilitated within the Project Areas to date totals **2,525 units** as shown below. Table II- 4 below lists these units by project and income restriction.

1983 to 2004 produced	1,231
2004 to 2010 produced	849
1983 to 2004 rehabilitated	413

2004 to 2010 rehabilitated	32
Total	2,525

4. Summary of Affordable Units Developed (1983 – present)

A summary of Sections 1 through 3 above is provided in Tables II-3-A and II-3-B below to illustrate the level of Agency and City funding contributed towards the creation of affordable housing over previous Implementation Plan periods (1983-2004) and the most recent Implementation Plan period (2005-2010).

Table II-3-A Affordable Housing Units produced 1983-2004

NC	New Construction
SR	Substantial Rehabilitation
SR	Senior Housing
MF	Multi-Family Housing
SF	Single-Family Housing
ELI	Extremely Low Income (less than or equal to 30% of Area Median Income)
VLI	Very Low Income (less than 50% of Area Median Income)
Low	Low Income (51 to 80% of Area Median Income)
MHP	Mobile Home Park
MH	Mobile Home/Manufactured Housing

PROJECT	TYPE	TOTAL	ELI	VLI	Low	Mod	RDA/City Funding
Agency built	MF	34	16	11	7	0	RDA
Grandon Village	NC/Sr	160	0	16	144	0	\$900,000 City
Hacienda Vallecitos	NC/Sr	10	0	5	5	0	\$0; Inclusionary
Knolls	NC/MF	62	0	24	6	32	\$2,379,270 RDA
Northwoods	NC/MF	3	0	3	0	0	\$0; Inclusionary
Paseo del Oro	NC/MF	96	0	96	0	0	\$1,550,000 RDA /\$1,320,000 City
Prominence Apartments	NC/MF	39	0	13	13	13	\$0; Inclusionary
Royal Oaks	NC/Sr	12	0	12	0	0	\$0; Inclusionary
Terra Cotta Apartments	NC/MF	166	0	84	82	0	\$10,718,000 RDA
Ventaliso Apartments	NC/MF	23	5	18	0	0	\$1,500,000 RDA
El Dorado Apartments	SR/MF	17	0	12	5	0	\$752,188 RDA
Villa Serena	SR/MF	136	0	82	54	0	\$6,800,000 RDA
Mariposa	SR/MF	70	0	35	35	0	\$1,000,000 RDA
Sierra Vista	SR/NF	190	0	38	152	0	\$2,441,066 City
Palomar East MHP	MH/SR	242	2	72	112	56	CMPFA Bond
Palomar West MHP	MH/SR	308	2	93	142	71	CMPFA Bond
Rancho Vallecitos MHP	MH/SR	68	0	68	0	0	CMPFA Bond
Twin Oaks MHP	MH/SF	4	0	0	2	2	\$41,835 RDA
M View Estates MHP	MH/SF	1	0	0	1	0	\$10,000 RDA

Table II-3-B Affordable Housing Units produced 2005-2010

PROJECT	TYPE	TOTAL	ELI	VLI	Low	Mod	RDA/City Funding
Agency built	MF	0	0	0	0	0	N/A
Copper Creek 9% & 4%	NC/MF	202	70	80	52	0	\$3,500,000 RDA in CC 4%
Melrose Village	NC/MF	113	0	12	63	38	\$0; Inclusionary
Rancho Santa Fe Village	NC/Sr	120	0	12	108	0	\$700,000 RDA
Sage Canyon	NC/MF	71	27	44	0	0	\$1,750,000 City
Camden Old Creek	NC/MF	53	0	18	18	17	\$0; Inclusionary
Las Flores Village	NC/MF	100	0	10	90	0	\$1,900,000 City
Woodland Village	NC/Sr	31	0	14	12	5	\$0; Inclusionary
Autumn Terrace	NC/MF	100	11	62	27	0	\$13,900,000 RDA
Sage Pointe	SR/MF	32	0	5	27	0	\$7,232,458 RDA
Mobile Home/Mfg Housing	MH/SF	50	0	0	24	26	\$70,000 RDA

C. CURRENT AFFORDABLE HOUSING PRODUCTION SURPLUS UNDER REDEVELOPMENT LAW

Taking the 2,392 (total of Agency and privately produced affordable units within the boundaries of the three Project Areas; does not include units produced outside of the boundaries of the Project Areas.) units as listed in Table II-4 below into account, the number of housing units required since 1983 to meet the Agency's affordable housing production requirement from Project Area adoption to June 2010 is zero (0) units. The Agency's *affordable housing surplus under the requirements of Redevelopment Law* presently stands at 460 units (2,440 units created minus 1,980 required units).

As demonstrated in Table II- 4 below, the number of deed-restricted units affordable to persons of Very Low Income represents 45.3% of the total number of affordable units produced/rehabilitated within the Project Areas to date, with the balance 54.7% affordable to persons of Low to Moderate Income.

Table II-4 Affordability of Units – by Income Group

<u>Agency Created</u>	<u>Very Low Income (50% or lower)</u>	<u>Low/Mod Income (51-120%)</u>	<u>Total</u>
34 units in 4 complexes	27	7	
Agency sub-totals	27	7	34
<u>Project Area 1</u>			
Farmworker Housing - 240 Chinaberry	6	5	
Autumn Terrace	73	27	
Hacienda Vallecitos	5	5	
Sage Pointe	5	27	
Sierra Vista	38	152	
Villa Serena	82	54	
Twin Oaks Valley MHP	2	2	
Project Area 1 sub- totals	211	272	483
<u>Project Area 2</u>			
Farmworker Housing – Firebird Ln	36	1	
El Dorado Apartments	12	5	
Grandon Village	16	144	
Knolls	24	6	
Mariposa	35	35	
Paseo del Oro	96	0	
Prominence Apartments	13	26	
Rancho Santa Fe Village	12	108	
Royal Oaks	12	0	
Terra Cotta Apartments	84	82	
Ventaliso Apartments	23	0	
SM View Estates MHP	0	1	
Project Area 2 sub- totals	363	408	771
<u>Project Area 3</u>			
Copper Creek 9	150	52	
Las Flores Village	10	90	
Melrose Village	12	98	
Northwoods	3	0	
Sage Canyon	71	0	
Palomar East MHP	74	168	
Palomar West MHP	95	213	
Palomar East & West MHP	0	48	
Rancho Vallecitos MHP	68	0	
Project Area 3 sub- totals	483	669	1,104
Totals	1,084	1,356	2,440

Outside of Project Areas

Camden Old Creek	18	35	
Woodland Village	<u>14</u>	<u>17</u>	
	32	52	
			84

D. CURRENT AFFORDABLE HOUSING PRODUCTION DEFICIT UNDER THE REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) ALLOCATION PROCESS

Whereas, there is an affordable housing production surplus under the requirements of Redevelopment Law, there is a simultaneous deficit under the separate RHNA process. In order to determine the City of San Marcos and Agency's "fair share" requirement to produce housing over the course of the current Housing Element, City staff uses the most current Regional Housing Needs Allocation (RHNA) numbers as developed by the State Housing & Community Development Department (HCD) and the San Diego Association of Governments (SANDAG). The current RHNA allocates the County of San Diego's State mandated requirement for housing units by jurisdiction and for income categories (very low, low, moderate, and above moderate) for the appropriate housing element cycle which expires at the end of FY 2009/10 (June 30, 2010). As of this report and as based on the most recent Housing Element Progress Report submitted to HCD for the period ending December 31, 2009, the City of San Marcos' is running a City-wide deficit based on the "fair share" RHNA numbers assigned. The RHNA deficit, modified to account for production from January through June 2010 is shown in Table II- 5 below.

Table II-5

Current City-wide RHNA v. actual production			
	RHNA #	Production	Deficit
Total housing production	6,254	3,855	2,399
Affordable housing production (Very Low Income)	1,407	295	1,112
Affordable housing production (Low income)	1,063	361	708
Affordable housing production (Moderate income)	1,182	650	532
Market rate (Above moderate)	2,596	2,549	47

IV. FUTURE AFFORDABLE HOUSING (2010-2020)

A. ESTIMATE OF DWELLING UNITS TO BE DEVELOPED/REHABILITATED OR REMOVED WITHIN THE NEXT TEN (10) YEARS (2010-2020)

The housing market is affected by complex variable factors such as the general health of the local, regional and national economies, interest rates, employment levels, competition and existing housing inventories. Estimating future housing production is difficult, at best. Given the historic "boom/bust" real estate cycle in Southern California, a projection of new units to be constructed in the Project Areas over any ten (10) year period, including the upcoming decade, is especially problematic.

The housing projections used in this Plan are based upon estimates of approved (but as yet not built) and proposed housing units, expected phasing of those projects, the average annual number of housing units constructed in recent years, market absorption factors and historic building permit trends.

A review of the housing produced in the three Projects Areas (see Table II-1-A through II-1-C above) indicates that an annual average of 744 residential building permits were issued annually over the last ten years. During that period there were both "peaks" (2003-2005) and "valleys" (2007-2010) in the number of housing units built within the Redevelopment Areas. Using the average annual production figure of 744 per year over the next 10 year planning period yields an estimate of 7,440 new units to be built or substantially rehabilitated by June 2020 within all three Project Areas.

The history of Agency-developed housing within the Project Areas is modest, totaling 34 units in 26 years. Staff anticipates that Agency-developed housing will continue to occur on a very limited, in-fill basis, totaling 0 units in the next decade.

Given the advanced age of a number of smaller multi-family projects within the Project Areas, staff estimates a potential for up to 100 units to be substantially rehabilitated by others within the 10-year planning period.

Staff does not presently foresee the removal or destruction of any affordable units from the Project Areas within the next 10 years.

Table II-6 below gives the aggregate number of new housing units expected to be constructed or substantially rehabilitated in the Project Areas over the next 10 years **7,440**. It further indicates the number of those units that must be available to persons and households of very low, low and moderate incomes, in the percentages specified by Section 33413(b)(2) and the Leitch stipulated judgment.

TABLE II-6

Estimated Number of New Units Constructed/Substantially Rehabilitated
Affordable Housing Required (2010-2020)

	No. Units Produced/ Substantially Rehabilitated	Affordability Factor	Total No. Affordable Units Required	Required No. Very Low Income Units (@50%)	Required No. Low & Moderate Income Units (@50%)
Agency	0	0.30	0	0	0
Others	7,440	0.15	1,116	558	558
Total	7,440		1,116	558	558

B. ESTIMATE OF AFFORDABLE HOUSING UNITS REQUIRED OVER THE NEXT TEN YEARS (2010-2020)

As indicated in Table II-6 above, the aggregate number of affordable housing units required to meet possible demand created over the next ten (10) years is estimated at 1,116 dwellings.

Due to the City's inclusionary housing requirements, a substantial portion of these units should be constructed by private developers as that demand occurs.

The Agency's current affordable housing surplus of 412 units must be applied to the future affordable housing requirement of 1,116 reflected in Table II-6 above, to arrive at the Agency's aggregate 2010-2015 affordable housing requirement of **704** units per Redevelopment Law, *if the annual private sector production averages 744 units over the next decade*. Although there is no requirement under the Redevelopment Law to produce affordable housing above and beyond the above calculations, the Redevelopment Agency will continue to assist in the development of affordable housing in the Projects Areas due to the City's commitment to provide additional housing of all types under the Regional Housing Needs Allocation (see Paragraph C below).

C. ESTIMATE OF DWELLING UNITS REQUIRED OVER THE NEXT FIVE YEARS (2010-2015)

In order to determine the City of San Marcos and Agency's "fair share" requirement to produce housing over the next five years (2010 -2015), City staff uses the most recent Regional Housing Needs Allocation (RHNA) numbers as developed by the State Housing & Community Development Department (HCD) and the San Diego Association of Governments (SANDAG). The RHNA normally allocates the County of San Diego's State mandated requirement for housing units by jurisdiction and for income categories (very

low, low, moderate, and above moderate) for the appropriate housing element cycle which, under normal conditions for the purposes of this Compliance Plan, would be for 2010-2015. As of this report, however, the City of San Marcos' "fair share" of the draft RHNA numbers as distributed by SANDAG is currently undetermined. This anomalous situation has been brought about because SB 375 and related legislation, SB 575, have temporarily suspended the Housing Element cycle commencing with FY 2010/11. The next RHNA numbers are expected to be published by SANDAG in 2013.

Table II-7

Estimated Units to be Constructed/Substantially Rehabilitated in Project Areas
Affordable Housing Required (Based on RHNA 2010-2015)

Note: Because of the suspension of the Housing Element cycle until 2013, no RHNA numbers have been published by SANDAG for FY 2010/11 (commencing 1 July 2010) and beyond.

The Agency's ten-year housing requirement (Table II-6 above) adjusted by the affordable housing surplus based on Redevelopment Law, is 704 total affordable units. The RHNA requirement (Table II-7 above) is currently undetermined due to the temporary suspension of the Housing Element cycle until 2013. This "surplus" figure is a temporary anomaly and should not be construed as reflecting an accurate relative structural surplus against any future RHNA requirement. Because the City of San Marcos will be required to use the RHNA numbers for its next Housing Element, the Agency will use the target housing production based on the RHNA numbers for the next five years commencing in 2013.

Table II-8

Housing Produced – City-wide v. Project Areas (2004–2009)

Year	City-wide Housing Produced	Project Areas Housing Produced	Project Areas as a % of City-wide
2005	5	1,370	99.6%
2006	1	321	99.7%
2007	2	230	99.1%
2008	2	53	96.4%
2009	0	152	100.0%
Total	10	2126	99.0%

D. ESTIMATE OF AFFORDABLE UNITS TO BE PROVIDED (2010-2020)

A significant portion of the Agency's affordable housing requirement for the upcoming planning period will be met, on an "as-you-build" basis, through developers' inclusionary

housing obligations. The timing of these projects is based on the economic strength of the private sector of the economy over which the Agency has minimal influence. Where developers elect to pay fees in-lieu of constructing affordable units, these funds will be coupled with Agency housing funds and leveraged against other revenue sources (i.e., tax credits to produce the balance of the Agency's affordable housing requirements.

Table II-9 provides a detailed listing of affordable housing projects specifically contemplated or planned within the Project Areas as of the date of this writing. At least 49% of the units in the planned projects will be reserved for persons of very low income, with the remainder occupied by low-moderate income tenants.

In the *aggregate*, at least 50% of the deed-restricted units produced within the project areas over the planning period will be affordable to persons of very low income.

TABLE II- 9

Planned New Construction Affordable Housing Projects (2010-2020)

Project Name	Developer	Total Units	Extremely Low/ Very Low Income	Low/Mod Income	Total Affordable
Planning Area 1	Private (for sale)	18 - Inclusionary	0	18	18
Planning Area 7	Private (for sale)	12 - Inclusionary	0	12	12
Westlake Village	Private	106	82	23	105
Residences at Creekside	Private	90	45	44	89
ParkView	Private	83	41	41	82
El Dorado II	Private	61	30	30	60
Richmar Senior Village	Private	43	21	21	42
		383	219	189	308

E. EXPENDITURE OF FUNDS FOR LOW – VERY LOW INCOME PERSONS

In order to meet the affordable housing requirement over the next ten years, the Agency will focus its efforts on the production of extremely low, very-low and low-income housing. Because these types of housing require substantial subsidies from local government to build, it is anticipated that the majority of the Housing Set-Aside Funds available over the next ten years will be heavily used. As an example of this ongoing use of the Housing Fund to support the creation of housing for the lower income families, the Agency has currently committed up to \$40,556,666 towards the five non-inclusionary affordable housing projects listed in Table II-8 above, mostly for property assemble and associated predevelopment costs. The total Agency funding towards the projects is yet to be determined, depending on variable factors such as construction costs and the relative value of low income housing tax credits. These five projects should be completed in the next five years, depending on variable factors over which the RDA has no control, such as future confiscation of RDA funds by the State government to help reduce its budget deficit.

F. REVENUE SOURCES TO FUND AFFORDABLE HOUSING PRODUCTION

1. Low and Moderate Income Housing Set-Aside Fund Projections

Section 33334.2 of the Law requires that not less than twenty percent (20%) of all

taxes which are allocated to the Agency pursuant to Section 33670 of the Law be used by the Agency for the purpose of increasing, improving, and preserving the community's supply of low and moderate income housing available at affordable housing cost, to persons and families of very low, low or moderate income.

As previously indicated, the Leitch Judgment increases the Agency's housing fund set-aside requirements to 22% Project Areas 1 & 2 and 24.7% for Project Area 3. As of June 2010, the projected combined available increment of the Agency's Housing Funds is \$7,915,489 through the end of FY 2014/15. Projections of housing fund revenues and scheduled demands on those funds over the next 5 years are shown earlier in Table I-B-1 "Combined Housing Fund Revenues & Scheduled Debt".

Because few, if any, other dependable funding sources exist, the Agency's Low and Moderate Income Housing Set-Aside Fund is the only major source of redevelopment revenue available for implementing affordable housing projects.

2. Other City/Agency Revenues

San Marcos has weathered the current recession, so far. However, if the current recession continues or worsens and/or the State government continues to seize RDA funds with ERAF or SERAF levies or similar confiscatory mechanisms, then the continued financial vitality of the Agency could be problematical.

Existing Agency funding obligations include outstanding bonded debt; pass through payments and capital obligations to other taxing agencies, administrative costs, and SERAF payments. Because of these heavy funding commitments, limited non-housing revenue from the Agency will be available to assist with the implementation of affordable housing projects.

3. Federal Revenue Sources

The Federal Department of Housing and Urban Development (HUD) provides the City funds for community planning and development activities through Community Development Block Grants (CDBG), and housing funds through HOME and rental subsidies through the Section 8 program. In 2001 the City became entitled to receive CDBG directly from HUD. HOME and Section 8 are still administered by the County of San Diego's Housing and Community Development Department on behalf of San Marcos.

a) CDBG: Since becoming an entitlement City in 2001, San Marcos has received its allocation of CDBG funding directly. The FY 2010/11 allocation is \$758,901, and continues to reflect a downward trend in the annual allocation over the years. Given previous City Council policy with regard to CDBG funds, they could be available to help fund the off-site infrastructure requirements of affordable housing projects located in CDBG-eligible portions of the Agency's Project Areas. The City and the

Agency will continue to apply for CDBG funds and other Federal subsidies, however, aside from tax credits; competition among cities for limited federal funds reduces the possibility that San Marcos will receive significant federal assistance for affordable housing projects.

b) HOME: When San Marcos became an entitlement city for CDBG purposes, it also began receiving a direct allocation of HOME funds under the County of San Diego's Urban HOME Consortium. The FY 2010/11 allocation is \$239,080, and continues to reflect a downward trend in the annual allocation over the years. These funds have been appropriated by the City Council to be used for a first-time homebuyer program for low-income families. An updated first-time homebuyer program, the San Marcos Downpayment Assistance Program (DAP) is currently fielded and has replaced the older Mortgage Assistance Program (MAP) that had been available to residents since 2005.

4. Other Financial Resources

a) Low Income Housing Tax Credit: As part of the 1986 Tax Reform Act, tax credits were made available to developers of new or rehabilitated rental housing. The Low Income Housing Tax Credit (LIHTC) funding vehicle continues to be a major component of our funding strategy for the creation of new-construction affordable housing units. However, the reduced relative value of this program due to the recession has had the net effect of reducing the funding available from this source and has increased the requirement for Agency "gap financing".

b) Tax Exempt Financing: The Agency has the legal power to issue tax-exempt bonds or notes for the development (including rehabilitation) of both single family and multifamily housing. In addition, the City can cooperate with the California Housing Finance Agency (CHFA) in bond issues. Such bonds must be issued under established federal and state requirements. Multifamily revenue bonds may be issued to finance rental apartment projects. These bonds can be used to provide construction financing and permanent financing for newly built projects, and in some cases to provide for the acquisition and substantial rehabilitation of existing projects. Single-family mortgage revenue bonds can be issued to provide below market mortgages for first time homebuyers.

c) Taxable Bond Financing: Staff is analyzing the feasibility of taxable bonds.

V. IMPLEMENTATION PROJECTS & PROGRAMS

A. ANNUAL HOUSING PROGRAM

Section 33413 requires that Compliance Plans contain an annual housing program with sufficient detail to measure Plan performance. Toward that end, Agency staff will annually evaluate the accuracy of its 10-year estimates of the number of new and substantially rehabilitated housing units to be built within the Project Areas. When this Plan is next revised, staff will recommend any upward or downward adjustment of those projections it deems warranted, based upon prior years' experience and then-current market trends. In addition, staff will annually evaluate the Agency's progress in meeting the affordable housing production goals identified above to help ensure attainment of the Agency's affordable housing goals by 2020.

When the proposed level of affordable housing production is not met (relative to the total number of units actually constructed) in a given year, staff will recommend appropriate corrective measures to the Agency Board. Such measures could include, but are not limited to: requiring a greater number of private developments to physically construct their inclusionary housing requirement; accelerating the pace of housing fund expenditures; the purchase and price-restriction of existing units, as provided by law; any of the other measures discussed in the following section; or other measures deemed necessary to avoid the continued accrual of an affordable housing deficit within the Project Areas and ensure the Agency's ten (10) year housing production requirements are met by or before 2015 2020.

B. EXISTING & PROPOSED IMPLEMENTATION PROJECTS & PROGRAMS

- 1. Inclusionary Housing Program:** Through its Inclusionary Ordinance, the City has initiated a fifteen percent (15%) inclusionary requirement for all new housing constructed in San Marcos. In exchange for density bonuses and other incentives, private developers may satisfy this requirement through some combination of affordable unit construction and the payment of in-lieu fees (which are then applied by the City to affordable housing production elsewhere). Since the inception of the inclusionary requirement, developers have indicated intent to physically construct a number of the affordable units required of them; the remainder have, or will have, paid in-lieu fees. Given this history, the City's inclusionary requirement should help ensure that affordable housing production requirements over the 10-year term of this Plan are met on a project-by-project basis in the majority of cases. This, in turn, should help the Agency stay abreast of its on-going affordable housing requirement, allowing it to focus on meeting its affordable housing objectives mandated by Redevelopment Law and assigned to it via the RHNA process.

2. **Mobilehome Park Conversion Program:** The Agency has created several hundred mobilehome condominium units through its mobilehome park conversion program. While additional acquisitions to this program are not contemplated in the foreseeable future, it is envisioned that the affordable units brought into the inventory by this program will continue to remain a vital asset in the over-all affordable housing program.
3. **Affordable Housing Incentives:** To facilitate the development of affordable housing units, the City could provide developers with incentives and shorten the permit process for low-income and senior citizen housing projects. These incentives may be similar to those awarded for high quality housing projects or developments on larger lots. By removing constraints to housing production, the City will encourage development and help reduce housing rents and prices. Aside from these, the City will continue to compile information on available financing mechanisms and federal, state, and local programs, and agencies that provide funding assistance for housing projects and make it available to developers.
4. **Housing Conversion Program:** The City should assist in coordinating efforts for the preservation of subsidized housing projects in San Marcos. To help conserve the low income units at risk of conversion, the City may provide technical and/or financial assistance to in-place residents or nonprofit groups interested in buying such projects to prevent their conversion to market rate housing. Public participation shall be encouraged throughout the process to reflect the needs and interests of San Marcos residents. Financing could derive from the Agency Housing Fund and other funding sources should be explored as well.
5. **First-Time Home Buyers Program:** To counteract economic trends that make it increasingly difficult for young families to purchase homes in San Marcos, the Agency and City have developed a workable and proven first-time homebuyers program to assist these families and to allow them to locate within the City. The program, currently titled the Downpayment Assistance Program (DAP) has been a key component of the program since 2005.
6. **Rehabilitation Loans and Grants:** A significant number of multi-family and single-family units have been substantially rehabilitated within the Project Areas to date and, as the existing housing stock ages, the need for rehabilitation will increase.
 - a) **Rehabilitation Loans:** The Agency's Housing Fund could be used to provide loans to low and moderate-income households for substantial rehabilitation activities such as correction of code violations and repairs to ensure that the dwelling is a safe and sanitary place to live. The Agency could administer the program through a revolving loan fund. Long-term affordability covenants would be required in order to participate in the loan program to ensure the continued availability of affordable housing.
 - b) **Rehabilitation Grants:** The Agency could consider adopting a grant program

in conjunction with or apart from an Agency loan program for the substantial rehabilitation of affordable housing units.

7. **Summary:** As evidenced by the preceding, there are a variety of techniques currently available to address the provision of affordable housing. The legal and financial tools available do change from time to time. The Agency should be flexible and should experiment with techniques to see which work best within the community. As new tools become available, these should be explored. By employing a variety of techniques, the Agency can maximize its production of affordable housing while reducing its risk through diversification. On the basis of its experience over time, the Agency can continually refine its programs to achieve the greatest production within the income areas of greatest need with the most efficient investment of its funds. The Agency should prioritize housing programs that achieve meaningful progress toward the goals of the Compliance Plan and the production of affordable housing units.

C. CONSISTENCY OF COMPLIANCE PLAN WITH THE HOUSING ELEMENT OF THE GENERAL PLAN

Because this Compliance Plan focuses on providing suitable housing for all City residents including lower income households who are generally the most difficult segment of the community to provide housing for, it is clearly consistent with the current Housing Element's goal to provide housing for City residents. Both this Compliance Plan and the current Housing Element (which expires on June 30, 2010) state that there is a definite need to assure an adequate supply of housing for the lower income segments of the City.

Like the Housing Element, this Compliance Plan emphasizes the need to provide incentives to developers in order to increase the supply of affordable housing units in the Project Area and citywide. This Compliance Plan suggests many of the same incentives, which can be provided to developers who create affordable housing units. Some of these incentives include allowing density bonuses, altering building standards, writing down land costs, paying all or part of development fees, paying for off-site improvements, working to speed up the permit process, and subsidizing mortgage interest rates. This Compliance Plan also reaches the same assumption as the Housing Element regarding what revenue sources will be available to subsidize affordable housing projects. Both studies make it clear that the most viable revenue source available to assist with providing affordable housing in the City is the Low and Moderate Income Housing Set-Aside Fund of the Redevelopment Agency.

A major focal point of the goals policies and objectives of the Housing Element is to provide housing for all City residents from all economic segments of the City, especially lower income families. Because the major goal of this Compliance Plan is also to provide housing for these lower income households, and the proposed plans and programs for improving the supply of affordable housing in the City presented in this

Compliance Plan are similar to plans and policies of the Housing Element, there is clearly a high degree of consistency between the Compliance Plan and the intent of the Housing Element currently in effect. Due to the unrealistically high RHNA numbers upon which technical compliance with the current Housing Element is based, the City and, by inference, the Agency are running a RHNA deficit, despite its best efforts to comply with both the intent and the letter of the current Housing Element and the RHNA allocation. It is hoped that the RHNA numbers published in 2013 will reflect more a more comprehensive and accurate assignment process.

Attachment D

(Lease for CBS Outdoor - Property #7)

Infinity Outdoor
1731 Workman Street
Los Angeles, CA 90031

Lease No. 81539

New/Renewal: Miqdal

1-1-2000 04

Date: 8/24/2000

LEASE AGREEMENT

This lease is made on the date first set forth above and is between the undersigned landlord ("Landlord") and Outdoor Systems Advertising ("Tenant"). In consideration of this agreement, Landlord and Tenant agree as follows:

1. Landlord hereby exclusively leases to Tenant the following described property (the "Premises") for the purpose of erecting and maintaining outdoor advertising structures and appurtenances thereto, including electrical connections, sign panels, sign "faces", signs "multivision" panels, "back up" panels and advertising copy thereon (collectively, the "Structures"), and hereby grants Tenant a non-exclusive license permitting Tenant free access to and use of the Premises to enable Tenant to construct, paint, illuminate, maintain, repair and service the Structures, and to post and rotate advertising copy on the Structures. 24 HOURS ADVANCED NOTIFICATION BEFORE POSTING.

Location Of Premises: St. 78 & Grand S/L W. Linda Vista

Situated in the City/Town of: San Marcos

County of: San Diego

Legal Description: SD City Assessor's Par # 13014-219-152-06, a portion of Lot 1 Blk 80, Rho Los Vallecitos de San Marcos Townsite

Assessors Parcel Numbers:

2. This lease is for a term of eight (8) years from the date set for the above (the "Term").
3. The rent for the Premises shall be \$461.00 per month payable on the first day of each month. Cost of living increase based on the published consumer price index for San Diego county on base rent shall occur on the anniversary date which shall be twelve months after each successive commencement date of this lease.
4. In the event Landlord elects to construct a permanent building on the portion of the Premises occupied by Tenant's Structures, as evidenced by the issuance of a valid building permit, this Lease shall terminate thirty (30) days after Tenant receives written notice and copy of the building permit from Landlord. Landlord will, immediately after giving such notice to Tenant, return to Tenant all Rent paid for the unexpired Term plus the total cost of the construction and the removal of Lessee's signs (approximately \$60,000), less 1/180th of such cost for each full month of this Lease prior to termination. Tenant shall remove the Structures within thirty (30) days after the end of the thirty-day notice period.
5. This Lease shall automatically renew for successive like terms Term of this Lease ("Renewal Terms"), unless either party terminates the Lease by giving written notice to the other party not later than sixty (60) days before the end of the Term or any Renewal Term; provided, however, the parties shall have the right to terminate this Lease in the event of a default of any of the conditions of this Lease during the Term or any Renewal Term upon 60 days' prior written notice. Notice of any default must be written to the opposing Party and sent certified, return receipt before termination process can be implemented. Tenant shall have the right to terminate this Lease during the Term or any Renewal Term upon sixty (60) days' prior written notice to Landlord. Tenant shall have thirty (30) days after the Lease termination date to remove the Structures.
6. Landlord, its agents, employees and contractors shall not place or maintain any object on the Premises or any other property which would in Tenant's sole opinion wholly or partially obstruct the view of the advertising copy on Tenant's Structures. Landlord shall remove any such obstruction not later than ten (10) days after notice of the obstruction from Tenant. In the event that Landlord fails to timely remove such obstruction, Tenant may at its option either (a) remove the obstruction at Landlord's expense; (b) terminate this Lease after five (5) days' written notice to Landlord and remove the Structures; or (c) reduce the rent to One Dollar (\$1.00) per month until the obstruction is removed. Landlord agrees to allow Tenant to trim all trees or other vegetation on the Premises, as often as Tenant deems necessary to prevent obstruction of the Structure.
7. Tenant is, and shall remain, the owner of all Structures, and Tenant shall have the right to remove the Structures at any time without notice. Nothing herein shall require the removal of the Structures if the Premises is acquired by or transferred to a governmental body. Whenever the provisions of this Lease provide for the removal of the Structures from the Premises, Tenant shall only be required to remove the above-ground portion.
8. If (a) the view of the Structures' advertising copy is partially or wholly obstructed, (b) the Structures' value for advertising purposes, as determined solely by Tenant, is impaired or diminished by reduced vehicular circulation, (c) the sign(s) remain unsold to advertisers for sixty (60) consecutive days, or (d) the use of the Structures is prevented or restricted by law, or by the unsafe physical condition of the Premises, then Tenant may immediately, at its option, either (i) reduce the Rent otherwise due hereunder in direct proportion to the diminishment in the value of the Premises to Tenant; (ii) abate the Rent for so long as any condition described in this Paragraph 8 continues; or (iii) terminate this Lease as to the affected Structures, in which case Landlord shall pay Tenant all Rent received by Landlord for the unexpired Term or Renewal Term, if any, after ten (10) days' written termination notice to Landlord by Tenant. If Tenant is prevented by law, governmental action, military order or any other cause beyond Tenant's control from lighting its Structures, the Rent due hereunder shall be reduced by 50% until Tenant is permitted to illuminate the Structures.
9. Landlord shall indemnify and hold Tenant harmless from all liability arising under this Lease that is caused by the negligence of Landlord, or the use, storage or removal of any toxic or hazardous materials on or from the premises.
10. Landlord will notify Tenant within ten (10) days after its receipt of any notice from a governmental body that may affect the Premises or the Structures. In the event that the Premises or a portion of the Premises is transferred in any manner to a governmental body or to a private individual or entity in conjunction with a governmental body, Tenant shall be entitled to seek compensation from such governmental body for any diminution in the value of its Structures or the value of this Lease.
11. This lease shall bind the heirs and permitted successors and assigns of Landlord and Tenant. Unless the Premises are sold, transferred or leased and this Lease may not be assigned or transferred to a third party by the Landlord without prior written consent of Tenant.
12. Landlord represents that it has full authority to enter into this Lease and to fulfill its obligations contained herein.
13. This Lease shall be governed and interpreted in accordance with the laws of the State of California where the Premises are located.
14. This Lease is the entire agreement between Landlord and Tenant related to the Premises, and supersedes any earlier written or oral agreements. This Lease may only be amended by a writing signed by both parties.

INFINITY OUTDOOR

By: _____

Its: _____

Landlord: San Marcos Chamber of Commerce

By: John C. Fort _____

Its: President

Address: 939 Grand Ave. San Marcos, CA 92070
SS/Tax I.D. No. (required by law) 95-2475093

Telephone No. 760-727-1800

Attachment E

**(Lease for San Marcos Unified School
District – Property #8)**

REAL PROPERTY GROUND LEASE AGREEMENT

BY AND BETWEEN

THE CITY OF SAN MARCOS,

THE SAN MARCOS REDEVELOPMENT AGENCY

AND

SAN MARCOS UNIFIED SCHOOL DISTRICT

FOR THE LEASE OF A PORTION OF CITY OWNED REAL PROPERTY

FOR THE PURPOSES OF A PARKING LOT

LOCATION:

**4 PARCELS LOCATED AT
1281-1283 SAN MARCOS BOULEVARD
SAN MARCOS, CALIFORNIA**

August 8, 2011

This REAL PROPERTY GROUND LEASE AGREEMENT, hereinafter called "Agreement," is entered into effective as of August 8, 2011, by and between the **CITY OF SAN MARCOS**, a chartered municipal corporation, and the SAN MARCOS REDEVELOPMENT AGENCY, a political subdivision of the State of California, hereafter collectively called "CITY," and the SAN MARCOS UNIFIED SCHOOL DISTRICT, a public agency, hereafter called "LESSEE."

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually agree as follows:

SECTION 1: USES

1.01 PREMISES.

CITY owns four (4) parcels of real property located on the south side of San Marcos Boulevard at 1281-1283 San Marcos Boulevard, more particularly described as Lot "55", "56", "63", and "64"; Map 806-RHO Los Vallecitos De San Marcos, Assessor's Parcel Numbers 221-041-55, 56, 63, and 64, as shown on Exhibit "A" hereto and by this reference made part of this Agreement ("Property").

The CITY hereby leases to LESSEE a portion of the Property comprising approximately 152,700 usable square feet of area as depicted generally in Exhibit "B" attached hereto and by this reference made a part of this Agreement ("PREMISES").

1.02 Uses.

It is expressly agreed that the PREMISES is leased to LESSEE solely and exclusively for a parking lot for automobiles and other passenger vehicles, landscaping and appurtenant improvements such as lighting, and for not other purpose (the "PERMITTED USE"). LESSEE understands and acknowledges that the PREMISES are located within the 100-year floodplain and may be subject to flooding during the rainy season, and, except with respect to those matters for which LESSEE has no responsibility or liability as described in paragraph 4 of Section 7 herein, LESSEE hereby accepts the PREMISES in its "As-Is" and "With All Faults" condition. Further, LESSEE understands and acknowledges that it may be necessary for LESSEE, LESSEE PARTIES (as defined in Subsection 4.01, below) and their respective automobiles and other passenger vehicles to vacate the PREMISES if a large flood is predicted to occur or is imminent, and that LESSEE must not erect any facilities or improvements on the PREMISES that would impede normal flood flows. The parties hereto acknowledge that the LESSEE will use the PREMISES in connection with the educational, recreational and other programs and activities of the LESSEE and the San Marcos High

School, during such period as the LESSEE is reconstructing such school. LESSEE shall not use, store, transport, sell or dispose of any unlawful hazardous material, or unlawful levels of hazardous materials, in or about the PREMISES.

LESSEE covenants and agrees to continuously use the PREMISES solely for the PERMITTED USE and to diligently pursue said PERMITTED USE throughout the term hereof. In the event that LESSEE fails to continuously use the PREMISES for the PERMITTED USE, or uses the PREMISES for purposes not expressly authorized herein, LESSEE shall be deemed in default under this Agreement. For the purposes of the foregoing, LESSEE shall be deemed to "continuously" use the PREMISES regardless of any non-use during the nights, weekends, summer months and/or other periods when the San Marcos High School is not in session or programs or activities otherwise are not occurring at such school. LESSEE shall not use the PREMISES in any manner which disturbs the quiet enjoyment and use of the remainder of the Property by the CITY, or of surrounding property owners use of their property. LESSEE shall not cause or permit any nuisance to exist on or at the PREMISES.

1.03 Related Council Actions.

By executing this Agreement, neither CITY nor the Council of CITY is obligating itself to any other governmental agent, board, commission, or agency with regard to any other discretionary action relating to development or operation of the PREMISES. Discretionary action includes, but is not limited to rezoning, variances, conditional use permits, environmental clearances or any other governmental agency approvals which may be required for the development and operation of the PREMISES. However, if the LESSEE at any time determines that it is not able, on terms reasonably acceptable to the LESSEE, to obtain any permit or other approval needed for the PERMITTED USE or the improvements to the PREMISES as are contemplated by this Agreement, then LESSEE may terminate this Agreement by providing written notice to the CITY, which termination shall be effective thirty (30) days after receipt of such notice by the CITY.

1.04 Quiet Possession.

Provided that LESSEE is paying the rent and performing the covenants and Agreements herein, LESSEE shall at all times during the TERM (defined in Subsection 2.01) peaceably and quietly have, hold and enjoy the PREMISES. If CITY for any reason cannot deliver possession of the PREMISES to LESSEE at the commencement of the TERM or if, during the TERM, the LESSEE is temporarily dispossessed through action or claim of a title superior to CITY's, then and in either of such events, except as provided in this Subsection 1.04, this Agreement shall not be voidable nor shall CITY be liable to LESSEE for any loss

or damage resulting therefrom. In the event of any such failure to deliver possession or dispossession of the LESSEE, the City Manager of the CITY, acting on behalf of the CITY, and the LESSEE shall reasonably determine and set forth in writing a proportionate reduction of the rate rent for the period or periods during which LESSEE is prevented from having the quiet possession of all or a portion of the PREMISES. If the parties hereto are unable to determine a mutually acceptable reduction in rent, the reduction shall be determined in accordance with any or all dispute resolution procedures available pursuant to law. If the LESSEE determines that any such failure to deliver possession or dispossession of the LESSEE unreasonably limits or otherwise modifies LESSEE's rights pursuant to this Agreement, then LESSEE may terminate this Agreement by providing written notice to the CITY, which termination shall be effective thirty (30) days after receipt of such notice by the CITY.

1.05 Reservation of Rights.

Subject to the CITY not unreasonably or substantially interfering with LESSEE's use of the PREMISES during the TERM, the CITY specifically retains the following rights:

- a. **Subsurface Rights.** CITY hereby reserves all rights, title and interest in any and all subsurface natural gas, oil, minerals and water on or within the PREMISES.
- b. **Easements.** CITY reserves the right to grant and use easements or to establish and use rights-of-way over, under, along and across the PREMISES for utilities, thoroughfares, or access as it deems advisable for the public good.
- c. **Right to Enter.** CITY has the right to enter the PREMISES for the purpose of performing maintenance, inspections, repairs or improvements, or developing municipal resources and services, as necessary in the use of the remainder of the Property for the CITY purposes.
- d. **Right to Use.** Subject to written agreement with the LESSEE, the CITY may use or offer the use of the PREMISES as may be necessary from time to time during the TERM, provided that such use shall not displace LESSEE from possession or otherwise unreasonably interfere with LESSEE's rights pursuant to this Agreement.

If, in undertaking any of its rights reserved pursuant to this Subsection 1.05, the CITY damages any of the improvements constructed on the leased PREMISES

by the LESSEE in accordance with this Agreement, the CITY shall repair such improvements to the condition that existed prior to such damage or, if not repaired within a reasonable time, shall reimburse the LESSEE for the reasonable cost of repairing such damage. Otherwise, the LESSEE shall pay the costs of the maintenance and repair of the PREMISES

1.06 Right to Modify Area of Leased PREMISES

LESSEE acknowledges that CITY is currently in the process of obtaining permits for improvements to the San Marcos Creek channel from various State and Federal agencies. While not currently anticipated, the conditions placed on one or more permits issued by these agencies may require a reduction in the total leased area identified for the PREMISES in Subsection 1.01 above. LESSEE and CITY agree that this decision shall be at the sole discretion of the CITY. In the event reductions to the PREMISES are necessary under the terms of this Subsection, LESSEE's then current BASE RENT (defined in Subsection 3.02) shall be adjusted based on the reduction in leased square feet. If reductions in leased area pursuant to this Subsection individually or cumulatively total in excess of fifteen percent (15%) of the original area of the PREMISES, the LESSEE may determine that such reductions unreasonably limit or otherwise modify LESSEE's rights pursuant to this Agreement and, in that case, LESSEE may terminate this Agreement by providing written notice to the CITY, which termination shall be effective thirty (30) days after receipt of such notice by the CITY.

SECTION 2: TERM

2.01 Commencement.

The term of this Agreement shall be for thirty (30) months commencing August 8, 2011, and ending February 7, 2014, unless sooner terminated pursuant to this Agreement (the "TERM"). The monthly rent set forth in Subsection 3.02 shall be effective August 8, 2011.

If CITY for any reason cannot deliver possession of the PREMISES to LESSEE at the commencement of the TERM or, if during the TERM, the LESSEE is dispossessed of the PREMISES for any reason whatsoever, CITY shall not be liable to LESSEE for any loss or damage resulting therefrom except as provided in Subsection 1.04.

2.02 Termination for Lack of Need.

Notwithstanding anything to the contrary, at any time commencing twenty-four (24) months after the beginning of the TERM, if the LESSEE determines that it

no longer needs to use the PREMISES for the PERMITTED USE, including, without limitation, because the reconstruction of San Marcos High School is sufficiently complete, the LESSEE may terminate this Agreement by providing written notice to the CITY, which termination shall be effective thirty (30) days after receipt of such notice by the CITY.

2.03 Termination Provisions.

No special termination options are available except those described elsewhere in this Agreement and those provided by law for the termination of a leasehold interest as described herein.

2.04 Abandonment by LESSEE.

Even if LESSEE breaches this Agreement and abandons the PREMISES, this Agreement shall continue in effect for so long as CITY does not terminate this Agreement, and CITY may enforce all its rights and remedies hereunder, including but not limited to the right to recover the rent as it becomes due, plus damages.

2.05 Recordation of Lease.

Neither party may record this Agreement or a memorandum or so-called "short form" of this Agreement.

2.06 Surrender of PREMISES.

At the expiration or earlier termination of LESSEE's tenancy, LESSEE shall surrender the PREMISES to CITY free and clear of all liens and encumbrances, except those liens and encumbrances which existed on the date of the execution of this Agreement by CITY. The PREMISES, when surrendered by LESSEE, shall be in a safe and sanitary condition, and, subject to provisions herein relating to removal or retention of LESSEE's improvements, shall be in as good or better condition as the condition at commencement of this Agreement, normal wear and tear excepted.

2.07 Holding Over.

If LESSEE continues its occupancy of the PREMISES after the expiration of the TERM or any renewal or extension thereof (or any earlier termination provided or permitted by this Agreement) either with or without the consent of CITY, such tenancy shall be month-to-month only, and not year-to-year or based on any other interval of time. Such continued occupancy shall not defeat CITY's right to possession of the PREMISES, and the month-to-month tenancy provided for

herein may be canceled at the end of any calendar month upon not less than thirty (30) days prior written notice from CITY to LESSEE. All covenants, provisions, obligations and conditions of this Agreement shall remain in full force and effect during such month-to-month tenancy, including payment of all additional rent, including taxes, insurance and utilities. Except to the extent LESSEE occupies and pays rent on a month-to-month basis as described in this Subsection 2.07, if LESSEE fails to surrender the PREMISES upon expiration or earlier termination of this Agreement, or when required after notice from the CITY cancelling any month-to-month tenancy of LESSEE, then, in addition to any other rights and remedies available to CITY accruing therefrom, LESSEE hereby agrees to indemnify, defend and CITY harmless from any loss or liability resulting from such failure, including without limitation, any claims made by any succeeding tenant based upon LESSEE's failure to surrender.

2.08 Time is of Essence.

Time is of the essence of all of the terms, covenants, conditions and provisions of this Agreement.

SECTION 3: RENT

3.01 Time and Place of Payment.

LESSEE shall make all rental payments monthly in advance on or before the first day of each new month to the City of San Marcos, P.O. Box 515432, Los Angeles, California, 90051-6732. The place and time of payment may be changed at any time by CITY upon thirty (30) days' written notice. LESSEE assumes all risk of loss and responsibility for late payment charges.

3.02 Rent.

Rent shall be payable monthly in advance on or before the first day of each new month. In consideration of this Agreement, LESSEE shall pay to CITY the sum of ten thousand, one hundred and ten dollars and zero cents (\$10,110.00) per month ("BASE RENT"), effective September 1, 2011. The rent for August 2011 shall be prorated based on effective date of this Agreement for a total prorated rent of seven thousand, eight hundred and twenty-seven dollars and ten cents (\$7,827.10). The parties hereto acknowledge that, as of the date the parties have executed this Agreement, they have been negotiating a reduction in the initial amount of the BASE RENT, and, therefore, the parties shall on and after such date make good-faith reasonable efforts to agree on such reduced initial BASE RENT, which, upon so agreeing, the parties shall set forth in writing. The amount of any such reduced initial BASE RENT shall in any case be subject to approval by the Superintendent of the District, but no further approval by the

Governing Board of the District shall be required for such reduction to be effective, as the Governing Board's approval or ratification of this Agreement shall be deemed to include delegation of authority to the Superintendent to agree to such reduction. In the event the parties hereto are unable to agree on a reduction in the initial amount of the BASE RENT, this Agreement shall remain valid and in full force and effect, and the initial BASE RENT as specified in this Subsection 3.02 shall be applicable, but ~~LESSEE may in such event terminate this Agreement by giving written notice to the CITY, which termination shall be effective thirty (30) days after receipt of such notice by the CITY.~~ *K. Tauer*

3.03 Rent Adjustment.

Effective August 1, 2012, and each 12 months after, the amount of the monthly BASE RENT shall be adjusted by the upward change in the Consumer Price Index (CPI), All Urban Consumers for the San Diego Area (1982-84=100), published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), for the twelve (12) month period (annual figures) immediately preceding the year of the scheduled rent increase. For the purpose of example only, the BASE RENT increases on August 1, 2012 would be calculated using the Index figures by taking the annual figure for 2011 divided by the annual figure for 2010. Presuming that, as of any particular August 1 during the TERM, changes in the CPI over the immediately preceding month will not have been published, the 12-month period used for adjusting the BASE RENT, as of such August 1, shall be the then-most recent 12-month period for which changes in the CPI have been published.

If the Index is discontinued or revised during the TERM of this Agreement, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

Each CPI adjustment to the monthly rent shall be inclusive of previous rent increases. Notwithstanding the foregoing, in no event shall any individual upward adjustment in BASE RENT equal an amount less than a two percent (2%) change or more than five percent (5%) change in the BASE RENT applicable in the prior twelve month period.

3.04 Inspection of Records.

LESSEE agrees to make any and all records and accounts relating specifically to this Agreement available to CITY for inspection at all reasonable times, so CITY can determine LESSEE's compliance with this Agreement. These records and accounts will be made available by LESSEE at its San Marcos Office. LESSEE's failure to keep and maintain such records and make them available for inspection

by CITY shall be deemed a default of this Agreement. LESSEE shall maintain all such records and accounts for a minimum period of five (5) years.

3.05 Delinquent Rent.

If LESSEE fails to pay all or a portion of the BASE RENT or other charges due under this Agreement within sixty (60) calendar days of the date due, LESSEE will pay, in addition to the unpaid rent, interest at a rate of ten (10%) per annum on the total amount overdue, which is hereby mutually agreed by the parties to be appropriate to compensate CITY for loss resulting from rental delinquency, including lost interest, opportunities, legal costs, and the cost of servicing the delinquent account.

3.06 Security Deposit.

Not Applicable

SECTION 4: INSURANCE RISKS/SECURITY

4.01 Indemnity.

LESSEE agrees to protect, defend, indemnify and hold CITY, the Redevelopment Agency of The City of San Marcos, the San Marcos Public Facilities Authority, the property manager of CITY and their individual directors, trustees, officers, staff, council persons, officers, agents, servants, employees, independent contractors or assignees, (collectively, "CITY PARTIES"), and CITY's interest in the PREMISES harmless from and against any and all losses, damages, claims, suits or actions, judgments and costs (including reasonable attorneys' fees) (collectively, "LOSSES") caused by (i) LESSEE's failure to perform and observe its covenants hereunder, (ii) any negligence, act or omission of LESSEE or its officers, agents, employees, independent contractors, licensees, subtenants, concessionaires or assignees, students and their parents or guardians (collectively, "LESSEE PARTIES") causing loss or damage to the PREMISES, (iii) the occupation, use, possession, conduct or management of the PREMISES by LESSEE or the LESSEE PARTIES or (iv) any work or thing whatsoever done in or on the PREMISES by LESSEE or the LESSEE PARTIES; except to the extent that any such LOSSES result from the negligence or willful misconduct of the CITY or any of the CITY PARTIES. LESSEE'S indemnification shall include any and all costs, expenses, attorneys' fees and liability incurred by the CITY, its officers, agents, or employees in defending against such claims, whether the same to proceed to judgment or not. LESSEE at its own expense shall, upon written request by CITY, defend any such suit or action brought against CITY, its officers, agents, or employees.

LESSEE further agrees that such indemnification and hold harmless shall include all defense-related fees and costs associated with the defense of CITY by counsel selected by the LESSEE. This indemnification shall not terminate upon expiration or termination of this Agreement, but shall survive in perpetuity or until expiration of applicable statutes of limitation.

4.02 Insurance.

LESSEE shall, at its sole cost and expense, throughout the duration of this Agreement, maintain the following insurance coverages:

- a. Commercial Property Insurance: LESSEE shall be responsible for maintaining commercial property insurance in an amount LESSEE deems sufficient to protect its interests in the improvements LESSEE constructs on the PREMISES pursuant to this Agreement.
- i. Commercial General Liability: LESSEE shall maintain commercial general liability insurance covering all operations by or on behalf of the LESSEE on a per occurrence basis against claims for personal injury (including bodily injury and death) and property damage (including loss of use) with minimum limits of \$2,000,000 per occurrence and \$4,000,000 general aggregate. Coverage will include Blanket Contractual Liability coverage. CITY shall be named as an additional insured by endorsement and the policy shall include a waiver of subrogation.
- ii. Umbrella / Excess Liability: LESSEE will maintain umbrella/excess liability insurance on an occurrence basis in excess of the underlying insurance described in Subsection 4.02(a)(ii) above which is as least as broad as the underlying policies. Coverage shall include CITY as an additional insured. Minimum limits: \$2,000,000 per occurrence.
- iii. Workers' Compensation / Employers Liability: LESSEE will maintain workers' compensation and employer's liability insurance as required by the state of California. Minimum Limits: (1) Worker's Compensation – state required statutory limits; and (2) Employers' Liability limits: \$1,000,000 bodily injury for each accident; \$1,000,000 bodily injury by disease each employee; and \$1,000,000 bodily injury disease aggregate.
- iv. Automobile Liability: LESSEE will maintain business automobile liability covering liability arising out of any auto (including owned, non-owned and hired vehicles). Coverage will include CITY as an

additional insured and the policy shall include waiver of subrogation and shall have minimum limits of \$2,000,000 combined single limit each accident

- b. LESSEE shall require any contractor it hires to perform work on the PREMISES to provide the same or greater insurance coverages, not including commercial property insurance, as required of LESSEE pursuant to this Subsection 4.02.
- c. All insurance companies affording coverage to the LESSEE shall be required to add CITY as an additional "insured" under the insurance policy(s) required in accordance with this Agreement.
- d. All insurance companies affording coverage to the LESSEE shall be insurance organizations authorized by the Insurance Commissioner of the State Department of Insurance to transact business of insurance in the State of California.
- e. All insurance companies affording coverage shall provide thirty (30) day written notice to CITY should the policy be canceled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation. Cancellation of any coverage required by the terms hereof shall be grounds for termination of this Agreement pursuant to the provisions of Subsection 6.10 below.
- f. LESSEE shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance, substantially in the form attached as Exhibit "C" hereto, concurrently with the submittal by LESSEE to the CITY of copy(ies) of this Agreement signed on behalf of the LESSEE.
- g. LESSEE shall provide a substitute certificate of insurance no later than thirty (30) days prior to the policy expiration date. Failure by the LESSEE to provide such a substitution and extend the policy expiration date shall be considered a default by LESSEE and subject the LESSEE to a termination of this Agreement.
- h. Maintenance of insurance by the LESSEE as specified in this Agreement shall in no way be interpreted as relieving the LESSEE of any responsibility whatever and the LESSEE may carry, at its own expense, such additional insurance as it deems necessary.

- i. If LESSEE fails or refuses to take out and maintain the required insurance, or fails to provide the proof of coverage, CITY, has the right but not the obligation, to obtain the insurance. LESSEE shall reimburse CITY for the premiums paid with interest at the maximum allowable legal rate then in effect in California. CITY shall give notice of the payment of premiums within thirty (30) days of payment stating the amount paid, names of the insurer(s) and rate of interest. Said reimbursement and interest shall be paid by LESSEE on the first (1st) day of the month following the notice of Payment by the CITY.

Notwithstanding the preceding provisions of this Subsection, any failure or refusal by LESSEE to take out or maintain insurance as required in this Agreement, or failure to provide proof of Insurance, shall be deemed a default under this Agreement.

- j. LESSEE may choose to satisfy the insurance obligations of this Subsection 4.02 by a self-insurance program or a self-insurance joint powers agency or agreement.
- k. CITY and LESSEE hereby waive any rights they may have against each other on account of any loss or damage occasioned to CITY or LESSEE, as the case may be, their property, the PREMISES or its contents, or arising from any risk, to the extent of net insurance proceeds received by the waiving party attributable to such loss, damage or risk from insurance maintained by either party hereto (or to the extent of net insurance proceeds that would have been received but for a failure to maintain insurance as required herein). Such waiver by a party hereto shall be effective only so long as the party's applicable insurance policies contain a clause or are endorsed to the effect that the waiver does not affect the right of the insured to recover under such policies. However, each party hereto shall at its own expense make reasonable efforts to cause its applicable policies to contain such clause or to be endorsed to so provide. The foregoing waivers shall be in addition to, and not a limitation of, any other waivers or releases contained in this Agreement.

SECTION 5: IMPROVEMENTS/ALTERATIONS/REPAIRS

5.01 Acceptance of PREMISES.

LESSEE represents and warrants that it has independently inspected the PREMISES and made all tests, investigations, and observations necessary to satisfy itself of the condition of the PREMISES. LESSEE acknowledges it is relying solely on such independent inspection, tests, investigations, and observations in making this Agreement. LESSEE further acknowledges that

PREMISES shall be delivered to LESSEE in their as-is condition and that, except to the extent provided in Section 7 herein, LESSEE does not hold CITY responsible for any defects in the PREMISES. By taking possession of the PREMISES, LESSEE is deemed to have accepted the PREMISES and agreed that the PREMISES is in good order and satisfactory condition, with no representation or warranty by Lessor as to the condition of the PREMISES or the suitability thereof for LESSEE's use.

5.02 Waste, Damage, or Destruction.

LESSEE shall give notice to CITY of any fire or other substantial damage that occurs on the PREMISES within ten (10) days of such fire or damage. With respect to the PREMISES, the LESSEE shall not commit or suffer to be committed any waste or injury or any public or private nuisance, to keep the PREMISES clean and clear of refuse and obstructions, and to dispose of all garbage, trash, and rubbish. If the PREMISES are in a condition that is not safe, healthy and sanitary, LESSEE shall make or cause to be made full remediation, repair or other correction of such condition. LESSEE shall be responsible for all costs incurred in the repair and restoration, or rebuilding of the PREMISES. In the event of any destruction or substantial damage to the PREMISES, to the public access to the PREMISES, or to the Property, the LESSEE may determine that it is not possible, practical, or feasible to continue LESSEE's operation of the PREMISES and, in such case, LESSEE may terminate this Agreement by providing written notice to the CITY, which termination shall be effective thirty (30) days after receipt of such notice by the CITY.

5.03 Maintenance.

LESSEE agrees to assume full responsibility and cost for the operation and maintenance of the PREMISES throughout the TERM of this Agreement, as it may be extended. LESSEE will make all repairs and replacements necessary to maintain and preserve the PREMISES in a safe, and healthy, and sanitary condition applicable generally to public property and in compliance with all applicable laws. In the event that the PREMISES are not in a safe, healthy and sanitary condition, CITY shall have the right, after written notice to LESSEE and opportunity for LESSEE to cure, to have any necessary work done to remediate or otherwise correct such condition at the expense of LESSEE, and LESSEE shall reimburse the CITY for the reasonable costs incurred by CITY in having such necessary work performed, within thirty (30) days after receipt from the CITY of a reasonably detailed invoice for such costs. The LESSEE's period for cure after notice from CITY pursuant to this Subsection 5.03 shall be: (i) 48 hours in the event of a condition that constitutes an immediate threat to the safety or health of any person or property; and (ii) a reasonable time, but in no event less than ten (10) days, in all other cases.

5.04 Improvements/Alterations/Conditions on Maintenance.

LESSEE may make necessary temporary improvements to the PREMISES including installing a gravel-based, asphalt-based, or similar parking surface on the PREMISES as generally depicted on Exhibit B hereto, and any associated curbs, parking and lane dividers, wheel stops, gates, fences, lighting, directional and traffic signs, parking lot identification sign, and similar improvements as determined necessary by LESSEE. Any added parking surface, including gravel-based, must be well maintained throughout the TERM of this Agreement. In addition, all improvements must be performed in a manner that complies with all storm water pollution prevention protocols and regulations. LESSEE shall have the full responsibility to comply with all applicable storm water regulations throughout the duration of this Agreement.

Upon expiration or earlier termination of this Agreement, the LESSEE shall, to the extent required pursuant to Subsection 5.10 herein, remove the improvements constructed or installed by LESSEE on the PREMISES and restore the PREMISES to substantially the condition that existed prior to construction or installation of such improvements.

This site and any offsite improvements associated with the site shall be included under the State Water Resources Control Board General Construction Permit coverage obtained for the overall high school project by LESSEE.

LESSEE shall comply with all requirements of the state water resources control board general construction permit, the SDRWQCB Order R9 2007-0001 sections associated with construction, and SMMC 14.15.

Aside from the improvements expressly described within this Subsection, LESSEE shall not construct and/or install any other improvements, structures, or installations on the PREMISES, and the PREMISES shall not be altered by LESSEE without prior written approval by the City Manager or his designee. Further, LESSEE agrees that major structural or architectural design alterations to approved improvements, structures, or installations may not be made on the PREMISES without prior written approval by the City Manager or his designee and that such approval shall not be unreasonably withheld. This provision shall not relieve LESSEE of any obligation under this Agreement to maintain the PREMISES in a safe, healthy, and sanitary condition, including structural repair and restoration of damaged or worn improvements. CITY shall not be obligated by this Agreement to make or assume any expense for any repairs, improvements or alterations. LESSEE will prepare an application (including, as required, a plan for the improvements LESSEE intends to construct) and submit said application to the CITY for Director's Use Permit approval. All costs

associated with the planning, design, and construction of such improvements shall be borne by the LESSEE.

5.05 Utilities/Services.

LESSEE shall pay for all utility costs associated with LESSEE's use of the PREMISES. CITY shall not be liable for any interruption or failure whatsoever in utility services, nor shall any such failure or interruption constitute an actual or constructive eviction of LESSEE from the PREMISES or result in or give rise to any abatement in any rent reserved hereunder or entitle LESSEE to terminate this Agreement.

5.06 Liens.

LESSEE shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to all or any portion of the PREMISES without the prior written consent of the City Manager. LESSEE shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim on or with respect to all or any portion of the PREMISES for which LESSEE does not have the prior written consent of the City Manager. If any lien or notice of lien on account of an alleged debt of LESSEE or any notice of lien by a party engaged by LESSEE or LESSEE's contractor or materialmen to work on the PREMISES shall be filed against the PREMISES or any part thereof, LESSEE, within twenty (20) days after notice of the filing thereof, will cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If LESSEE shall fail to cause such lien or notice of lien to be discharged and released of record within the period aforesaid, then, in addition to any other right or remedy, CITY may discharge the same either by paying the amounts claimed to be due or by procuring the discharge of such lien by deposit or by bonding procedures. Any amount so paid by CITY and all reasonable costs and expenses, including attorneys' fees and court costs, incurred by CITY in connection therewith, shall be paid by LESSEE to CITY on demand. LESSEE shall give CITY adequate opportunity and CITY shall have the right at all times to post such notices of nonresponsibility as are provided for in the mechanics' lien laws of California.

5.07 Encumbrance.

Not Applicable.

5.08 Taxes/Fees.

Except to the extent that LESSEE may be exempt from payment of property taxes, LESSEE shall pay, before delinquency, all taxes, assessments, and fees (including City Community Facility District assessments) assessed or levied upon LESSEE or the PREMISES, including the land, any buildings, structures, machines, equipment, appliance, or other improvements or property of any nature whatsoever erected, installed, or maintained by LESSEE or levied by reason of the business or other LESSEE activities related to the PREMISES, including any licenses or permits.

LESSEE recognizes and agrees that this Agreement may create a possessory interest subject to property taxation, and that LESSEE may be subject to the payment of taxes levied on such interest, and that LESSEE shall pay all such possessory interest taxes [Revenue and Taxation Code Section 107-107.6]. However, the CITY hereby acknowledges that LESSEE is a public agency whose use of property for public purposes is exempt from taxation and that the LESSEE's intended use of the PREMISES is for public purposes. Therefore, the CITY, upon request from the LESSEE and to the extent reasonable, shall assist with LESSEE's efforts to secure tax-exempt status of its use of the PREMISES from the tax assessor of the County of San Diego.

5.09 Signs.

Except as provided in Subsection 5.04 herein, LESSEE shall not erect or display any banners, pennants, flags, posters, signs, decorations, marquees, awnings, or similar devices or advertising without the prior written consent of CITY and receipt of all necessary governmental permits and approvals. If any such unauthorized item is found on the PREMISES, LESSEE shall remove the items at its expense within 24 hours of written notice thereof by CITY, or CITY may thereupon remove the item at LESSEE's cost.

5.10 Ownership of Improvements and Personal Property.

- a. Except as the CITY may elect pursuant to Subsection 5.10(b), upon expiration or earlier termination of this Agreement, all improvements made to the PREMISES by LESSEE except for any parking-lot identification sign shall be deemed to be part of the PREMISES and shall become CITY's property, free of all liens and claims except as otherwise provided in this Agreement. However, the foregoing shall not be deemed or construed to prohibit the LESSEE or a third-party from removing from the PREMISES, or to permit the CITY to acquire or possess, any fixture or other property located on the PREMISES and owned by any third-party, including, without limitation, any rental fencing or utility meter.

b. If CITY elects not to assume ownership of the improvements as described in Subsection 5.10(a), CITY shall so notify LESSEE in writing not less than thirty (30) days prior to expiration of the TERM or not less than twenty-five (25) days prior to the effective date of any earlier termination. If LESSEE timely receives such notice from the CITY, LESSEE shall remove all such improvements as required by this Subsection 5.10(b) and, to the extent reasonably possible, restore the PREMISES to substantially the condition that existed prior to construction or installation of the improvements that LESSEE is to so remove, at LESSEE's sole cost on or before Agreement expiration or termination. If LESSEE fails to so remove the improvements and restore the PREMISES, LESSEE shall reimburse the CITY for the reasonable cost incurred by the CITY for such removal and restoration. Notwithstanding anything to contrary, upon expiration or earlier termination of this Agreement, the LESSEE shall not be required to remove, and the CITY shall assume ownership of, any gravel-based, asphalt-based or similar parking surface.

5.11 Eminent Domain.

If all or part of the PREMISES are taken through condemnation proceedings or under threat of condemnation by any public authority with the power of eminent domain, the interests of CITY and LESSEE (or beneficiary or mortgagee) will be as follows:

- a. **Total Taking.** In the event the entire PREMISES are taken; this Agreement shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.
- b. **Partial Taking.** In the event of a partial taking, if, as agreed by the parties hereto, the remaining part of the PREMISES is unsuitable for LESSEE's operations, this Agreement shall terminate on the date of the transfer of title or possession to the condemning authority whichever first occurs.

In the event of a partial taking, if, as agreed by the parties hereto, the remainder of the PREMISES is suitable for LESSEE's operations to continue, this Agreement shall terminate in regard to the portion taken on the date of the transfer of title or possession to the condemning authority, whichever first occurs, but shall continue in effect with respect to the portion of the PREMISES not taken. The BASE RENT shall be equitably reduced to reflect the portion of the PREMISES taken.

- c. **Award.** All monies awarded in any such taking shall belong to CITY, whether such taking results in diminution in value of the leasehold or the fee or both; provided, however, LESSEE shall be entitled to any award

attributable to the taking of or damages to LESSEE's then remaining leasehold interest and improvements made to the PREMISES by LESSEE. So the LESSEE may seek to protect such of its interests, the CITY shall permit the LESSEE to fully participate in any proceedings in eminent domain or condemnation affecting the PREMISES, including, without limitation, timely providing any notices or other documentation provided by the condemning authority. CITY shall have no liability to LESSEE for any award not provided by the condemning authority.

- d. **Transfer.** CITY has the right to transfer CITY's interests in the PREMISES in lieu of condemnation to any authority entitled to exercise the power of eminent domain. If a transfer occurs, LESSEE shall retain whatever interest it may have in the fair market value of any improvements placed by it on the PREMISES in accordance with this Agreement.
- e. **No Inverse Condemnation.** The exercise of any CITY right under this Agreement shall not be interpreted as an exercise of the power of eminent domain and shall not impose any liability upon CITY for inverse condemnation so long as such rights do not unreasonably or substantially interfere with LESSEE's operations.

SECTION 6: GENERAL PROVISIONS

6.01 Notices.

Any and all notices and demands that this Agreement contemplates, authorizes, or requires either party to give to the other must be in writing and must be delivered by: (i) personal delivery, recipient signature on delivery receipt required; (ii) registered or certified U.S. Mail, prepaid, with recipient signature on delivery receipt or electronic tracking device required, or (iii) U.P.S., FedEx or other reliable overnight delivery service, with recipient signature on delivery receipt or electronic tracking device required. Any such notice or demand shall be deemed given or served only upon actual receipt by the addressee. This Subsection 6.01 shall not be deemed or construed to apply to day-to-day communications between the parties hereto that are necessary or convenient for administration of this Agreement or to service of process pursuant to any applicable law or rule of court. Each notice or demand must be addressed to the respective party as follows:

To CITY:

City of San Marcos
Director of Real Property Services Division
1 Civic Center Drive
San Marcos, CA 92069

TO LESSEE:

San Marcos Unified School District
Attention: Executive Director, Facilities Planning and Development
255 Pico Avenue, Suite 250
San Marcos, CA 92069

Either party hereto may change its address by notice to the other party hereto as provided herein. LESSEE acknowledges that all payments payable to CITY must be sent to the address stated in Subsection 3.01 of this Agreement. CITY may change the address for payments by giving notice to LESSEE as provided in this Subsection 6.01.

6.02 CITY'S Approval.

Unless otherwise specified in this Agreement, the City Manager shall be the CITY's authorized representative in the interpretation and enforcement of this Agreement. The City Manager may delegate authority in connection with this Agreement to any City Manager's designee(s). For the purpose of directing LESSEE in accordance with this Agreement, which does not result in a change to this Agreement, the City Manager delegates authority to the Director of Real Property Services.

6.03 Nondiscrimination.

LESSEE agrees not to discriminate in any unlawful manner against any person or persons on account of race, marital status, sex, religion, creed, color, ancestry, national origin, age, or physical handicap in LESSEE's use of the PREMISES.

6.04 Entire Agreement.

This Agreement comprises the entire integrated understanding between CITY and LESSEE concerning the use and occupation of the PREMISES and supersedes all prior negotiations, representations, and agreements relating to such matters. Each party hereto has relied on its own examination of the PREMISES, advice from its own attorneys, and the warranties, representations, and covenants of the Agreement itself.

6.05 Interpretation of the Agreement.

The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the laws of the State of California. This Agreement does not limit any other rights or remedies available to CITY.

LESSEE shall be responsible for complying with all Local, State, and Federal laws whether or not said laws are expressly stated or referred to herein. Should any provision herein be found or deemed to be invalid, this Agreement shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

6.06 Agreement Modification.

This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.

6.07 Waiver.

Any waiver by a party hereto of a default pursuant to this Agreement is not a waiver by such party of any other default. Each waiver of a default must be in writing and be executed by the waiving party in order to constitute a valid and binding waiver. Any delay or failure by a party hereto to exercise a remedy or right available pursuant to this Agreement is not a waiver by such party of that or any other remedy or right under this Agreement. The use by a party hereto of one remedy or right for any default does not waive the use by such party of another remedy or right for the same default or for another or later default. CITY's acceptance of any rents is not a waiver of any default preceding the rent payment. CITY and LESSEE specifically agree that the property constituting the PREMISES is CITY-owned and held in trust for the benefit of the citizens of the City of San Marcos. No failure by a party hereto to discover a default or take prompt action to require the cure of any default shall result in an equitable estoppel, but such party shall at all times, subject to applicable statute of limitations, have the legal right to require the cure of any default when and as such defaults are discovered or, in the case of the CITY, when and as the City Council directs the City Manager to take action or require the cure of any default after such default is brought to the attention of the City Council by the City manager or by a City taxpayer.

6.08 Attorney's Fees.

In the event any legal action or proceeding is commenced to interpret or enforce the terms of, or obligations arising out of, this Agreement, or to recover damages for the

breach thereof, the party prevailing in any such action or proceeding shall be entitled to recover from the non-prevailing party all reasonable attorney's fees, costs and expenses incurred by the prevailing party.

6.09 Assignment and Subletting - No Encumbrance.

This Agreement and any portion thereof shall not be assigned, transferred, or sublet, nor shall any of the LESSEE's duties be delegated (each, a "Transfer"), without the express written consent of CITY. A consent by CITY to one Transfer shall not be deemed to be a consent to any subsequent Transfer.

Any purported Transfer consummated in violation of the provisions of this Subsection 6.09 shall be null and void, i.e., of no force or effect. This Subsection 6.09 shall not be deemed or construed to prohibit the LESSEE from entering into agreements as permitted by law to provide for construction by contractors and/or subcontractors of any improvements permitted to be constructed on the PREMISES pursuant to this Agreement.

6.10 LESSEE Defaults and CITY Remedies.

- a. The occurrence of any of the following shall constitute an event of default (each, an "Event of Default") by LESSEE under this Agreement:
 - (i) Failure of LESSEE to pay any BASE RENT or any other charge or rent hereunder when due;
 - (ii) Failure of LESSEE to observe its covenants and other obligations hereunder if said default or defaults are not cured within thirty (30) days after written notice by CITY to LESSEE;
 - (iii) Discontinuance of the operation of LESSEE's business at the PREMISES;
 - (iv) LESSEE abandons the PREMISES;
 - (v) LESSEE assigns or otherwise transfers this Agreement or subleases the PREMISES without prior written consent of CITY;
 - (vi) LESSEE does or permits to be done anything which creates a lien upon the PREMISES and the same is not discharged within the time specified in Subsection 5.06 herein; and
 - (vii) The estate created in LESSEE pursuant to this Agreement is taken in execution or by other process of law, or all or a substantial part of the assets of LESSEE is placed in the hands of a liquidator, receiver or trustee (and such receivership or trusteeship or liquidation continues

for a period of ninety days), or LESSEE makes an assignment for the benefit of creditors, or admits in writing to the CITY or any judicial body that it cannot meet its obligations as they become due, or is adjudicated a bankrupt, or LESSEE institutes any proceedings under any federal or state insolvency or bankruptcy law as the same now exists or under any amendment thereof which may hereafter be enacted, or under any other act relating to the subject of bankruptcy wherein LESSEE seeks to be adjudicated as bankrupt, or to be discharged of its debts, or to effect a plan of liquidation, composition or reorganization, or should any involuntary proceedings be filed against LESSEE under any such insolvency or bankruptcy law (and such proceeding not be removed within ninety (90) days thereafter). If any insolvency proceedings, such as those referred to in this Subsection 6.10, are instituted against LESSEE, the PREMISES shall not become an asset in any such proceedings.

- b. Upon the occurrence of any Event of Default by the LESSEE, in addition to all other remedies available to CITY at law or in equity, including, without limitation, California Civil Code Sections 1951.2, 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover Rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations) and 1951.5, CITY shall have the option to terminate this Agreement and/or any services provided to LESSEE under this Agreement, by giving notice of such termination to LESSEE, whereupon this Agreement shall automatically cease and terminate, and LESSEE shall be obligated to immediately quit the PREMISES. If CITY elects to terminate this Agreement pursuant to this Subsection 6.10, everything contained in this Agreement on the part of CITY to be done and performed shall cease, without prejudice, however, subject to the right of CITY to recover from LESSEE all rent and other charges accrued up to the time of termination, and any other monetary damages sustained by CITY.
- c. Upon termination pursuant to this Subsection 6.10, CITY may immediately enter and take possession of the PREMISES unless CITY provides written notice to LESSEE within three business days of termination that CITY will require the LESSEE to remove improvements from the PREMISES and restore the PREMISES in accordance with Subsection 5.10(b) herein, in which event the LESSEE may retain possession of the PREMISES solely for such purposes and until completion of such work.
- d. LESSEE hereby expressly waives any and all rights conferred by California Civil Code Section 3275 and by California Code of Civil Procedure Sections 1174(c) and 1179 and any and all other laws and rules of law from time to time in effect during the TERM providing that LESSEE shall have any right to redeem, reinstate or restore this Agreement following the termination of this Agreement by reason of LESSEE's breach. The rights given to CITY in this

Subsection 6.10 are in addition to any rights that may be given to CITY by any statute or otherwise.

- e. Nothing in this Agreement shall be deemed or construed to prohibit the LESSEE from disputing that an Event of Default by LESSEE has occurred or seeking remedies for wrongful termination of this Agreement.

6.11 CITY Defaults and LESSEE Remedies.

- a. If CITY fails to perform any of its obligations hereunder and fails to cure such failure within thirty (30) days of CITY's receipt of written notice of such failure, CITY shall be in default under this Agreement.
- b. In the event of any such default by the CITY, LESSEE shall have all remedies available under law for breach of contract, including (without limitation) the right of specific performance; provided, however, that in no event shall CITY be liable under any circumstance to LESSEE for any loss of profits arising in connection with such default by CITY
- c. In the event of a default on the part of CITY hereunder, LESSEE shall give notice to any mortgagee or trustee of CITY which has notified LESSEE of its address in the manner provided for notices in this Agreement and said mortgagee or trustee will have the right to cure CITY's defaults under this Subsection 6.11 within the time periods applicable to the CITY.
- d. To the extent LESSEE makes any claim or asserts any cause of action against CITY for monetary damages in connection with any breach by the CITY of its obligations pursuant to this Agreement, other than any claim for equitable or contractual indemnification in connection with any third-party claim or cause of action arising from the negligence or willful misconduct of the CITY: (a) LESSEE's sole and exclusive remedy shall be against the current rents, issues, profits and other income CITY receives from CITY's operation of the PREMISES, net of all current operating expenses, liabilities, reserves and debt service associated with said operation, and subject to the rights of CITY's mortgagees and other lenders ("NET INCOME"); (b) no other real, personal or mixed property of CITY, wherever located, shall be subject to levy on any judgment obtained against CITY, (c) if such NET INCOME is insufficient to satisfy any judgment, LESSEE will not institute any further action, suit, claim or demand, in law or in equity, against CITY for or on the account of such deficiency, and (d) LESSEE shall have no right to perform or cure any such alleged defaults of CITY at CITY's expense. None of the CITY PARTIES except for the CITY shall be liable for any obligation under this Agreement. The limitations set forth in this Subsection 6.11 shall be enforceable by CITY and the CITY PARTIES. Further, in consideration of the execution of this Agreement by CITY, LESSEE agrees in the event of any actual or alleged failure, breach, or default hereunder by CITY: (i) no CITY

PARTIES other than the CITY should be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction of the CITY); (ii) no service of process shall be made against the CITY PARTIES other than the CITY (except as may be necessary to secure jurisdiction of the CITY); (iii) no CITY PARTIES other than the CITY shall be required to answer or otherwise plead to any service of process; (iv) no judgment will be taken against the CITY PARTIES other than the CITY; (v) any judgment taken against any of the CITY PARTIES other than the CITY may be vacated and set aside at any time without hearing; and (vi) the foregoing covenants and agreements are enforceable both by CITY or the CITY PARTIES. LESSEE agrees that each of the foregoing covenants and agreements shall be applicable to any covenant or agreement either expressly contained in this Agreement or imposed by statute or at common law.

- e. Notwithstanding anything to the contrary, and consistent with the California Supreme Court's decisions in *City of Los Angeles v. Offner* (1942) 19 Cal.2d 483 and *Dean v. Kuchel* (1950) 35 Cal.2d 444, the California Appellate Court's decision in *City of San Diego v. Rider* (1996) 47 Cal.App.4th 1473, and other California court decisions, in no event shall the CITY have the right to require accelerated payment by LESSEE of any then-future BASE RENT, and BASE RENT shall be abated in proportion to the extent the LESSEE is denied use of the PREMISES as provided by this Agreement for any reason other than any Event of Default by the LESSEE. The foregoing requirements are intended to ensure that the LESSEE's obligation to pay BASE RENT is not construed as public debt in violation of statutory and constitutional prohibitions against a public agency incurring debt without requisite voter approval.

SECTION 7: HAZARDOUS SUBSTANCES

Notwithstanding any other provision of this Agreement, under no circumstances shall LESSEE place or store any of the following in or about the PREMISES: (i) combustible materials or substances (other than the materials customarily found in vehicles), (ii) materials or substances that are identified or defined as hazardous or toxic materials, substances or wastes or as pollutants under any federal, state or local law, ordinance or regulation pertaining to the environment, pollution or public health ("HAZARDOUS SUBSTANCES LAWS"), or (iii) materials or substances which are regulated by HAZARDOUS SUBSTANCES LAWS. Without limiting the foregoing, CITY shall have the right to prohibit and to require the immediate removal of any vehicle that is leaking fuel, oil, coolant, or other engine fluids.

LESSEE shall immediately advise CITY in writing of, and provide CITY with a copy of: (i) any notices of violation or potential or alleged violation of any HAZARDOUS SUBSTANCES LAWS which are received by LESSEE from any governmental agency concerned with LESSEE's use of the PREMISES, (ii) any and all inquiry, investigation, enforcement, clean-up, removal or other governmental or regulatory

actions instituted or threatened relating to LESSEE or the PREMISES; (iii) all claims made or threatened by any third party against LESSEE or the PREMISES relating to any Hazardous Substances, and (iv) any release of Hazardous Substances in, on or about the PREMISES of which LESSEE is aware or reasonably believes may have occurred.

If LESSEE permits any Hazardous Substances to be used, generated, stored, transported, handled or disposed of in or about the PREMISES at any time during the TERM, as it may be extended, that results in contamination of the PREMISES or the soil or groundwater thereunder, subject to CITY's prior written approval and any conditions imposed by CITY, LESSEE shall promptly take all actions, at its sole expense and without abatement of rent, as are necessary to return the affected portion of the PREMISES and the soil and ground water to the condition existing prior to the introduction of the contaminating Hazardous Substance by LESSEE or its employees, agents or contractors. CITY's approval of such remedial work shall not be unreasonably withheld so long as such actions will not cause a material adverse effect on the PREMISES after expiration of the TERM. CITY shall also have the right to approve any and all contractors hired by LESSEE to perform such remedial work. All such remedial work shall be performed in compliance with all applicable laws, ordinances and regulations.

Notwithstanding anything to the contrary, LESSEE shall have no responsibility or liability for, and CITY hereby waives any and all claims, causes of action and relief against LESSEE for, and CITY hereby releases LESSEE from any and all responsibility and liability for: (i) any hazardous materials, wastes, substances or other things regulated, governed or otherwise within the scope of any HAZARDOUS SUBSTANCES LAWS ("Hazardous Materials") that, without fault of the LESSEE, existed on, in, under or in the vicinity of the PREMISES prior to the LESSEE taking possession of the PREMISES; (ii) any Hazardous Materials that at any time, including, without limitation, during the TERM, are introduced, released or discharged on, in, under or in the vicinity of the PREMISES by any person or entity other than the LESSEE or any of the LESSEE PARTIES; and (iii) any other adverse environmental, physical or geological condition of the PREMISES or Property that is not caused by an act or omission of the LESSEE or any of the LESSEE PARTIES.

SECTION 8: SIGNATURES

8.01 Signature Page.

The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the LESSEE and CITY.

This Agreement may be executed by the parties hereto in counterparts, each of which shall be deemed to be an original.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Agreement to be executed by setting hereunto their signatures on the day and year respectively written herein below.

FOR THE CITY OF SAN MARCOS


Paul Malone
City Manager

Aug 11, 2011 Date

ATTEST:

RECEIVED
for Silvana Corcoran
Susie Vasquez Deputy City Clerk
City Clerk

August 11, 2011
Date

FOR THE SAN MARCOS REDEVELOPMENT AGENCY

Julia Engw for
Paul Malone
Director

Aug 11, 2011
Date

FOR THE SAN MARCOS UNIFIED SCHOOL DISTRICT

Karen D. Holt

8/10/2011
Date

Date _____

EXHIBIT A
DEPICTION OF THE PROPERTY

[See attached]

Exhibit "A"



Item 2.150

EXHIBIT B

DEPICTION OF THE PREMISES SHOWING PROPOSED
TEMPORARY PARKING AND DROP-OFF IMPROVEMENTS

[See attached]

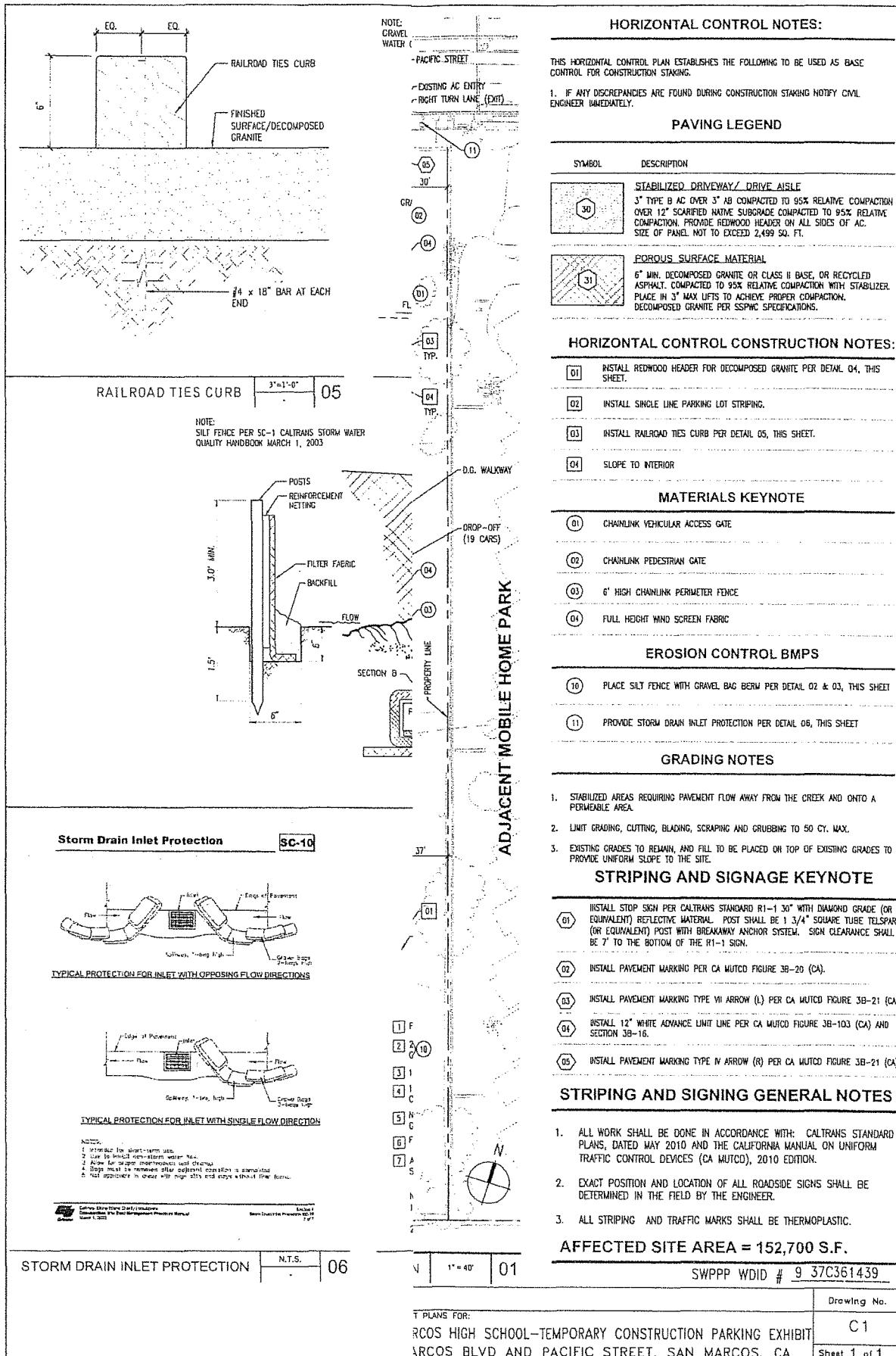


EXHIBIT C
FORM OF LESSEE CERTIFICATE OF INSURANCE
[See attached]

ACORD™ CERTIFICATE OF LIABILITY INSURANCE			
PRODUCER BB&T-John Burnham Ins Services 750 B Street Suite 2400 San Diego, CA 92101 619 231-1010		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERNS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
		INSURERS AFFORDING COVERAGE	
		INSURER A: San Diego County School Risk	
		INSURER B: Permissively Self-Insured	
		INSURER C: AWAC/CRC* 10690	
		INSURER D: Endurance/CRC* 41718	
		INSURER E: Continental/Gr.Am/CRC* 20443	

COVERAGE(S)

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSR'D	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS		
A		GENERAL LIABILITY	*Per MOC on file	07/01/2011	07/01/2012	EACH OCCURRENCE	\$5,000,000	
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Per occurrence)	\$	
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$	
		<input checked="" type="checkbox"/> \$500,000 SIR				PERSONAL & ADV INJURY	\$	
		GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE	\$10,000,000	
		<input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC				PRODUCTS - COMP/OP AGG	\$10,000,000	
A		AUTOMOBILE LIABILITY	*Per MOC on file	07/01/2011	07/01/2012	COMBINED SINGLE LIMIT (EA accident)	\$5,000,000	
		<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$	
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$	
		<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$	
		<input checked="" type="checkbox"/> HIRED AUTOS						
		<input checked="" type="checkbox"/> NON-OWNED AUTOS						
	<input checked="" type="checkbox"/> \$500,000							
	GARAGE LIABILITY					AUTO ONLY - EA ACCIDENT	\$	
	<input type="checkbox"/> ANY AUTO					OTHER THAN AUTO ONLY:	EA ACC	\$
							AGG	\$
	EXCESS / UMBRELLA LIABILITY					EACH OCCURRENCE	\$	
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE					AGGREGATE	\$	
	<input type="checkbox"/> DEDUCTIBLE					\$	\$	
	RETENTION \$					\$	\$	
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	JP AMEMORANDUM OF COVERAGE 60 Days Notice of Cancellation	07/01/2012		<input checked="" type="checkbox"/> WC STATUTORY LIMITS	OTHR-	
		ANY PROPRIETOR/PARTNER/EXECUTIVE <input checked="" type="checkbox"/> Y/N OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N (Mandatory in NH)				E.L. EACH ACCIDENT	\$1,000,000	
		If yes, describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYEE	\$1,000,000	
						E.L. DISEASE - POLICY LIMIT	\$1,000,000	
		C				OTHER Blanket Prop	030567751N	07/01/2011
D	Blanket Prop	CPN10003209500	07/01/2011	07/01/2012	\$20,000,000 XS \$5M			
E	Blanket Prop	OSR2083564156	07/01/2011	07/01/2012	\$225,000,000 XS \$25M			
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS								
*Issued CRC Permission. Certificate is subject to policy limits, conditions and exclusions. *(MOC)								
Memorandum of Coverage-approved Self Insurance Program reinsured by Munich Reinsurance America Inc.								
Property policy incl Special Form/Replacement Cost.								
Re: Lease of parking lot - 4 parcels located at 1281-1283 San Marcos Boulevard, San Marcos, CA. City of San Marcos is additional insured (general liability policy) per attached form.								

CERTIFICATE HOLDER**CANCELLATION 10 Days for Non-Payment**

<p>City of San Marcos and the San Marcos Redevelopment Agency 1 Civic Center Drive San Marcos, CA 92069</p>	<p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>90</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.</p> <p>AUTHORIZED REPRESENTATIVE <i>Marcia Ann Schulz</i></p>
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IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

**SAN DIEGO COUNTY SCHOOLS RISK MANAGEMENT JOINT POWERS
AUTHORITY (SDJPA)
Additional Insured Endorsement**

WHO IS A COVERED MEMBER (Per section 11 item 3 of the MOC – Memorandum of Coverage)

Any person(s), entity(ies), or organization(s) **you** are required by a **covered member contract** to include as an **additional insured** solely with respect to **bodily injury and property damage** and arising out of:

- a. Premises leased, used or occupied by you;
- b. **Automobiles** leased or rented by you;
- c. Equipment owned, leased or rented by you;
- d. Mortgagees and Loss Payees of a **Covered Member**; or
- e. Property owners and property managers of property owned, leased, rented or occupied by you

However, the additional insured status and coverage does not apply to:

- (1) Any **occurrence** which takes place prior to or after you cease to occupy the premises as stated in the **covered contract**;
- (2) Any structural alteration, new construction or demolition operations performed by or on behalf of the additional insured;
- (3) Any **wrongful act, employment practices wrongful act or employee benefit wrongful act**.

This coverage will be further limited to the extent and Limits of Liability required by the **covered member contract** and will not increase the limits stated in **SECTION III-LIMIT(S) OF COVERAGE** nor alter any of the terms of coverage stated in this MOC. The **covered member contract** must be effective and executed prior to a covered **occurrence**.

San Diego County Schools Risk Management Joint Powers Authority.
#SDJPA0070111 July 1, 2011 to July 1, 2012

Re: City of San Marcos is additional insured per this form.

MOC Effective 7.1.11