

AGREEMENT FOR TAXING ENTITY COMPENSATION

This Agreement for Taxing Entity Compensation (this “**Agreement**”), dated for reference purposes as of _____, 2016, is entered into by the City of Soledad, a municipal corporation (“City”) and the Monterey County Water Resources Agency, a public entity created by special legislation (Water Code Appendix, Chapter 52) (“MCWRA”) (collectively referred to herein as the “**Parties**”):

RECITALS

A. Pursuant to Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature (“**ABx1 26**”) and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231, effective February 1, 2012, the City of Soledad Redevelopment Agency (“**Redevelopment Agency**” or “**RDA**”) was dissolved, and pursuant to Health & Safety Code Section 34173 as amended by Assembly Bill 1484 (“**AB 1484**”), the City of Soledad Successor Agency became the successor-in-interest by operation of law to the Redevelopment Agency (the “**Successor Agency**”).

B. Pursuant to Health and Safety Code Section 34191.5, the Successor Agency prepared a Long-Range Property Management Plan (“**LRPMP**”) that addresses disposition of the real property formerly owned by the Redevelopment Agency, which was approved on July 9, 2013 by Resolution of the Oversight Board to the Successor Agency (the “**Oversight Board**”), and approved on March 14, 2014, by the State Department of Finance (“**DOF**”).

C. This Agreement is negotiated and entered into by the Parties pursuant to the LRPMP as approved by the DOF. This Agreement relates to the disposition and use of former RDA real property assets governed by the LRPMP and shall control the distribution to MCWRA, as a “taxing entity,” of its pro rata share of proceeds received by the City for the disposition and use of the former RDA real property assets identified in this Agreement. To the extent there may be a conflict between any provision of law and the terms and conditions of this Agreement, this Agreement shall control pursuant to Health and Safety Code section 34191.3.

NOW THEREFORE, the Parties agree as follows:

1. Purpose. This Agreement is executed with reference to the facts set forth in the foregoing Recitals, which are incorporated into this Agreement by this reference. The purpose of this Agreement is to address the allocation of MCWRA’s pro rata share of certain prospective revenues among the taxing entities that share in the property tax base (“**Tax Base**”) for property specifically identified in this Agreement, which is located within the redevelopment project areas formerly administered by the Redevelopment Agency.

2. MCWRA and MCWRA Zone Funds. The governing board of the County is also the governing board of the MCWRA, and the board administers the MCWRA and MCWRA Zones 2, 2A and 8, which receive allocations of property taxes from the Tax Base. The governing board of the County is authorized to execute this Agreement on behalf of MCWRA and funds governed and administered by the MCWRA and shall cause any Net Unrestricted Proceeds (as defined below) to be distributed to the Monterey County Water Resources Agency.

3. Parcels to be Conveyed to City for Future Development Consistent with LRPMP. The LRPMP provides that, pursuant to Health & Safety Code Section 34191.5(c)(2), certain parcels formerly owned by the Redevelopment Agency (Site Number 6 of the LRPMP) shall be transferred by the Successor Agency to the City for future development, which parcels are listed in Exhibit "A" attached hereto and incorporated by reference (collectively referred to herein as the "**Development Property**").

4. Covenant to Distribute Specified Proceeds to Taxing Entities Upon Sale of Development Property. The City agrees that, consistent with the LRPMP approved by DOF, the City shall remit Net Unrestricted Proceeds to the Monterey County Auditor-Controller's Office ("**Auditor-Controller**") for distribution to all Taxing Entities, including MCWRA. "**Net Unrestricted Proceeds**" shall mean the proceeds of sale received by the City for the sale of the Development Property, less: (i) costs incurred by City for expenses in connection with the management and disposition of the Development Property, including costs incurred for property management, maintenance, insurance, appraisals, brokers' fees, escrow, closing costs, survey, title insurance, attorneys' fees, and reasonable compensation for City staff performing functions associated with the management, maintenance and disposition of the Development Property, and (ii) any proceeds of sale that are restricted by virtue of the source of funds (e.g. grant funds or the proceeds of bonds) that were used for the original acquisition of the Development Property.

5. Sale Procedures and Proceeds; Distribution to Taxing Entities. Upon the subsequent conveyance of the Development Property from the City to any private (non-public agency) third party, the City shall remit to the Auditor-Controller the Net Unrestricted Proceeds (if any) received by the City from the conveyance of the Development Property within 30 days after receipt by the City. The Auditor-Controller thereafter shall have the obligation to distribute to the Taxing Entities, including MCWRA, in accordance with each Taxing Entity's pro rata share of the Tax Base based upon the property tax allocation laws in effect on the date of distribution (pursuant to Health and Safety Code Section 34188 or other applicable law) the Net Unrestricted Proceeds remitted to the Auditor-Controller by the City pursuant to this Agreement. A Taxing Entity Percentage Allocation is listed in Exhibit "B" purely for illustrative purposes.

The Parties acknowledge and agree that City is obligated to convey the Development Property consistent with the LRPMP and terms and conditions governing the disposition of the Development Property by and between the purchaser of the parcels that comprise the Development Property. The Parties further acknowledge and agree that, due to the encumbrances and restrictions attached to and running with the Development Property, the value of the Development Property (or any portion thereof) shall be the amount of money the City receives for the conveyance of the Development Property (or any portion thereof) at the time of that conveyance to a private nonpublic agency third party, and such value shall be used to determine the Net Unrestricted Proceeds to be remitted to the Auditor-Controller pursuant to this Agreement, in accordance with each Taxing Entity's pro rata share of the Tax Base based upon the property tax allocation laws in effect on the date of distribution (pursuant to Health and Safety Code Section 34188 or other applicable law).

6. Accounting Requirements. At the time of distribution pursuant to section 5, the City shall provide MCWRA and the Auditor-Controller a statement prepared in accordance with sound accounting practice that provides the City's calculation of the Disposition Proceeds (Disposition Proceeds Statement"). The City shall keep complete, accurate and appropriate books and records of its calculation of the Disposition Proceeds. The Auditor-Controller shall have the right, on behalf of the MCWRA and upon reasonable written notice to City, to audit and examine such books, records and documents and other relevant items in the possession of City, but only to the extent necessary for a proper determination of Disposition Proceeds.

7. Reservation of Rights Re: Compensation Agreement. The Successor Agency interprets Health and Safety Code Sections 34191.3 and 34191.5 to mean that, once a long-range property management plan has been approved by DOF, it supersedes all other provisions of the statute relating to the disposition and use of the former redevelopment agency's real property, and agreements with taxing entities are not required in connection with the disposition of a successor agency's real property to the sponsoring city for governmental uses or for subsequent disposition for future development. Nevertheless, pursuant to DOF direction, the City has entered into this Agreement with MCWRA to address the disposition of Development Property pursuant to the LRPMP. If a court order, legislation, or DOF policy reverses the requirement issued by the DOF to enter into this Agreement, the Parties acknowledge that the City shall have no obligation to enter into this Agreement with MCWRA or any other Taxing Entity, and in such event, the City shall be permitted to convey the Development Property even if this Agreement has not been executed by the Parties. Notwithstanding the foregoing, the City agrees that it shall comply with the LRPMP, as approved by DOF, and make a payment of the MCWRA's pro rata share of Net Unrestricted Proceeds (if any) pursuant to this Agreement.

8. Miscellaneous Provisions.

8.1 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified in the signature blocks for each Party to this Agreement or to such other address as a Party may designate by written notice delivered to the other Party in accordance with this Section. In addition to any other method of delivery agreed upon between respective Parties, all such notices shall be sent by:

(i) personal delivery, in which case notice is effective upon delivery; (ii) Electronic mail (e-mail) or facsimile, in which case notice shall be deemed delivered on the next business day after confirmation that the intended recipient received the notice via e-mail or facsimile; (iii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (iv) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

8.2 Headings; Interpretation. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties agree that this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if all Parties had prepared it.

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

8.4 Entire Agreement. This Agreement, including exhibits attached hereto and incorporated herein by this reference, contains the entire agreement among the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

8.5 Non-Waiver. No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the Party charged with or claimed to have waived any such provision.

8.6 Amendment. This Agreement may be amended or modified, in whole or in part, only in writing and only if signed by the Party or Parties to be bound by the amendment or modification.

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

8.8 No Third Party Beneficiaries. Except as expressly set forth herein, nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

8.9 Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of the Parties shall not be construed as a joint venture, equity venture, partnership or any other relationship.

8.10 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Monterey County, California.

8.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Parties. Any executed counterpart of this Agreement may be delivered to the other Party by e-mail attachment or facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their authorized representatives as indicated below.

CITY OF SOLEDAD, a California Municipal Corporation

By: _____
Name: _____
Title: _____

Attest:

City Clerk

Approved as to form:

City Attorney

Address for Notices:

To City Hall: City of Soledad
 248 Main Street
 Soledad, CA 93960
 Attention: City Manager

**BOARD OF SUPERVISORS
MONTEREY COUNTY WATER RESOURCES AGENCY**

_____ **MCWRA** (Fund # _____)

By: _____
Name: Jane Parker
Title: Chair, Board of Supervisors

Attest by: _____

Approved as to form:

CHARLES J. McKEE
COUNTY COUNSEL

By _____
Deputy County Counsel

Address for Notices:

Monterey County Water Resources Agency
893 Blanco Circle
Salinas, CA 93901
Attention: General Manager

EXHIBIT “A”

DEVELOPMENT PROPERTY

Assessor’s Parcel Nos.:

- 022-292-023 to 026; 022-292-029 to 032

EXHIBIT “B”

TAXING ENTITY TAX PERCENTAGE ALLOCATION
(For illustrative purposes)

COUNTY GENERAL	0.116204
COUNTY LIBRARY	0.016249
CITY OF SOLEDAD	0.137924
MCWRA	0.000907
MCWRA ZONE 8	0.001927
FIRE MISSION-SOLEDAD RURAL DIST	0.000153
SOLEDAD CEMETERY DIST	0.003767
SOLEDAD-MISSION RECREATION DIST	0.016915
SOLEDAD COMM HEALTH DIST	0.014543
MCWRA ZONE 2	0.003634
MCWRA ZONE 2A	0.001322
MCOE	0.025341
SOLEDAD UNIFIED SCH DIST	0.417136
HARTNELL COLLEGE	0.075803
ERAF	0.168175