

San Joaquin Delta  
Community College District

CONTRACT  
NUMBER

92-393

*William 5022*

FISCAL AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF  
THE CITY OF STOCKTON AND THE SAN JOAQUIN DELTA COMMUNITY  
COLLEGE DISTRICT REGARDING THE AMENDED AND RESTATED  
REDEVELOPMENT PLAN FOR THE WEST END  
URBAN RENEWAL REDEVELOPMENT PROJECT NO. 1

THIS AGREEMENT (the "Agreement") is made and entered into  
this 16th day of February, 1993, by and between the  
REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON (the "Agency"), and  
the SAN JOAQUIN DELTA COMMUNITY COLLEGE DISTRICT (the  
"District"), on the basis of the following facts, understandings  
and intentions of the parties:

RECITALS

A. Acting pursuant to the California Community  
Redevelopment Law (Health & Safety Code Section 33000 et seq.),  
the City Council of the City of Stockton ("City Council") adopted  
the Redevelopment Plan for the West End Urban Renewal Project No.  
1 by Ordinance No. 686CS, adopted on October 9, 1961, and  
subsequently amended that plan by Ordinance No. 1078CS, adopted  
April 16, 1964, by Ordinance No. 1685CS, adopted May 27, 1968, by  
Ordinance No. 2567CS, adopted September 3, 1974, and by Ordinance  
No. 3308CS, adopted March 31, 1980. The Redevelopment Plan for  
the West End Urban Renewal Project No. 1 as adopted by Ordinance  
No. 686CS and amended by Ordinance No. 1078CS, Ordinance No.

1685CS, Ordinance No. 2567CS and Ordinance No. 3308CS is referred to herein as the Original Plan.

B. On July 15, 1991, the City Council amended and restated the Original Plan by adopting Ordinance No. 039-91 adopting the Amended and Restated Redevelopment Plan for the West End Renewal Redevelopment Project No. 1. The Amended and Restated Redevelopment Plan for the West End Urban Renewal Project No. 1 is referred to herein as the "Amended Plan."

C. The Amended Plan contains provisions for the distribution and allocation of property tax revenues derived from property located within the area covered by the Amended Plan (the "Project Area") and allocated to the Agency pursuant to California Health and Safety Code Section 33670(b) (the "Tax Increment Revenue", as more fully defined in Section 1 below).

D. Health and Safety Code Section 33401 provides that a redevelopment agency may pay to any taxing agency any amounts of money which, in the agency's determination, are necessary and appropriate to alleviate any financial burden or detriment caused to such taxing agency by a redevelopment project.

E. The District has presented evidence to the Agency of fiscal detriment that the District would experience from adoption of the Amended Plan and has brought an action (the "Action") currently pending in the Sacramento County Superior Court (Action No. CV527772) which asserts, among other things, the existence of fiscal detriment and that the Amended Plan is invalid.

F. The District has determined that it is in the District's best interest to not make the election to be allocated all of the tax revenues attributable to increases in the assessed value of the taxable property in the Project Area, as the assessed value is established pursuant to Health and Safety Code Section 33670(a), which are calculated annually pursuant to Revenue and Taxation Code Section 110.1(f) (as allowed pursuant to Health and Safety Code Section 33676(a)(2)), and that in lieu of such election it is in the District's best interest to enter into this Agreement as permitted by Health and Safety Code Sections 33401 and 33676. This Agreement is not intended in any way to affect the election made by the District pursuant to Health and Safety Code Section 33676(a)(1).

G. The Agency and the District desire to resolve the Action and provide for payments to mitigate any fiscal detriment to the District.

THEREFORE, the Agency and the District agree as follows:

#### AGREEMENT

##### Section 1. General Definitions

In addition to the terms defined elsewhere in this Agreement, the terms set forth in this Section shall have the following meanings in this Agreement:

(a) "Added Area" means that portion of the Project Area that was added to the Project Area by the adoption of the Amended

Plan. The Added Area is shown as the cross-hatched area in the attached Exhibit A.

(b) "Amended Plan" shall have the meaning set forth in Recital B above.

(c) "District's Share" means the percentage of the applicable portion of Tax Increment Revenue that the District would have received if there were no provision in the Amended Plan for the allocation of Tax Increment Revenue to the Agency. The calculation of the District's Share shall be made without taking into account any payments of property tax revenue to or from the Education Revenue Augmentation Fund created by Revenue and Taxation Code Section 97.03 or any similar or successor fund.

(d) "Fiscal Year" means the period commencing on July 1 and ending on the following June 30.

(e) "Original Plan" shall have the meaning set forth in Recital A above.

(f) "Project Area" means the area covered by and included in the Amended Plan.

(g) "Tax Increment Revenue" means those taxes allocated to and received by the Agency pursuant to Health and Safety Code Section 33670(b), from increases in the valuation of real property within the Project Area above the valuation shown on the assessed valuation roll last equalized prior to the date of adoption of the ordinance adopting the Amended Plan with respect to the Added Area and prior to the date of adoption of the

ordinance initially adopting the Original Plan with respect to the balance of the Project Area, but excluding any amount paid to taxing agencies pursuant to elections made under Health and Safety Code Section 33676 or pursuant to Health and Safety Code Section 33670(e).

(h) "Trigger Year" shall mean the Fiscal Year in which the cumulative amount of Tax Increment Revenue the Agency has received pursuant to the Original Plan and the Amended Plan equals or exceeds \$37,000,000.

Section 2. Annual Payments from Added Area

Commencing with the 1992-93 Fiscal Year and continuing until the Agency's right to receive Tax Increment Revenue terminates, the Agency shall pay to the District the lesser of (i) the amount of Tax Increment Revenue the District would have received from the Added Area if it had made the election to receive payments pursuant to Health & Safety Code Section 33676(a)(2) with respect to the Added Area, or (ii) the District's Share of the Tax Increment Revenue from the Added Area.

Section 3. Deferral of Payments

For any Fiscal Year prior to the Trigger Year and in the Trigger Year, the Agency may defer the payment specified in Section 2 above. Any payment so deferred shall be paid to the District with simple interest at five percent (5%) per annum in ten annual installments beginning with the Fiscal Year following the Trigger Year. Each such installment shall be at least

sufficient to pay the amount of the deferred payment plus interest in ten equal installments.

Section 4. Payments After Trigger Year

Commencing in the Fiscal Year following the Trigger Year and continuing until the Agency's right to receive Tax Increment Revenue terminates, the Agency shall pay to the District twenty-six and thirteen hundredths percent (26.13%) of the District's Share of the Tax Increment Revenue from the entire Project Area for the applicable Fiscal Year.

Section 5. Limit on Payments

Notwithstanding any other provision of this Agreement, in no event shall the sum of the payments to the District in any Fiscal Year pursuant to Section 2 above and Section 4 above exceed an amount equal to twenty six and three quarters percent (26.75%) of the District's Share of the Tax Increment Revenue from the entire Project Area for the applicable Fiscal Year.

Section 6. Time of Payments

The Agency shall make the payment required under Section 2, Section 3, or Section 4 above within sixty (60) days after the end of the Fiscal Year for which the payment is due. Each payment shall be made to the District for deposit in a District capital account maintained for such purposes.

Section 7. Priority of Agency's Obligations

The obligation of the Agency to make any payment pursuant to this Agreement shall be subordinate to any obligations of the Agency incurred prior to adoption of the Amended Plan and secured by a pledge of Tax Increment Revenue, to the Agency's obligations under Health & Safety Code Section 33334.2 and Health & Safety Code Section 33334.6, and to any other future statutorily-imposed obligation that is required by law to be satisfied prior to the Agency meeting its obligation to the District under this Agreement. The obligation of the Agency to make any payment pursuant to this Agreement shall also be subordinate to the Agency's obligation to make payments of principal, interest or other amounts on or in connection with bonds, notes or other indebtedness previously or hereafter issued by the Agency to finance the implementation of the Original Plan or the Amended Plan. An Agency obligation to make payments, pursuant to a reimbursement agreement or similar agreement, to reimburse or otherwise compensate a person or entity who is obligated to make payments of principal, interest or other amount on bonds, notes or other indebtedness issued by the Agency to finance the implementation of the Amended Plan, shall be deemed to be an obligation in connection with such bonds, notes or other indebtedness for purposes of this Agreement. The District agrees to execute and acknowledge any other documentation that may be reasonably necessary to give effect to this Agreement, including,

but not limited to, the subordination provisions of this Section 7, provided such documentation does not impair the Agency's ability to make the payments to the District set forth in Section 2, Section 3 or Section 4 above. The Agency shall not issue any bonds, notes or other indebtedness which, pursuant to this Section 7, would be superior to the obligation of the Agency to make any payment pursuant to this Agreement if such bonds, notes, or indebtedness would negligently or intentionally impair the Agency's ability to make any payment pursuant to this Agreement. If, as a result of the subordination provided for in this Section 7 or otherwise, the Agency does not have sufficient revenue to make a payment to the District under this Agreement, the Agency shall make such payment from the first Tax Increment Revenue available after payment of superior obligations, bonds, notes or other indebtedness with interest at the rate earned by the State of California Local Agency Investment Fund (or similar or successor fund) from the date the payment was otherwise due until paid. Notwithstanding the above, no debt of the Agency to the City of Stockton or to an entity controlled by the City of Stockton or the City of Stockton and the Agency ("Related Entity") shall be superior to the Agency's obligations under this Agreement unless the City or Related Entity has incurred a debt or other obligation in reliance on the Agency debt to the City or Related Entity.



Section 8. Limitations on Payment

Notwithstanding any other provision of this Agreement, no payments shall be made to the District by the Agency:

(a) which would exceed the amount, annually, that the District would have otherwise received from property taxes from the Project Area had the Amended Plan not been adopted (except for payments due but unpaid as set forth in Section 7); or

(b) the receipt of which a court of law determines would cause the District to violate its expenditure limitations under Article XIII-B of the California Constitution as certified by the District to the State of California pursuant to State law, regulations and State Department of Education administrative procedure; or

(c) which a court of law determines would be contrary to the provisions of Health and Safety Code Section 33401 or violate any other provision of the Community Redevelopment Law or the laws of the State of California.

Any excess amounts under subsection (a), (b) or (c) above shall be retained by the Agency for distribution, in the Agency's sole discretion, to other taxing entities or for the purposes of paying indebtedness incurred by the Agency in carrying out the Project.

Section 9. Changes In Circumstances

In entering into this Agreement, the parties have assumed that the payments to the District under this Agreement will not

cause the State of California ("State") to reduce its funding to the District, that the District will not receive any payments directly or indirectly from the Tax Increment Revenue except as provided in this Agreement, and that all the Tax Increment Revenue will be available to the Agency for implementation of the Amended Plan and such other uses permitted under the Community Redevelopment Law as it exists as of the date of this Agreement including payments to the District under this Agreement. Based on those assumptions, the Agency and the District have entered into this Agreement with the intent that the Agency's payments to the District under this Agreement will result in a net benefit to the District allowing the District to alleviate the fiscal burden or detriment to the District that would be caused by implementation of the Amended Plan using all the Tax Increment Revenue available to the Agency under current law. In the event any future constitutional amendment, legislation or administrative or judicial decision is enacted or made which results in a reduction in the State's funding of the District by reason of the Agency's payments to the District pursuant to this Agreement, results in the District receiving payments directly or indirectly from the Tax Increment Revenue other than payments under this Agreement, results in payment of Tax Increment Revenue directly or indirectly to or for the benefit of taxing agencies (other than the Agency or the City of Stockton) or the State, substantially reduces the benefit of the payments to the District

under this Agreement or substantially reduces the Tax Increment Revenue that would have otherwise been available to the Agency, then either party may make a written request to the other party to negotiate this Agreement in light of the changed circumstances resulting from such an event. If a party makes such a request, the parties shall negotiate in good faith for amendments to this Agreement that would forward the original intent of this Agreement in light of those changed circumstances.

Section 10. Use of Funds

Funds paid to the District under this Agreement shall be used solely for the purposes of funding capital facilities projects, including acquisition of land, construction, reconstruction or rehabilitation of buildings, facilities, equipment or other improvements and related costs including, but not limited to, legal assistance, consulting services and facilities planning. The District shall make good faith efforts to use those funds or an equivalent amount of funds for capital projects in the City of Stockton or for capital projects that serve residents of the City of Stockton.

Section 11. Indebtedness of Agency

The payments to be made pursuant to this Agreement shall constitute an indebtedness of the Agency incurred in carrying out the Amended Plan and a pledge of tax increments from the Project to repay such indebtedness under the provisions of Article XVI,

Section 16 of the California Constitution and under the California Community Redevelopment Law.

Section 12. Waiver of Section 33676(a)(2) Election

The parties agree that this Agreement supersedes any election heretofore or hereafter made or purported to be made by the District pursuant to Health and Safety Code Section 33676(a)(2); that any such election or purported election shall be null and void and of no further force or effect; and that the District shall receive no payment of Tax Increment Revenue other than as expressly provided in this Agreement or as authorized by the District's separate election to receive the amount specified in Health and Safety Code Section 33676(a)(1), which separate election shall not be modified by the terms of this Agreement.

In the event the County of San Joaquin by error or otherwise makes a payment to the District of funds the District has waived under Section 33676(a)(2), the District shall receive and hold the funds in trust for the Agency. The District shall pay the funds to the Agency and notify the County of San Joaquin in writing that the funds have been paid to the Agency pursuant to this Section 12. Upon receipt of the funds, the Agency shall immediately notify the County of San Joaquin in writing of its receipt of the funds from the District pursuant to this Section 12.

Section 13. No Contest of Plan

(a) The District acknowledges and agrees that the payments to be provided and the other fiscal mitigation measures to be undertaken by the Agency pursuant to this Agreement will alleviate any financial burden or detriment to the District that might otherwise be caused by the adoption and implementation of the Amended Plan. In consideration of the undertakings of the Agency described in this Agreement, the District shall forego any right or remedy it may have in law or equity to contest the preparation, adoption or validity of the Amended Plan (including without limitation any right or remedy pursuant to the California Environmental Quality Act), and the redevelopment program to be undertaken pursuant to the Amended Plan. The District further declares its support for the efforts of the Agency in connection with preparation, adoption and implementation of the Amended Plan.

(b) The Agency recognizes the District's agreement not to contest the Amended Plan, as described in subsection (a) above, and to waive its election to receive payments pursuant to Health and Safety Code Section 33676(a)(2) as described in Section 12 above, as good and legal consideration.

(c) Promptly following execution of this Agreement, the District shall instruct its attorneys to dismiss the Action with prejudice. Each party shall bear its own costs and attorneys fees in connection with the Action.

Section 14. Term of Agreement

This Agreement shall be effective as of the date of this Agreement and shall terminate upon the expiration of the Amended Plan and the expiration of the Agency's right to receive Tax Increment Revenues. Following termination, neither of the parties shall have any rights or obligations under this Agreement.

Section 15. Obligation to Defend Agreement

In the event litigation is initiated attacking the validity of this Agreement, each party shall in good faith defend and seek to uphold the Agreement. The District further agrees to indemnify, defend and hold the Agency harmless in the event that any person or entity not a party to this Agreement (a "third party") seeks to recover from the Agency funds that such third party claims were unlawfully paid to the District pursuant to this Agreement.

Section 16. Future Amendments of Amended Plan

If the Agency proposes to amend the Amended Plan to increase the limitation required by Health & Safety Code Sections 33333.2(1) and 33333.4(a)(1) to an amount not in excess of \$700 million or proposes to amend or rescind and reenact the Amended Plan in order to change the base year on which the calculation of tax increment is made pursuant to Health & Safety Code Section 33670 for all or a portion of the Project Area, the District will not oppose or file any litigation challenging such amendment,

rescinding or reenactment or any other action of the Agency or the City of Stockton in connection therewith. In the event the amendment, rescinding or reenactment described in this Section 16 is accomplished, then any increased or additional revenues paid to the Agency by reason thereof shall be Tax Increment Revenues for purposes of this Agreement.

Section 17. State Law

This Agreement, and the rights and obligations of the parties hereto, shall be construed and enforced in accordance with the laws of the State of California.

Section 18. Attorneys' Fees

In any action which the Agency or the District brings to enforce its rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party, including reasonable attorneys' fees.

Section 19. Successors and Assigns

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

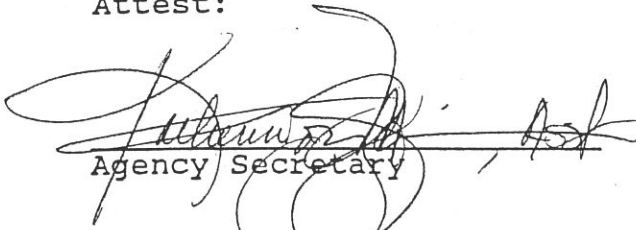
Section 20. Entire Agreement

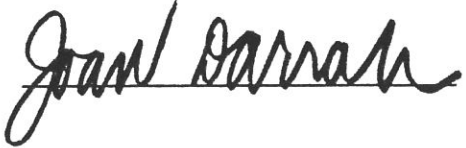
This Agreement constitutes the entire agreement of the parties with respect to the subjects covered herein.

IN WITNESS WHEREOF, the Agency and the District have executed this Agreement as of the date first above written.


Attest:

REDEVELOPMENT AGENCY  
OF THE CITY OF STOCKTON

  
Agency Secretary

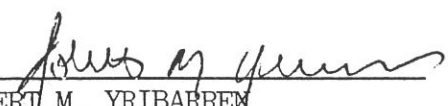
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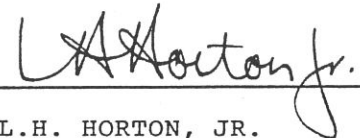
Approved as to form:

  
Deputy City Attorney

Attest:

SAN JOAQUIN DELTA COMMUNITY COLLEGE  
DISTRICT

  
ROBERT M. YRIBARREN  
Business Manager

By:   
L.H. HORTON, JR.  
Superintendent/President

Approved as to form:

