

SWEETWATER UNION HIGH SCHOOL DISTRICT - PARTICIPATION AGREEMENT

18 JULY 2012

SCANNED

Agreed with E2Manage T.

Effective 1 July 2012, E2ManageTech ("Developer") and Sweetwater Union High School District ("District") mutually agree to enter into this Participation Agreement ("Agreement") in accordance with the following:

Recitals

On October 7, 2011 a letter from the Brownfield Revitalization Group to Dianne Russo, Chief Financial Officer of the District – Proposal – Professional Services Asset Management Support ("Services Agreement") was delivered to the District.

- The Services Agreement is Attachment 1 to this Agreement.
- The Services Agreement became the basis of all contractual agreements between the District and the Developer which included the Tasks.
 - Since the Brownfield Revitalization Group was an association of three (3) entities, the District agreed to let one of the entities, e2managetech, to enter into all contractual relationships with the District to carry out the terms and conditions of the Services Agreement.
- The Services Agreement described the following:
 - Five (5) basic Tasks (collectively "Tasks")
 - The basic structure of a Participation Agreement between the Developer and the District.
 - Cost and Schedule.

At the October 17, 2011 School Board meeting of the Board of Trustees ("Trustees") of the District, the Trustees approved the hiring of the Developer to begin the process of Project Management with compensation ("Project Management Fee") is defined in the Services Agreement's Cost and Schedule Section, specifically page 7 of said Services Agreement.

At the reconvened April 10, 2012 School Board meeting of Trustees of the District, the Trustees approved the hiring of the Developer to begin the process of hiring the Consultants for Tasks 2 and 3 as well the costs of Contingency as defined in the Services Agreement's Cost and Schedule Section as reflected on pages 7 & 8 of said Services Agreement. Additionally, the Trustees approved the estimated fees to be paid to the City of Chula Vista for their required filing fees associated with processing the Sites through the City.

- The Trustees' Agenda is Attachment 2 to this Agreement.

On June 15, 2012 the District and the Developer entered into an agreement ("Consultant and Agency Agreement") to carry out the intent of the Trustees of the District in accordance with in the April 10, 2012 School Board meeting of Trustees above.

- The Consultant and Agency Agreement is Attachment 3 to this Agreement.

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1. Agreement

The intent of this Agreement is further clarifying the Developer's additional compensation as initially defined in the Participation Agreement's section of the Services Agreement (see Page 7 of the Services Agreement).

- A. As reflected in the Services Agreement, the Developer will:
- a. Actively Entitle the Asset Properties ("Sites") owned by the District.
 - b. Continually evaluate the market conditions of each of the Sites.
 - c. Work on related transactions ("Related Transactions") for one or more of the Sites to create Additional Savings in addition those derived from the actual sale/disposition of the Sites. Examples of potential Additional Savings from Related Transactions are:
 - 1. Having the District and Plan Nine Partners agree to the First Amendment to the Exchange Agreement's elimination of the \$28,875,000 obligation that the District had to Plan Nine Partners
 - 2. Any net savings attributable to the relocation the District's Transportation facility.
 - d. Approve an appropriate time for the ultimate sale/disposition of each of the Sites.
 - e. Arrange for the sale of each of the Sites to one or more potential buyers ("Buyers").
- B. The District will authorize the payment of one or more fees ("Compensation") during the term of this Agreement, as defined in Section 3 below. The Compensation is based upon the net cash savings ("Savings") that is further defined in Section 3 below.

2. Qualifications

- A. Compensation, as defined below, shall be paid only if the Developer performs the five (5) Tasks described in the Services Agreement.

3. Definitions

- A. In general, all capitalized words will be defined to be accordance with the Services Agreement's terms and conditions or as may be further defined in this Agreement.
- B. Compensation
- a. In accordance the provisions of the Participation Agreement's section, on page 7 of the Services Agreement, the Developer is entitled to one third of the Savings for each of the Sites or from related transactions after a particular aforementioned site is Entitled and Sold.
- C. Savings - Defined in Exhibit A attached to this Agreement which is incorporated into this Agreement by this reference.
- D. Sold is more specifically defined as follows:
- a. Each of the Sites will be placed under contract ("Purchase Agreement") between the District and one or more Buyers subject to the Developer's approval.
 - b. The Purchase Agreement will be processed through a third party Title/Escrow Company ("Escrow").
 - c. The Escrow will be responsible for preparing the necessary documents ("Escrow Documents") that will be approved by the District and the Developer that will clearly state:
 - All parties to the Purchase Agreement.
 - All Costs as indicated in Exhibit A.
 - Any Additional Savings from Related Transactions.

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- The Developer's Compensation, if any.
- d. Upon the successful completion of the Escrow, the Buyer will be delivered title to the site and the District will receive the net funds after all Costs as defined on Exhibit A have been paid.

4. Termination / Amendment

- A. This Agreement will stay in full force and effect until all of the Sites have been sold to a potential buyer and the Developer's Compensation has been paid in full.
- B. The District can terminate this Agreement prior to the completion of the five (5) Tasks listed in the Services Agreement, only if the Developer is not actively pursuing the completion of the five Tasks. The District agrees that it will define actively pursue as being evidenced by the detail monthly reports that Developer submits to the District.
 - a. If the District agrees to the report ("Status Report"), then it is deemed the Developer is fulfilling its responsibilities.
 - b. If the District is not satisfied with any part of the Status Report, it will present their concerns ("Issues"), in writing, to the Developer, within five (5) business days of the receipt of said Status Report.
 - c. The Developer has thirty (30) days to remedy the Issues as long as it within the direct control of the Developer. The District will not unduly reject the Developer's remedy.
 - d. Issues that are not in the direct control ("3rd Party Events") of the Developer that will prevent the Developer for accomplishing either Task 3 or Task 4 will not be deemed a cause for Termination. The 3rd Party Events can include the following:
 - I. Force majeure
 - II. The non-responsive nature of a third party, such as a governmental agency, Title Company, independent consultants etc. to the Developer's reasonable requests for information and/or approvals. Said requests will be documented in the Status Reports.
 - III. District doesn't have the additional funds required, for one or more of the Sites, to accomplish the following:
 - a) The required Environmental efforts such as:
 - 1) Performing the necessary soils and geological studies;
 - a) Hiring the consultants and paying the necessary fees as determined by the City of Chula Vista and/or other agencies to obtain CEQA and other clearances to permit the development of the sites to at least a residential standard with no environmental restrictions from the EPA, DTSC or other similar governing agency;
 - 2) Obtaining a Tentative Map or equivalent which will include at least:
 - a) Hiring the consultants and paying the necessary fees as determined by the City of Chula Vista and/or other agencies to accomplish the required zone changes, specific plans and any and all other studies that are deemed to be necessary.

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- b) Delays caused by the District such as:
 - 1) The Trustees and/or the district's staff not being able to act upon the requests of the Developer and various 3rd parties/consultants/agencies to permit actions that are necessary to accomplish Tasks 3 and 4.
 - c) The Developer, in its sole opinion, feels that the market conditions for selling one or more of the Sites are not appropriate and/or a potential offer is not acceptable.
- C. This Agreement may be amended or terminated by the mutual agreement of the District and the Developer.

5. General Provisions

- A. The Compensation, if any, is payable to the Developer only if the Developer has complied with all of the terms of this Agreement.
 - a. The failure of the District to enforce or apply at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor shall it in any way affect the right of the District thereafter to enforce or to apply each and every such provision.
- B. This Agreement may be executed in multiple counterparts and each such counterpart taken together shall constitute one fully executed document.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first set forth above.



Dianne Russo

Interim Deputy Superintendent of Operations
Sweetwater Union High School District



Glenn Mayer
Chief Executive Officer
E2ManageTech, Inc.



Vince Scarpati

Principal
C&V Consulting, Inc.



Charles J. Diamond
Principal
HTI Property Group

Savings – This will be determined as follows: (Gross Sales Price less Costs) plus Additional Savings

Gross Sales Price - This will be evidenced by the Purchase Agreement that will be the basis of entering into Escrow.

Costs - To be determined as follows and will be submitted to Escrow.

1. Normal closing costs associated with:
 - a. Pro-rations of property taxes, Escrow fees, etc.
2. Broker's Fees
 - a. The District and the Developer agree that a Broker will be paid a fee to assist in the sale to one or more Buyers. Said fee will evidenced by a separate agreement that will be approved by the District and the Developer.
3. Existing indebtedness to a third party as defined in the title report for each of the Sites as described as follows.
 - a. 3rd Avenue
 - i. See Attachment 4
 - b. 5th Avenue
 - i. See Attachment 4
 - c. Moss Street
 - i. See Attachment 4
 - d. L Street
 - i. See Attachment 4
 - ii. In the case of L Street, if there are funds remaining in the reserve fund that was established at the time of funding the two (2) bonds, said funds will be deducted from the existing indebtedness.
4. If there is no existing indebtedness to a third party, then the Developer and the District agree that in lieu of indebtedness, the following will be used as an element of Costs as described as follows:
 - a. 3rd Avenue – Original Purchase Price
 - i. See Attachment 5
 - b. 5th Avenue – Original Purchase Price
 - i. See Attachment 5
 - c. Moss Street – Original Purchase Price
 - i. See Attachment 5
 - d. If one of the Sites was acquired as a result of a trade or other circumstance the District and Developer will agree to establish an Alternate Purchase Price.



5. Expenses associated with bringing each of the Sites to a "pre-shovel" condition ("Pre-shovel Costs"). Said Pre-Shovel Costs are described as follows:
 - a. Expenses paid directly, by the District, to one or more 3rd parties ("District Costs") to accomplish Tasks 1 through 5 for each of the Sites.
 - i. The District will prepare a detail list of said District Costs together with evidence of their payment to Escrow within five (5) business days of entering into Escrow with a Buyer.
 1. The Developer will approve the District Costs, whose approval will not be unduly denied.
 - b. Expenses paid directly to E2ManageTech ("Developer Costs") to accomplish Tasks 1 through 5 for each of the Sites.
 - i. The Developer will prepare a detail list of the Developer Costs together with evidence of their payment to Escrow within five (5) business days of entering into Escrow with a Buyer.
 1. The District will approve the Developer's Costs, whose approval will not be unduly denied.
6. Any and all other District expenses not associated with the above shall be borne by the District and will not be a part of the Savings algorithm mentioned above.

Additional Savings

The Developer will prepare a detail list of the Additional Savings together with evidence of their accomplishment supporting said savings to Escrow within five (5) business days of entering into Escrow with a Buyer.

- a. The District will approve the Additional Savings, whose approval will not be unduly denied.



ManageTech
SOLUTIONS

Attachment 1

October 7, 2011

Ms. Dianne Russo
Chief Financial Officer
Sweetwater Union High School District
1130 Fifth Avenue
Chula Vista, CA 91911

Subject: Proposal – Professional Services Asset Management Support

Dear Ms. Russo;

The Brownfields Revitalization Group (BRG) was formed as a relationship between E2 ManageTech, Inc. (E2), HTI Property_Group, and C&V Consulting, Inc. (collectively "Partners") for the purpose of identifying, entitling, and redeveloping real property that is either environmentally or economically distressed such that these properties can be utilized for their highest and best uses. Thus, on behalf of BRG, E2 ManageTech is pleased to submit the Scope of Work, as defined below, and cost proposal for assisting the Sweetwater Union High School District (District) with improving the District's economic position with respect to its existing debt obligations associated with four asset properties ("Asset Properties").

These Asset Properties include:

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TABLE 1
ASSET PROPERTIES

Property Name	Address	Parcel Numbers	Approximate Size
Third Avenue	435 Third Ave. Chula Vista	568-420-13 568-420-14 568-420-15 568-511-20 568-511-19 568-511-18	2.6 Acres
Moss Street North	458 Moss St Chula Vista.	618-073-04 918-073-05	1.4 Acres
Fifth Avenue	1130 5 th St. Chula Vista	618-210-27 618-210-58 218-210-57 618-210-38	6.5 Acres
L Street	680 L St. Chula Vista	618-010-35 618-010-37 618-010-38 618-010-15 618-010-16 618-010-13 618-010-32 618-021-27	23 Acres

BACKGROUND

The District purchased the L Street property in 2005 at a price that exceeds the current value of the property by approximately \$12 to \$15 million. Since purchasing the L Street property, the District has been making interest only loan payments to its lender and it is estimated that over \$6 million of expenses have been incurred. These expenses include annual reoccurring fees that are paid to Plan Nine Partners and other bank and financing fees. Recent appraisals for the above-referenced properties are estimated are valued between \$17.4 and \$23.5 million. In an effort to assist the District with improving its economic position for the combined Asset Properties, BRG will complete the following Scope of Work.

SCOPE OF WORK

To improve the District's economic position, BRG will assist with re-entitling the referenced properties such that the Asset Properties are positioned for sale and/or redevelopment for their highest and best uses ("Pre-Shovel Ready"). To accomplish this, BRG will function as the District's Project Manager. In its capacity as Project Manager, it will be solely responsible for the selection and the hiring of one or more consultants ("Consultant") to bring each of the Asset Properties to a Pre-Shovel Ready condition. It should be noted that BRG may choose to have one or more of its Partners function as a Consultant, as indicated in Tasks 2 and 3 below. If the BRG Partner chooses to be a Consultant, its fee will be 30% less than its normal billing ("Discount").

It is anticipated that the Scope of Work shall take eleven months to complete ("Duration").

BRG will partner with the District to act as the Master Developer of the asset properties. In this capacity, BRG will complete the following Tasks and related activities described below:

Task 1 - Current Conditions Assessment

Costs associated with the following are included in the Project Management Fee described below (see Cost and Schedule):

- Validate Asset Properties to be included.
- Review property ownership documents.
- Review existing partnership and other legal documents.
- Assist with identifying, clarifying, and/or correcting inconsistencies and/or inaccuracies in the existing legal documents associated with the L Street property.

Task 2 - Economic Strategic Planning

All costs associated with the following are covered by the Project Management Fee described below (see Cost and Schedule):

- Review and assess the District's cash flow for maintaining the referenced properties.
- Identify and evaluate possible Brokerage Companies to develop options for alternative administrative Class B office space.

- Identify alternatives for consolidating and relocating the District's Transportation and Facilities & Operations Departments. It is anticipated that a Brownfields Site will be used to accommodate this segment of the Scope of Work.
- Conduct a detailed engineering and economic analysis of the Asset Properties and the above mentioned Brownfields Site. At a minimum, this includes conducting a market/demographic analysis, product determination of each of the Asset Properties, supply/demand analysis, and gross profit and internal rate of return (IRR) analysis

The following activities and the associated costs will be the responsibility of one or more Consultants described below (see Cost and Schedule):

- Conceptual site plan of the Asset Properties and the Brownfields Site.
- Costs associated with obtaining statistical data for the market/demographic analysis.
- Vertical cost estimate, of each product, for the Asset Properties and Brownfield Site.

Task 3 – Entitle the Properties

Costs associated with the following are included in the Project Management Fee described below (see Cost and Schedule):

- Develop Estimated Costs to Entitle the Asset Properties and the Brownfield Site.
- Develop a screening-level civil engineering analysis ("Due Diligence Book") for the Asset Properties and the Brownfields Site. Any screening-level environmental analysis will be handled in separate report by E2.
- Coordinate and attend meetings with representatives from the City of Chula Vista and other appropriate Agencies to facilitate the entitlement process.
- Participate in two Community Meetings as needed.
- Prepare and submit the entitlement application for the Asset Properties and Brownfield Site ("Applications").
- Assist in the preparation of one or more Disposition and Development Agreement (s) ("DDA") or other related site-controlling documents ("Site Documents") as may be required.
- Assess and plan appropriate California Environmental Quality Act ("CEQA") compliance requirements.
- Assist in the finalization of the Applications, DDA(s) and Site Documents and Submit to City/Agency.

- Presentation of Applications DDA's, Site Documents at Planning Commission Hearing(s) as appropriate.

Costs associated with the following will be accomplished by Consultant (i.e., C&V Consulting, Inc.) described below (see Cost and Schedule):

- Prepare/develop the following documents for Asset Properties and Brownfields Site
 - Due Diligence Studies
 - Research/review existing plans of record for the subject site pertaining to existing drainage, grading, sewer, water, and traffic issues.
 - Prepare a Due Diligence Summary Letter addressing those items discussed above.
 - Preliminary Documents, Tentative Map, & Cost Estimate
 - Prepare a project Topography consisting of one foot contours extending 100-feet beyond the project boundary.
 - Prepare a Preliminary Grading/Drainage Plan detailing existing ground topography, proposed development grading and proposed drainage system(s). This information may be shown directly on the Tentative Map.
 - Prepare a Preliminary Utility Plan showing existing utilities in the perimeter streets, existing on-site facilities, proposed relocation/abandonment of existing utilities and proposed utilities to serve the new development. This information may be shown directly on the Tentative Map.
 - Site Utilization Plan will be prepared to show the location of the site and the relationship of the proposed project to the existing surrounding land uses. This plan shall include properties within a 600-foot radius.
 - Prepare a Tentative Map for entitlement purposes in accordance with industry standards. It is our understanding that since the Asset Properties are in-fill sites, all of the dry and wet utilities are installed to the property line of each of the asset properties. Further, we understand these utilities have adequate capacity for any proposed use; otherwise the cost will be adjusted accordingly.
 - To support the entitlement process/Tentative Map, the City requires a Geotechnical Report; in addition BRG will require Title reports over the Asset Properties. For the purposes of our Agreement, we



assume these items will be provided by the School District under the direction of BRG and its Partners.

Costs associated with the following will be accomplished by Consultants (including E2 and/or other consultants) described below.

- Environmental efforts, including any soils and geotechnical investigations, other than those performed under the Project Management Fee, to bring the Asset Properties and the Brownfield Site to a Pre-Shovel Ready condition.

Task 4 – Budget and Schedule Management

Costs associated with the following are covered by the Project Management Fee described below:

- Develop and maintain a project execution schedule.
- Identify major project milestones.
- Maintain project budget.

Task 5 – Progress Reporting

Costs associated with the following are covered by the Project Management Fee described below:

- Prepare and submit monthly progress reports to the District to document tasks/activities completed during the reporting period, identify follow-on tasks/activities that will be completed during the subsequent reporting period, track action items and/or project deliverables and/or milestones, identify anticipated issues that could impact the project schedule and/or cost, document solutions implemented to resolve project issues, report project expenses and budget.
- Throughout the course of the project, representatives of BRG will attend up to three regular District Board of Trustee meetings to update School Board Members on the progress and status of the project.

Participation Agreement – Between the District and BRG

- A Participation Agreement will be submitted for School District Board approval within thirty (30) days of the execution of this Proposal
- The substance of the Participation Agreement is that BRG will share in one third of the net cash savings of each of the Asset Properties or related transactions after the Asset Properties are Entitled and sold. Furthermore, BRG will have to approve the ultimate sale/disposition of the Asset Properties. Additionally, any net savings attributable to the relocation of the District's Transportation facility mentioned above will be part of the Participation Agreement.
- The above referenced Discount is predicated upon the execution of the Participation Agreement.

Cost and Schedule

PROJECT MANAGEMENT FEE

- The Project Manager Fee to complete the above-described Scope of Work is based upon a monthly retainer fee of seventy-five hundred dollars (\$7,500), ("Retainer").
- If events occur, outside of BRG's control that require the Duration period to be extended, then the Retainer will continue until the Scope of Work is completed subject to the District's approval. Said events can be due to third parties not able to conduct meetings as planned, additional community outreach programs and/or Agency, City meetings, additional analysis, environmental reviews, etc.
- Projected total Project Management Fee during the Duration of the Scope of Work = \$82,500.

CONSULTANTS (The following costs are provided on a not-to-exceed basis without written authorization from the District)

Task 2

- Conceptual site plan of the Asset Properties.
 - L-Street = \$7,000
 - Other Asset Properties and Brownfield Site
 - \$3,000 each = \$12,000
- Costs associated with obtaining statistical data for the market/demographic analysis.
 - \$1,500 each = \$6,000

- Vertical cost estimate, of each product, for the Asset Properties and Brownfield Site.
 - L-Street = \$ 4,000
 - Other Asset Properties and Brownfield Site
 - \$3,000 each = \$12,000
- Total = \$41,000

Task 3

C&V Consulting, Inc.

- L-Street - \$35,000
- Other Asset Properties
 - \$23,000 each = \$69,000
- Brownfield Site - \$23,000
- Total = \$127,000

E2

- These costs will be determined once the review of the Asset Properties and the Brownfield Site has determined the environmental/CEQA compliance/clearance and any soils and geotechnical requirements of each of the properties.

Estimated Total Consultants' Fee – Tasks 3 and 4

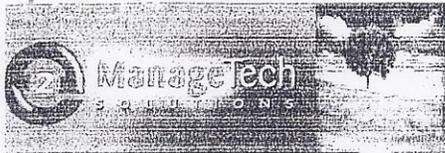
- \$168,000

Contingency (Exclusive of efforts to bring the Asset Properties and Brownfield site to environmental/CEQA compliance/clearance.)

- Total = \$30,000

Estimated Fee Net of Project Management Fee and Environmental/CEQA Considerations

- \$168,000 – 198,000



Estimated Fee Net of Environmental/CEQA Considerations (Project Management Fee + Consultants for Tasks 3 and 4)

- \$250,500 - \$280,500

BRG greatly appreciates the opportunity to assist and support the District with its goal to improve the District's economic position with respect to the asset properties. If you have any questions, please do not hesitate to call any of the undersigned.

Sincerely
Brownfields Revitalization Group

Daryl Hernandez, PE
Principal
E2 ManageTech, Inc.
(858) 217-5306

Charles J. Diamond
Principal
HTI Property Group
(714) 904-8019

Vince Scarpati
Principal
C&V Consulting, Inc.
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Estimated Fee Net of Environmental/CEQA Considerations (Project Management Fee +
Consultants for Tasks 3 and 4)

- \$250,500 - \$280,500

BRG greatly appreciates the opportunity to assist and support the District with its goal to improve the District's economic position with respect to the asset properties. If you have any questions, please do not hesitate to call any of the undersigned.

Sincerely
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