

RESOLUTION NUMBER 288265

ADOPTED ON DEC 10 1996

WHEREAS, in Closed Session on December 10, 1996, the City Council, by a unanimous vote, approved the following; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is hereby authorized to execute a Settlement Agreement and the Addendum with Pardee Construction Company on the terms and conditions set forth in the Agreement on file in the Office of the City Clerk as Document No. RL-288265, together with such ancillary terms as may be necessary to carry out the purpose and intent of the settlement.

BE IT FURTHER RESOLVED, the proposed settlement releases the City from any claims arising out of Project "E" as described more fully in the attached Settlement Agreement.

BE IT FURTHER RESOLVED, none of the conditions in the Addendum other than those specified shall have any force or effect on the Settlement Agreement.

BE IT FURTHER RESOLVED, that the City Manager is authorized to accept a sum of \$500,000.00 to expedite processing as described in the Settlement Agreement.

BE IT FURTHER RESOLVED, that the City Manager and staff, they are hereby authorized to take any further actions as may be necessary or proper to implement the Settlement Agreement.

APPROVED: CASEY GWINN, City Attorney

By 
Keri G. Katz
Deputy City Attorney

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SETTLEMENT AGREEMENT
BETWEEN
PARDEE CONSTRUCTION COMPANY AND
THE CITY OF SAN DIEGO

THIS AGREEMENT is made this 12th day of December, 1996, by and between Pardee Construction Company, a California corporation, referred to hereinafter as "Pardee", and the City of San Diego referred to hereinafter as "City"; also City and Pardee shall be collectively referred to hereinafter as "Parties."

RECITALS

WHEREAS, City is empowered under Section 1 of the Charter of the City of San Diego to enter into contracts necessary to carry out its powers and purposes; and

WHEREAS, the City has determined that it is desirable to preserve as open space the 80 acres of real property known as Mesa Top Properties I and II ("Mesa Top Property") for the citizens of the City; and

WHEREAS, the Parties agree that they work together toward the mutual goal of preservation of the Mesa Top Property; and

WHEREAS, Pardee contends that, as a result of litigation filed in Superior Court by Mesa Top Property, certain Pardee applications for entitlements, approvals and projects have been delayed; and

WHEREAS, the City acknowledges Pardee's claim to have incurred damages due to the delay described above; and

WHEREAS, Pardee has agreed to assist the City in settling the Mesa Top Property litigation; and

WHEREAS, to avoid any future litigation or delay, Pardee and the City agree to resolve these issues as described below.

NOW, THEREFORE, in consideration of the facts set forth in these recitals, the promises and covenants hereinafter set forth, the parties do agree as follows:

Section 1: Definitions.

The following words and terms, unless otherwise expressly defined in their context, shall be defined to mean:

1.1: "Neighborhood 10"

An approximate 800 acre planning area located in the southeasterly portion of the Carmel Valley Community.

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12/12/96, 3:00pm

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DOCUMENT NO. RL-288265

DEC 10 1996

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OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

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Neighborhood 10 is bounded by the Los Penasquitos Canyon Preserve on the south, Subarea V in the North City Future Urbanizing Area on the east and north and Neighborhood 8A on the west.

1.2: "Carmel Valley"

An approximate 4,300 acre community planning area located east of the Interstate 5 Freeway, north of the Sorrento Hills Community, and south and west of Subarea III in the North City Future Urbanizing Area.

1.3: "Carmel Valley Neighborhood 10 North"

An approximate 180 acre area located in the northwesterly portion of Neighborhood 10. Applications for a Vesting Tentative Map, Resource Protection Ordinance Permit, Carmel Valley Planned District Development Permit and other applications necessary to develop 309 single family homes have been submitted to the City for approval and are currently being processed for this site as Project No. 96-0561.

1.4: "Carmel Valley Neighborhood 10 Vesting Tentative Map No. 91-0834"

An approved 382 acre Vesting Tentative Map, located in the central and southerly portions of Neighborhood 10. The map includes lots for approximately 702 dwelling units.

1.5: "Del Mar Highlands Estates"

An approximate 389 acre area located south and east of the junction of Old El Camino Real and San Dieguito Road. Applications for a Vesting Tentative Map, Planned Residential Development Permit, Resource Protection Ordinance Permit and other applications have been applied for and are currently being considered for approval by the City for this site (Project No. 94-0576). The Del Mar Highlands Estates project referred to herein includes a density bonus per the S.D.M.C. to enable the construction of 148 market rate units and 24 affordable units for a total project of 172 SFD units, and any other applications as may be necessary to initiate construction.

1.6: "Neighborhood 8A"

An approximate 400 acre planning area located in the southwesterly portion of the Carmel Valley community. Neighborhood 8A is bounded by the Sorrento Hills community on the south, Neighborhood 10 on the east, Neighborhood 8 on the north and Neighborhood 8B on the west.

1.7: "DEP" shall mean the Department of Development and Environmental Planning of the City of San Diego.

1.8: "4(d) Permit" shall mean a 4(d) Permit (Interim Habitat Loss Permit).

1.9: "MND" shall mean Mitigated Negative Declaration.

1.10: "Process Four" as defined in Chapter 11, Article 1, Division 5, sections 111.0501-111.0512 of the S.D.M.C.

1.11: "Process Five" as defined in Chapter 11, Article 1, Division 5, sections 111.0501-111.0512 of the S.D.M.C.

1.12: "FEIR" shall mean a Final Environmental Impact Report as defined in the California Environmental Quality Act.

1.13: "S.D.M.C." shall mean the San Diego Municipal Code.

1.14: "SFD" shall mean single family dwelling.

Section 2: Project Description.

2.1: "Project A"

An amendment to the existing grading permit issued for the construction of Carmel Country Road in Carmel Valley, for clearing or grading within the development footprint for Carmel Valley Neighborhood 10 North. The construction of Carmel Country Road is an off-site subdivision requirement for the approved Carmel Valley Neighborhood 10 Vesting Tentative Map No. 91-0834.

2.2: "Project B"

Application(s) submitted by Pardee for "Carmel Valley Neighborhood 10 North", including but not limited to a Vesting Tentative Map (309 units), a Resource Protection Ordinance Permit, Carmel Valley Planned District Development Permit (Project No. 96-0561), a 4(d) Permit, a Planned District Ordinance Amendment, and any applications necessary for this project.

2.3: "Project C"

Application(s) submitted by Pardee to amend the "Project B" approved applications to increase development of approved "Project B" by approximately 18 single family dwelling unit lots. Applications shall include, but not be limited to, a Resource Protection Ordinance Permit, a Carmel Valley Planned

District Development Permit, an amendment to the Carmel Valley Neighborhood 10 Precise Plan, Carmel Valley Community Plan, the Progress Guide and General Plan, a 4(d) Permit, a Planned District Ordinance Amendment, and any other applications as may be necessary for the addition and construction of 18 SFD unit lots.

2.4: "Project D"

Application(s) submitted by Pardee to amend the approved Carmel Valley Neighborhood 10 Vesting Tentative Map No. 91-0834 to increase development by approximately 110 SFD unit lots. Applications for a Resource Protection Ordinance Permit, a Carmel Valley Planned District Development Permit, an amendment to the Carmel Valley Neighborhood 10 Precise Plan, a Carmel Valley Community Plan, an amendment to the Progress Guide and General Plan, a 4(d) Permit, a Planned District Ordinance Amendment, and any other applications as may be necessary for the addition and construction of 110 SFD unit lots.

2.5: "Project E"

The Del Mar Highlands Estates Vesting Tentative Map, Planned Residential Development Permit, Resource Protection Ordinance Permit, related amendments to the Future Urbanizing Area Framework Plan, the Progress Guide and General Plan (Project No. 94-0576), a 4(d) Permit, approval of a density bonus per the S.D.M.C. to enable the construction of 148 market rate units and 24 affordable units for a total project of 172 SFD units, and any other applications as may be necessary to initiate construction.

2.6: "Project Coordination"

The parties agree that Projects C and D will be processed concurrently under the same application and will be processed by City concurrently with processing of Project B. The concurrent processing does not require consideration of approval of Projects C and D concurrently with consideration of approval of Project B.

Section 3: City's Obligations.

As part of completing Projects A through E, as described in Sections 2.1 through 2.5, the City agrees to take the following actions:

3.1: "Project A"

The City agrees to amend (by construction change order or otherwise) Grading Permit No. SP 1494, Mass Grading Plan Number 27799-D associated with DEP No. 91-0834 for clearing or grading of Project A within Carmel Valley Neighborhood 10, North. Consideration of approval of Project A as defined in Section 2.1 shall occur on or before February 1, 1997 to enable clearing and/or grading to occur prior to February 15, 1997.

3.2: "Project A"

The City also agrees to review, process, and finalize a 4(d) Permit within 45 days of submission. The 4(d) Permit shall, if approved, be issued on or before February 1, 1997.

3.3: "Project B"

The City agrees to process Project B as a "Process Four" project. Project B shall be considered for approval by the Planning Commission at its February 13, 1997 hearing. City also agrees to process concurrently with Project B final maps, grading and improvements plans, and expedite such plans and maps subsequent to the February 13, 1997 Planning Commission hearing.

3.4: "Project C"

The City agrees to initiate the processing and review of Project C concurrently with the processing of Project B as a proposed amendment to Project B to add 18 additional single family dwelling unit lots. City agrees to expeditiously process and consider for approval all environmental documentation as may be necessary for Project C. Subsequent to approval of Project B, provided Project B is approved, City shall expeditiously, through a "Process Five" procedure, process the Project C applications. Project C shall be considered for approval by the City Council at a noticed public hearing on or before June 30, 1997. City Council of the City also hereby authorizes initiation of the Precise Plan, Community Plan, and Progress Guide and General Plan amendments necessary for this project.

3.5: "Project D"

The City agrees to initiate the processing and review of Project D concurrently with the processing of Project B to add 110 additional SFD lots to Carmel Valley Neighborhood 10 Vesting Tentative Map No. 91-0834. Subsequent to the approval of Project B, provided Project B is approved, City shall

expeditiously, through a "Process Five" procedure, process the Project D applications. Project D shall be considered for approval by the City Council at a noticed public hearing on or before June 30, 1997. City Council of the City also hereby authorizes initiation of the Precise Plan, Community Plan, and Progress Guide and General Plan amendments necessary for this project.

3.6: "Project E"

Providing Pardee complies with Section 5.7 herein, City agrees to docket Project E before the Planning Commission on or before April 10, 1997, and City Council on or before April 15, 1997. The City agrees to expeditiously process all applications set forth in the Project E description. City also agrees to transfer title to approximately one-half acre of real property for right-of-way purposes from San Dieguito Road southerly into Del Mar Highlands Estates. Owners shall pay City fair market value for such real property based upon an independent appraisal, but in no event more than \$25,000.00. If an appraisal is necessary, Pardee shall select an appraiser from the City's list of qualified appraisers. The cost of the appraisal shall be paid by Pardee.

3.7: "All Projects"

In the event City fails to approve any or all of the projects described in this Agreement, or in the event Pardee terminates this Agreement, Pardee shall retain all rights with respect to project applications filed with the City, including but not limited to, the right to continue processing such applications and shall retain the original effective date of completion of such applications.

3.8: "Controlled Access"

The City Manager agrees to recommend approval to the City Council of a controlled access project for Del Mar Highlands Estates per City Council Policy entitled "Limited and Controlled Access Development (Gated Communities)" adopted by the City Council on November 26, 1996.

Section 4: Additional City Obligations - Mitigation Credits.

4.1: Del Mar Highlands Estates

The City Manager agrees to ~~grant~~ *recommend to the City Council approval of* mitigation credits to Pardee for revegetation of 77 acres pursuant to the revegetation plan for Del Mar Highlands Estates. The City Manager shall recommend to the City Council that a maximum of thirty-six and seven-tenths (36.7) acres of the revegetation acreage shall

fully mitigate the biological resource impacts of the Del Mar Highlands Estates project. The balance of the 77 acres (40.3 acres) shall be available to Pardee for mitigation of impacts from other projects.

4.2: Shell Parcel

City and Pardee agree that there shall be no mitigation credit available to Pardee from the 84 acre Shell Parcel located in Subarea III in the North City Future Urbanizing Area. City further agrees that nothing contained herein shall preclude use of any portion of the Shell Parcel as right-of-way for the alignment of State Route 56.

4.3: "Mesa Top Property"

The City Manager shall recommend to the City Council that Pardee shall receive mitigation credits from the 80 acre Mesa Top Property to fully mitigate the biological resource impacts of the development of the approximate 40 acre Pardee Parcel C in Neighborhood 8A and fully mitigate biological resource impacts that would result from the addition of 128 units to the Neighborhood 10 Precise Plan.

4.4: "Mitigation Payment"

As consideration for receipt of the mitigation credits described in this Section 4, Pardee shall make the mitigation payments described in Section 6, below, subject to all of the terms and conditions set forth therein.

Section 5: Pardee Responsibilities.

5.1: "Project A"

Pardee agrees to provide and deliver the necessary grading plans, including all biological mitigation measures specified in the 4(d) Permit, as well as erosion control measures indicated in the grading permit, and the paleontology and archeology mitigation measures as set forth in the Carmel Valley Neighborhood 10 EIR.

5.2: "Project A"

Pardee agrees to provide City a revised Biology Report submitted for VTM 96-0561 no later than the close of business on December 13, 1996, stating specific impacts and proposed mitigation.

5.3: "Project A"

Pardee agrees to provide and deliver draft findings for the 4(d) Permit and agrees to provide mitigation for Costal Sage Scrub and gnatcatchers as may be specified in the 4(d) Permit. Pardee shall also provide any other mitigation specified in the environmental documentation necessary to mitigate impacts associated with Project A.

5.4: "Project B"

Pardee agrees to provide a completed hydrology and hydraulics study prior to approval of the VTM.

5.5: "Project C"

Pardee agrees to provide a draft and final documentation in a timely manner of an amended community plan, precise plan, vesting tentative map, preparation of revised and new sections of EIR, related application for Resource Protection Ordinance and Carmel Valley Planned District Development Permit. Pardee agrees to file on or before December 17, 1996 an application for Project C with reasonably sufficient data to enable City to proceed with expedited processing of the project application.

5.6: "Project D"

Pardee agrees to provide a draft and final documentation in a timely manner of an amended community plan, precise plan, vesting tentative map, preparation of new environmental documentation, related application for Resource Protection Ordinance and Carmel Valley Planned District Development Permit, and a Planned District Ordinance Amendment. Pardee agrees to file on or before December 17, 1996 an application for Project D with reasonably sufficient data to enable City to proceed with expedited processing of the project application.

5.7: "Project E"

Pardee agrees to provide a draft and final document in a timely manner for the following:

Project resubmittal showing lotting and increased density; preparation of all revisions and new sections of EIR; and address all issues related to Del Mar Highlands Estates as set forth in the FEIR for the Manager's Compromise Plan for Neighborhood 8A (FEIR 87-0211, 91-0899 and 94-0576).

Pardee agrees to perform revegetation of 77 acres and pay \$50,000.00 towards construction of a wildlife corridor or for any other purpose deemed necessary by City, at a time mutually agreed upon by City and Pardee, and construct 24 affordable units on Lot 125 in addition to other conditions agreed to by the parties.

Section 6: Payment Terms.

6.1: On the condition that the City timely performs all of those obligations set forth in Section 3 above with respect to Projects A, B, C, D, and E which are required to be performed by April 15, 1997 ("Pre-April 16, 1997 Obligations"), the City provides the mitigation credits to Pardee in accordance with Section 4.1 hereof by April 15, 1997, and Projects A, B and E are approved by the City by the dates specified in Section 3 hereof, Pardee will pay the City the sum of \$3,000,000 on April 16, 1997, as additional mitigation for Pardee's development of such approved projects. If the City fails to timely perform any or all of said Pre-April 16, 1997 Obligations by the dates specified in Section 3 above, or if Pardee does not receive the mitigation credits described in Section 4.1 hereof by April 15, 1997, or if Projects A, B and E are not approved by the dates specified in Section 3, Pardee shall have the right to terminate this Agreement upon written notice to City. In the event of such termination, Pardee will not be obligated to pay the \$3,000,000 mitigation sum as provided above, but will be required to pay interest to the City at the rate of 8% per annum on the \$3,000,000 mitigation sum from April 1, 1997 to April 16, 1997 or date of earlier termination. If the Agreement is terminated prior to April 1, 1997, no interest shall be due.

6.2: If the City timely performs its Pre-April 16, 1997 Obligations and provides Pardee with the mitigation credits described in Section 4.1 hereof by April 15, 1997, but fails to perform any obligation required to be performed thereafter on or before the dates specified in Section 3 hereof or if Pardee does not receive the mitigation credits described in Section 4.3 hereof by June 30, 1997 for Neighborhood 10 or October 21, 1997 for the Parcel "C" project, or if Projects C and D are not approved by the City by the dates specified in Section 3, Pardee will have the right to terminate this Agreement and the City will be required to repay a portion of said mitigation sum in the amount of \$2,500,000 to Pardee upon termination plus interest at 7% per annum on \$2.5 million from the date of Pardee's payment of \$3.0 million to City until Pardee's receipt of payment of \$2.5 million and interest.

Section 7: Amendments.

This Agreement may be amended or supplemented by an addendum at any time by a written agreement signed by an authorized officer of Pardee and the City Manager on behalf of the City.

Section 8: Legal Challenges to this Agreement.

The parties have consulted with their respective attorneys and believe that all the actions called for in, or contemplated by, this Agreement may lawfully be undertaken. The parties recognize, however, that legal challenges may be filed to any of the actions undertaken pursuant to this Agreement. In the event that any such legal challenge is filed to any of the actions undertaken by any of the parties, each party shall bear their own defense at no cost to the other parties, and no party shall be required to defend or indemnify the other with respect to the actions undertaken pursuant to this Agreement. The parties agree to cooperate to the greatest extent possible in the defense of any legal challenge.

In the event that any legal challenge to any of the actions undertaken pursuant to or in implementation of this Agreement is successful, and any such challenged action is held unlawful or void, the parties agree to consult with each other in good faith for a period of 14 days following the finality of any adverse Superior Court judgment about other actions that may be agreed to between the parties that may substitute for the action(s) held unlawful or void.

Section 9: Good Faith Obligations.

The parties agree to cooperation fully, reasonably, and in good faith in the implementation of this Agreement. The parties also agree to execute any and all supplemental documents, and to take all additional lawful and reasonable actions, which may be necessary or appropriate to give full force and effect the basic terms and to fully implement the goals and intent of this Agreement.

Section 10: Successors and Assigns.

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

Section 11: No Endorsement by City.

By entering into this Agreement the City is not endorsing, backing or otherwise supporting any of the Proposed Developments, and this Agreement shall not be construed as an expression of such endorsement, backing or support. The City's individual officers and employees may choose to express their individual support of any

of the Proposed Developments, and the City Council, at its sole legislative discretion, may ultimately choose to endorse, back or otherwise support any of the Proposed Developments.

Section 12: Other Governmental and Agency Approvals.

Implementation of the Projects and the Applications for the Projects may require approvals from other governmental entities or agencies. If the City approves any of the Projects, the City shall work reasonably in good faith with Pardee in obtaining such other governmental or agency approvals. If another public entity or agency imposes conditions on its approval of a Project or Application for a Project requiring the concurrence of the City, the City agrees to reasonably and in good faith consider granting such concurrence.

Section 13: Severability.

The partial or total invalidity of one or more sections of this Agreement shall not affect the validity of this Agreement.

Section 14: Governing Law.

This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

Section 15: Delay, Extension of Time for Performance.

Performance by either City or Pardee of its obligations herein shall be excused during any period of delay caused at any time by reason of Acts of God, enactment of conflicting Federal laws or regulations, riots, strikes, litigation challenging the validity of this Agreement where a court of competent jurisdiction was issued on injunction staying the performance hereunder, or damage to work in process by reason of fire, floods, or earthquake. If City or Pardee seeks excuse from performance, it shall provide written notice and verification of such delay to the other within thirty (30) days of the commencement of such delay. If the delay or default is beyond the control of City or Pardee and is excused, an extension of time for such cause shall be granted in writing for the period of the enforced delay, or longer as may be mutually agreed upon.

Section 16: Release of Certain Claims.

In consideration of the City's performance of its obligations under Section 3 and 4 of this Agreement, Pardee hereby releases the City from any and all claims, actions or causes of action which Pardee has against the City directly caused by the City's failure to timely grant approvals and entitlements for Project E; provided, however, this Release shall be null and void in the event the City

fails to approve Project E for development on or before April 15, 1997. This Release shall not waive, release or otherwise affect any claims Pardee has or may have which are not specifically mentioned in this Section 16.

Section 17: No Admission of Liability.

It is understood and agreed that this Settlement Agreement is the compromise of disputed claims and that the execution and performance by the parties hereto is not to be construed as an admission of liability on the part of either party. This settlement has been arrived at after thorough bargaining and negotiation, and represents a final, mutually agreeable compromise.

Section 18: Discretionary Powers.

By entering into this Agreement, the City is in no way contracting away the exercise of its discretionary police power.

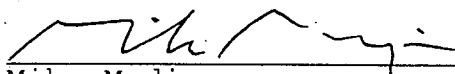
IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first hereinabove written.

APPROVED BY THE COUNCIL OF THE CITY OF SAN DIEGO BY RESOLUTION NUMBER R-288265.

APPROVED AS TO FORM AND CONTENT:

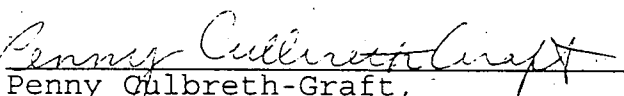
PARDEE CONSTRUCTION COMPANY

By:


Mike Madigan,
Senior Vice President

THE CITY OF SAN DIEGO

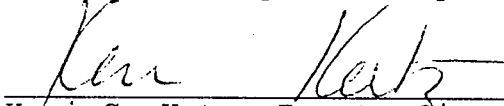
By:


Penny Culbreth-Graft,
Assistant City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

By:


Keri G. Katz, Deputy City Attorney
Attorneys for the City of San Diego

ADDENDUM TO SETTLEMENT AGREEMENT BETWEEN
PARDEE CONSTRUCTION COMPANY AND
THE CITY OF SAN DIEGO

THIS ADDENDUM is made this 18 day of Dec., 1996 by and between Pardee Construction Company, a California corporation, referred to hereinafter as "Pardee," and the City of San Diego, referred to hereinafter as the "City." This Addendum hereby supplements that certain Settlement Agreement (the "Agreement") dated December 12, 1996 between Pardee and the City. All capitalized terms used in this Addendum shall have the same meanings as defined in the Agreement, unless specifically defined herein.

Section 1: City's Obligations.

1.1: Parcel C.

On or before October 21, 1997, the City shall complete the processing and the City Council shall conduct a public hearing to consider approval of all applications necessary to commence construction upon the entire 39.85 acre parcel known as "Parcel C," currently located within Neighborhood 8A, including, but not limited to amendments of the Carmel Valley Community Plan and the Progress Guide and General Plan (including creation of a new Carmel Valley Precise Plan), and the Planned District Ordinance, a Vesting Tentative Map, a 4(d) Permit, a RPO Permit, and a Planned District Development Permit. City Council initiation of a Community Plan and Progress Guide and General Plan amendment and a Precise Plan amendment are also hereby authorized.

1.2: Del Mar Heights Road.

The City Manager hereby agrees to expedite the acquisition of a portion of Assessor Parcel Number 304-08-04 located in Carmel Valley east of Lansdale Drive required for the construction of Del Mar Heights Road, by condemnation proceedings or other proceedings. City Manager agrees to recommend to the City Council inclusion of this section of Del Mar Heights Road in the Carmel Valley North FBA at the next annual update. The parties agree that Pardee will not be eligible for reimbursement for any funds advanced for the acquisition of land, design, or construction of this portion of Del Mar Heights Road until Fiscal Year 2001/2002, unless City determines funding is earlier available.

1.3: Bedford Village.

The City Manager agrees to recommend to the City Council vacation of the street right-of-way associated with Carmel Valley Neighborhood 7 Unit 16 (Bedford Village Project) concurrently with the approval of the tentative map for that project.

Section 2: Pardee's Obligations.

Pardee shall fully cooperate with City and shall provide and execute all necessary documentation for the processing of the three (3) projects described in Section 1 hereof.

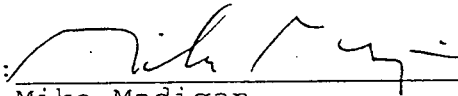
Section 3: Release of Certain Claims.

In consideration of the City's performance of its obligations under Section 1 of this Addendum, Pardee hereby releases the City from any and all claims, actions or causes of action which Pardee has against the City directly caused by the City's alleged failure to timely grant approvals and entitlements for Parcel C; provided, however, this Release shall be null and void in the event the City fails to approve Parcel C for development on or before October 21, 1997. This Release shall not waive, release or otherwise affect any claims Pardee has or may have which are not specifically mentioned in this Section 3.

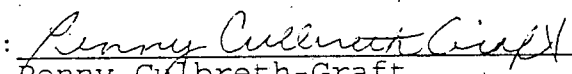
IN WITNESS WHEREOF, the parties hereto have executed this Addendum effective as of the date first hereinabove written.

APPROVED AS TO FORM AND CONTENT:

PARDEE CONSTRUCTION COMPANY

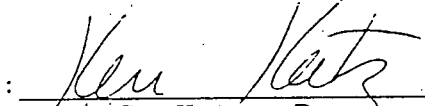
By: 
Mike Madigan,
Senior Vice President

THE CITY OF SAN DIEGO

By: 
Penny Culbreth-Graft,
Assistant City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

By: 
Keri G. Katz, Deputy City Attorney
Attorneys for the City of San Diego