

NOTICE OF SPECIAL MEETING

City of El Cajon
Successor Agency - Oversight Board
8:00 a.m., Wednesday, November 1, 2017

**Meeting Location: City Hall, Fifth Floor Conference Room
200 Civic Center Way, El Cajon, CA 92020**

PLEASE TAKE NOTICE that the Oversight Board of the Successor Agency to the former El Cajon Redevelopment Agency will hold a Special Meeting on Wednesday, November 1, 2017, at 8:00 a.m. in the Fifth Floor Conference Room, 200 Civic Center Way, El Cajon, CA, 92020, at which time the following items of business will be considered:

I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

II. ROLL CALL

III. PUBLIC COMMENT (This is the opportunity for members of the public to address the Oversight Board on any item of business within the jurisdiction of the Board. Under state law no business shall be considered at a special meeting other than that specified in this Notice).

IV. ACTION ITEMS

1. Approval of Action Minutes - September 20, 2017 meeting

V. PUBLIC HEARING

1. Approval of Purchase and Sale Agreement for 115 Rea Avenue

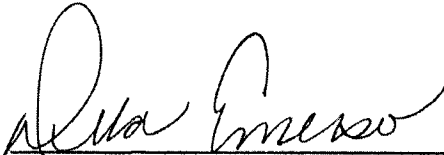
VI. STAFF COMMUNICATIONS

1. Approval of 2018 Oversight Board Calendar Meeting Dates

VI. BOARD REPORTS/COMMENTS

VII. ADJOURNMENT

DATED: October 12, 2017


Chair

SUMMARY MINUTES

Successor Agency to the El Cajon Redevelopment Agency Oversight Board

**Meeting - Wednesday, September 20, 2017
El Cajon City Hall, Fifth Floor Conference Room
200 Civic Center Way, El Cajon, CA 92020**

BOARD PRESENT: Scott Buxbaum, Gloria Chadwick, Dennis Davies (Vice Chair), Debra Emerson (Chair), Dan Pavao, Sue Rearic

BOARD ABSENT: Michelle Nguyen

OB LEGAL COUNSEL: Steven Mattas, representing law firm of Meyers Nave (Via Conference Call)

STAFF PRESENT: Director of Community Development Anthony Shute, Principal Civil Engineer David Keltner, and Administrative Secretary Ron Luis Valles

[Steven MATTAS was called and placed on speaker phone.]

CALL TO ORDER AND PLEDGE OF ALLEGIANCE:

The meeting was called to order at 8:01 a.m. by EMERSON. EMERSON introduced and welcomed Dan PAVAO, new board member who replaced Anthony SHUTE on the board.

PUBLIC COMMENT: None

ACTION ITEM NO. 1: APPROVAL OF ACTION MINUTES – July 19, 2017

DAVIES made a motion, seconded by BUXBAUM, to approve the action minutes of the July 19, 2017, meeting.

Motion carried 5-0 (NGUYEN, absent; PAVAO, abstained due to absence at meeting).

ITEM NO. 2: APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH STEARNS, CONRAD AND SCHMIDT, CONSULTING ENGINEERS, INC. TO PERFORM FURTHER GROUNDWATER INVESTIGATION AT THE PARK ROW PROPERTY LOCATED AT THE INTERSECTION OF PARK BOULEVARD AND BALLANTYNE STREET.

SHUTE summarized the staff report and recommended approval by the Oversight Board. KELTNER provided additional information.

The board addressed contract renewal and related costs, new monitoring wells and potential liability risks.

CHADWICK made a motion, seconded by PAVAO, to adopt Resolution OB-04-17 approving the Professional Services Agreement with Stearns, Conrad and Schmidt, Consulting Engineers.

Motion carried 6-0 (NGUYEN, absent).

STAFF COMMUNICATIONS:

Discussed construction activity on property at northeast corner of Marshall and Main.

BOARD REPORTS / COMMENTS:

CHADWICK, who is also a registered nurse, emphasized that with the Hepatitis A outbreak, everyone should be washing their hands. She also recommended that everyone get a free vaccine shot, which are available at County Health offices and the San Diego City Library, for a limited time.

ADJOURNMENT:

DAVIES made a motion, seconded by CHADWICK, to adjourn the regularly-scheduled meeting of the El Cajon Successor Agency Oversight Board at 8:17 a.m. this 20th day of September 2017, to 8:00 a.m., October 18, 2017, in the Fifth Floor Conference Room at City Hall, 200 Civic Center Way, El Cajon, California.

Motion carried 6-0 (NGUYEN, absent).

APPROVED:

Debra Emerson, Chairperson

ATTEST:

Oversight Board Secretary

AGENDA REPORT
CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD
November 1, 2017, Special Meeting

SUBJECT: APPROVAL OF PURCHASE AND SALE AGREEMENT WITH IONA SHARF FOR THE SALE OF THE SUCCESSOR AGENCY PROPERTY AT 115 REA (SITE No. 12), APN 488-083-03-00.

RECOMMENDED ACTION: That the Oversight Board adopt the proposed Resolution No. OB-05-17 to:

1. Approve the proposed Purchase and Sale Agreement between the City of El Cajon, as Successor Agency to the former El Cajon Redevelopment Agency, and Iona Sharf, for the sale of 115 Rea Avenue (APN 488-083-03-00), with such changes as approved by the Executive Director; and
2. Approve execution by the Executive Director or his designee of all documents necessary to implement approved terms and conditions and complete the sale upon approval by the Oversight Board and California Department of Finance (DOF).

BACKGROUND

Enactment of Assembly Bill 1484 on June 27, 2012 required the City of El Cajon, as Successor Agency to the former El Cajon Redevelopment Agency (Successor Agency) to prepare and submit a Long Range Property Management Plan (LRPMP) for the disposition of former redevelopment agency properties. The LRPMP was amended (Amended Plan), and approved by the Oversight Board on January 15, 2014, by the DOF on February 21, 2014, and by the City Council as Successor Agency, on March 11, 2014.

Included in the Amended Plan as Site No. 12 is the real property located at 115 Rea Avenue (Property). The disposition process for the Property was to be sold in the open market with the approved broker, Commercial Properties Group, representing the Successor Agency. The property was appraised on February 2, 2017, with the appraised value of \$390,000 (Attachment 3). The subject property is a 0.10 acre parcel located in downtown El Cajon where ongoing revitalization and economic development activities are taking place.

Iona Sharf (Buyer) submitted a Letter of Intent (LOI) to the Successor Agency to purchase the Property. During closed session on October 10, 2017, staff discussed with the Successor Agency the terms and conditions of the sale of 115 Rea Avenue. A Purchase and Sale Agreement (PSA) has been prepared with a purchase price of \$450,000 (Attachment 2).

A separate report to the City Council, acting in its capacity as the Successor Agency, for approval and execution of the Purchase and Sale Agreement and related documents, under terms outlined in this report, was presented at its regularly scheduled meeting on 10-24-17, and the Purchase and Sale Agreement and related documents were approved at that time by the City Council acting as the Successor Agency.

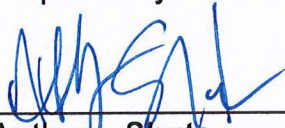
FISCAL IMPACT

Net proceeds from the sale of the Property will be remitted by the Successor Agency to the San Diego County Auditor-Controller's Office for distribution to the Affected Taxing Entities (ATEs). The City of El Cajon will receive approximately 11% of the net proceeds from the sale, or about \$49,000.

ATTACHMENTS

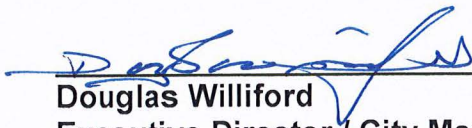
1. Notice of Public Hearing
2. Location Map
3. Proposed Resolution No. OB-05-17
4. Draft Purchase and Sale Agreement
5. Appraisal

Prepared by:



Anthony Shute
Director of Community Development

Approved by:



Douglas Williford
Executive Director / City Manager



NOTICE OF PUBLIC HEARING FOR A PURCHASE AND SALE AGREEMENT FOR PROPERTY AT 115 REA AVENUE IN THE CITY OF EL CAJON

On October 24, 2017, at 3:00 p.m., or soon thereafter as the matter may be heard, in the City Council Chambers, located at 200 Civic Center Way, El Cajon, California, the City Council of the City of El Cajon will hold a public hearing to consider a Proposed Purchase and Sale Agreement between the City of El Cajon, as Successor Agency to the former El Cajon Redevelopment Agency and Iona Sharf for the sale of property at 115 Rea Avenue (APN: 488-083-03-00), with such changes as may be approved by the Executive Director; and on November 1, 2017, at 8:00 a.m., or soon thereafter as the matter may be heard, the Oversight Board to the Successor Agency will hold a public hearing on the same matter.

Pursuant to Assembly Bill 1484, in particular Section 34181(f), the Successor Agency is required to provide 10 days' notice to the public on actions relating to the disposal of all assets and properties of the former El Cajon Redevelopment Agency.

The proposed purchase and sale agreement is prepared pursuant to California Health and Safety Code Section 34181(a) and is identified in the Amended Long Range Property Management Plan approved by the Successor Agency on March 11, 2014, its Oversight Board on January 15, 2014, and California Department of Finance on February 21, 2014. The Amended Long Range Property management Plan is available for public inspection at the City Clerk's Office, at the above address, during office hours (7:30 a.m. to 5:30 p.m., Monday through Thursday, and 8:00 a.m. to 5:00 p.m. on alternate Fridays).

Further information concerning this matter may also be obtained by contacting Anthony Shute, Director of Community Development, at 619-441-1742. If you challenge the purchase and sale in court, you may be limited to raising only those issues which you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council prior to the public hearing. The City of El Cajon is endeavoring to be in total compliance with the Americans with Disabilities Act. If you require assistance or auxiliary aids in order to participate at this public hearing, please contact the City Clerk at 619-441-1763 in advance of the meeting.

To be published in the San Diego Union Tribune on Saturday, October 14, 2017.



Subject Site

Rea Avenue

N. Magnolia Avenue

Location Map

PROPOSED RESOLUTION NO. OB-05-17

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY TO AUTHORIZE THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND SUCH OTHER DOCUMENTS NECESSARY TO SELL SUCCESSOR AGENCY PROPERTY LOCATED AT 115 REA AVENUE (APN 488-083-03-00).

WHEREAS, on January 15, 2014, the Oversight Board approved the Amended Long Range Property Management Plan ("Amended Plan") pursuant to Resolution No. OB-07-14; and

WHEREAS, the California Department of Finance ("DOF") approved the Amended Long Range Property Management Plan on February 21, 2014; and

WHEREAS, the El Cajon City Council, acting solely in its capacity as Successor Agency to the El Cajon Redevelopment Agency (the "Successor Agency"), approved the Amended Plan on March 11, 2014; and

WHEREAS, at least 10 days' notice to the public of the proposed transfer and related actions was provided pursuant to Health & Safety Code Section 34181(f); and

WHEREAS, the disposal strategy of the Amended Plan for Site No. 12, APN 488-083-03-00, located at 115 Rea Avenue (the "Property"), authorizes the sale of the Property in the open market with the approved broker, Commercial Properties Group; and

WHEREAS, the Property, a 0.10 acre parcel located in downtown El Cajon in an area dominated by commercial, retail, and civic uses, was appraised on February 2, 2017, and determined to have a value of \$390,000; and

WHEREAS, Iona Sharf has submitted a Letter of Intent to the Successor Agency to purchase the Property; and

WHEREAS, a Purchase and Sale Agreement (the "Agreement") has been prepared with a purchase price of \$450,000; and

WHEREAS, the City Council, acting in its capacity as the Successor Agency, approved execution of the Agreement and related documents at its regularly scheduled meeting held on October 24, 2017; and

WHEREAS, the proposed sale of the Property is exempt from the provisions of the California Environmental Quality Act (CEQA) in accordance with section 15061(b); (General Rule) of the CEQA Guidelines; and as it pertains to this project, the proposed purchase and sale agreement and the subsequent medical office use, will not have a significant effect on the environment; and section 15061(b) provides an exemption for

projects where it can be seen with certainty that that there is no possibility that the proposed project may have a significant impact on the environment; and

WHEREAS, the proposed sale would be in the best interests of the Successor Agency, the City of El Cajon, and all taxing entities by disposing of properties under enforceable obligations in an expeditious manner, as approved in the Amended Plan by the DOF.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY AS FOLLOWS:

- A. The Oversight Board finds that:
 - 1. The recitals above are true and correct and have been incorporated herein by reference; and
 - 2. The proposed sale is exempt from the California Environmental Quality Act (CEQA) under Section 15061 (b) (3) (General Rule) of the CEQA Guidelines because it will have no physical effect on the environment; and
 - 3. The proposed sale would be in the best interest of the taxing entities because it will dispose of the property in an expeditious manner, as approved in the Amended Plan by the DOF; and
 - 4. At least 10 days' notice to the public of the proposed sale and other actions was provided pursuant to Health & Safety Code Section 34181(f).
- B. The Oversight Board hereby APPROVES the sale of Site No. 12, APN 488-083-03-00, a 0.10 acre parcel located in downtown El Cajon dominated by commercial, retail, and civic uses, at 115 Rea Avenue, and all necessary and related agreements and/or assignments, from the Successor Agency to Iona Sharf pursuant to the Amended Long Range Property Management Plan.
- C. The Oversight Board hereby approves execution by the City Manager of the City of El Cajon, or such person designated by the City Manager, acting in the capacity of chief executive officer for the Successor Agency, of all documents, agreements and/or assignments necessary to complete the sale on behalf of the Successor Agency.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a special meeting held this 1st day of November, 2017, by the following vote to wit:

AYES :
NOES :
ABSENT :

Debra Emerson, Chairperson

ATTEST:

Anthony Shute, Oversight Board Secretary

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PURCHASE AND SALE AGREEMENT

By and Between

**CITY OF EL CAJON AS SUCCESSOR AGENCY TO THE
EL CAJON REDEVELOPMENT AGENCY
("Seller")**

and

**IONA SHARF
("Buyer")**

PURCHASE AND SALE AGREEMENT

This Agreement of Purchase and Sale ("Agreement") is made and entered into as of the _____ day of _____, 2017. CITY OF EL CAJON AS SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY, a charter city and municipal corporation, ("Seller") agrees to sell to IONA SHARF ("Buyer"), that certain real property located in the City of El Cajon, county of San Diego, state of California, described in Exhibit "A," attached hereto (the "Property").

I. Recitals

The following recitals are true and correct and are hereby incorporated by reference.

A. Seller is the owner of certain real property located on an approximate .10 acre parcel zoned regional commercial at the address known as 115 Rea Avenue, El Cajon, California, identified by Assessor's Parcel Number ("APN") 488-083-03-00. The Property includes one commercial building of approximately 3,600 sq. ft. The Property, the building and improvements located thereon, (collectively referred to as "Property") are depicted in the attached Exhibit "A."

B. Buyer desires to purchase and Seller desires to sell the Property on the terms and conditions of this Agreement.

C. Buyer contemplates the rehabilitation and repurposing of the existing building on the Property including, but not limited to, medical offices ("Proposed Development").

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

II. Purchase Price and Terms

A. Subject to the terms of this Agreement Buyer has agreed to buy, and Seller agreed to sell, the Property for Four Hundred Fifty Thousand Dollars and No Cents (\$450,000.00) (the "Purchase Price").

B. Deposit. Within two (2) days of the Execution Date (as defined below) , Buyer shall deliver to Escrow Holder Fifty Thousand Dollars and No Cents (\$50,000.00) as a good faith deposit ("Deposit"). Such deposit shall be deposited into Escrow and credited against the Purchase Price to Buyer at the Close of Escrow.

C. Due Diligence Period. Buyer shall have thirty (30) calendar days from the Opening of Escrow to thoroughly inspect the Property and conduct any non-destructive examination it feels relevant to the purchase of the Property ("Due Diligence Period"). At any time during the Due Diligence Period, for reasons agreed upon by Seller, Buyer may elect to cancel the purchase of the Property and receive its Deposit back, in full, with no demand or offset, via written notice to Seller.

D. Buyer's Entry onto Property. During the Due Diligence Period, Buyer, its agents, contractors and subcontractors shall have the right to enter upon the Property, at reasonable times during ordinary business hours and upon prior written notice to Seller, to make any and all inspections and tests as Buyer reasonably deems desirable and which may be accomplished without causing any material alteration or damage to the Property. Buyer agrees to indemnify, defend and hold Seller and the Property harmless from any and all costs, loss, liability, damages or expenses, of any kind or nature, arising solely out of or resulting solely from such entry. Notwithstanding the foregoing, however, Buyer shall not have any obligation to defend or indemnify Purchaser from any costs, damages or claims for liability (including, without limitation, any claims that the Property has declined in value) to the extent arising out of (a) pre-existing adverse conditions affecting the Property, (b) Seller's negligence or intentional misconduct, or (c) Buyer's discovery of any information potentially having a negative impact on the Property.

E. Construction Costs. After Close of Escrow, Buyer shall be solely responsible for the costs of any construction, rehabilitation, repair, and/or improvements to the Property in connection with the Proposed Development.

III. Escrow

A. Opening of Escrow. The "Escrow Holder" shall be Oak Tree Escrows, Inc. in El Cajon, California. For purposes of this Agreement, the Escrow shall be deemed opened on the date Escrow Holder shall have received a fully executed copy of this Agreement (or signed duplicate counterparts) from both Buyer and Seller. Buyer and Seller agree to deposit this Agreement with Escrow Holder within two (2) business days after this Agreement has been signed by both parties ("Execution Date"). Escrow Holder shall confirm to Buyer and Seller, in writing, the date Escrow is opened, the expiration date of the Due Diligence Period, any other review periods, and the Closing Date. In addition, Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions of Escrow Holder or other instruments as may reasonably be required by Escrow Holder in order to consummate the transaction contemplated by this Agreement; Buyer and Seller agree to sign and deliver such supplemental escrow instructions to Escrow Holder within two (2) business days after receipt thereof. If there is any inconsistency between such supplemental instructions and this Agreement, this Agreement shall control as between Buyer and Seller unless such supplemental instructions expressly state that they supersede or modify this Agreement.

B. Conditions Precedent. Buyer's obligation to purchase the Property from Seller is subject to the following conditions precedent ("Conditions Precedent"), which are for Buyer's benefit only:

1. Conditions of Title. It shall be a condition to the Close of Escrow that title to the Property is conveyed to Buyer by Seller by Grant Deed subject only to any of the following approved conditions of title ("Approved Conditions of Title"):

- a. All non-delinquent real estate taxes and assessments.

b. Building use or occupancy restrictions and zoning and building laws and ordinances of the federal, state, municipal, city and other governmental authorities having jurisdiction over the Property to the extent approved by Buyer.

c. All matters which would be disclosed by an inspection or survey of the Property to the extent approved by Buyer.

2. Title. Within seven (7) calendar days of the Execution Date, Seller shall provide Buyer at Seller's expense a preliminary title report for the Property ("Preliminary Report") issued by Chicago Title, Inc. ("Title Company"), together with copies of all exceptions and the documents supporting the exceptions ("Exceptions") in the Preliminary Report. Buyer shall have ten (10) calendar days from receipt of the Preliminary Report to examine the title and approve or disapprove of the conditions of the title reflected in the report ("Conditions of Title"). If Seller cannot remove any disapproved Condition of Title within ten (10) business days of Buyer's notification of disapproval, Buyer, at its sole discretion, may elect to cancel the escrow and receive its Deposit back with no penalty or offset. Should a supplemental report be issued disclosing additional title exceptions that significantly affect the operation of the Property or involve a material surface encroachment or impairment of access, then (i) the foregoing procedures shall apply to the new exceptions disclosed by the supplemental report, and (ii) if necessary, the Close of Escrow shall be extended to the extent necessary to accommodate the foregoing procedures.

Seller covenants and agrees to pay and discharge upon Close of Escrow all deeds of trust, mortgages, mechanics' liens, judgments and attachment liens and other encumbrances securing an obligation to pay money which exist as of the date hereof or are created or suffered by Seller (other than taxes on Buyer's possessory interest in the Property, whether delinquent or non-delinquent; and non-delinquent taxes, special assessments, and other fees and assessments which are to be prorated as provided herein, and liens and encumbrances created or suffered by Buyer).

3. Title Policies. On or before the Close of Escrow, Buyer shall have received evidence that Title Company shall issue, upon payment of Title Company's regularly scheduled premium by Seller at Close of Escrow, a California Land Title Association ("CLTA") extended owner's policy of title insurance ("Owner's Policy") for the parcel, in the face amount of the Purchase Price (the "Title Policy") with the endorsements Buyer may require ("Endorsements"), showing title to the Property vested in Buyer subject only to the Condition of Title, the lien of real property taxes for the current fiscal year not yet due or payable, and the standard preprinted exceptions and stipulations of the Title Policies.

4. Property Documents. Within five (5) business days from the Opening of Escrow, Seller shall deliver to Buyer copies of all permits, soils reports, licenses, maintenance contracts, utility contracts, operating contracts, management contracts, service contracts, available plans and drawings (including "as-built" plans), environmental, seismic, property condition, engineering, and zoning reports, and any other contracts pertaining to the Property, together with any amendments or modifications (collectively,

"Property Documents"). Buyer shall have ten (10) business days from receipt of the Property Documents to approve or disapprove each Property Document, and cancel the purchase of the Property with no penalty or offset. On or before the Close of Escrow, Seller shall assign to Buyer all of Seller's rights and remedies under the Property Documents, to the extent assignable, pursuant to an assignment of contracts, warranties, guarantees, and other intangible property ("Assignment of Contracts") in form and substance satisfactory to Buyer. At Buyer's request, the Assignment of Contracts shall exclude Seller's rights under any Property Documents designated by Buyer. At Buyer's request, Seller shall obtain the consent to assignment of any other parties to the Property Documents that Buyer specifies. At Buyer's request, Seller shall terminate the Property Documents that Buyer specifies by delivering notices to the other parties under the Property Documents in sufficient time to terminate the Property Documents prior to the Close of Escrow.

5. Cash Purchase. Buyer agrees to purchase the Property with all cash at Close of Escrow. Buyer will not need financing to assist with purchase of the Property.

6. Failure of Conditions Precedent. If any of the Conditions Precedent have not been fulfilled within the applicable time periods or if Buyer disapproves of matters for which Buyer's approval is required, Buyer may:

a. Waive and Close. Waive the condition or disapproval and close Escrow in accordance with this Agreement, without adjustment or abatement of the Purchase Price; provided, however, any such waiver must be in writing signed by Buyer; or

b. Cure and Close: Cure the failure of condition or representation and reduce the Purchase Price by an amount equal to the cost of cure; or

c. Terminate. Terminate this Agreement by written notice to Seller and to Title Company ("Buyer's Termination Notice") in which event the Deposit and any other deposits made by Buyer shall be returned to Buyer and this Agreement shall terminate.

C. Evidence of Title. Title shall be evidenced by the willingness of the Title Company to issue its standard coverage Title Policy in the aggregate amount of the Purchase Price showing title to the Property vested in Buyer. Buyer may elect to request that Title Company issue an extended coverage title policy provided the issuance thereof does not delay the Close of Escrow.

D. Close of Escrow. For purposes of this Agreement, the "Close of Escrow" shall be defined as the date that the grant deed or deeds conveying the Property to Buyer is or are recorded in the Official Records of San Diego County, California. Escrow shall close on the later of: (a) forty-five (45) calendar days from the Opening of Escrow; or (b) five (5) calendar days after Buyer obtains all permits needed to occupy the Property; but in no way shall Close of Escrow exceed sixty (60) calendar days from the Opening of Escrow unless consented to in writing by both parties (the "Closing Date").

E. Conditions to Close of Escrow.

Conditions to Buyer's Obligations. Buyer's obligation to consummate the transaction contemplated by this Agreement is subject to the satisfaction of the following conditions for Buyer's benefit on or prior to the dates designated below for the satisfaction of such conditions (or Buyer's waiver thereof, it being agreed that Buyer may waive any or all of such conditions by written waiver):

1. Seller's Obligations. As of the Close of Escrow, Seller shall have performed all of the obligations required to be performed by Seller under this Agreement.

2. Seller's Representations. All representations and warranties made by Seller to Buyer in this Agreement shall be true and correct as of the Closing Date and shall survive the closing. Seller represents and warrants to Buyer that as of the date of this Agreement and as of the Close of Escrow:

a. Disclosure. Seller has disclosed to Buyer all information concerning the Property to which Seller has access, and all information concerning the Property that Seller has provided to Buyer is complete and correct in all respects.

3. Condition of Property. To the best of Seller's knowledge, the Property is in good condition and free from any defects, including without limitation, erosion, drainage or soil problems, any known Hazardous Materials as defined in paragraph 14, below, physical, mechanical or electrical defects, defects in the pavement, or defects in utility systems.

4. Special Assessments or Condemnation. There are not presently pending (i) any special assessments, except as expressly stated in the Property Documents or Preliminary Report, or (ii) condemnation actions against the Property or any party. Moreover, Seller has not received notice of any special assessments or condemnation actions being contemplated. There are no existing, proposed, or contemplated eminent domain proceedings that would affect the Property. Moreover, Seller has not received any notice of existing, proposed, or contemplated eminent domain proceedings that would affect the property.

5. Title.

a. Ownership. Seller is the legal and equitable owner of the Property, with full right to convey. Seller has not granted any options or rights of first refusal or rights of first offer to third parties to purchase or otherwise acquire an interest in the Property.

b. Authorization to Sell. Seller has obtained authorization from the Successor Agency Oversight Board to sell the Property to Buyer as provided under Resolution No. _____, and Seller has obtained any other required authorizations

or approvals required for the lawful sale of the Property to Buyer.

c. Encumbrances. The Property is free and clear of all liens, encumbrances, claims, rights, demands, easements, leases, agreements, covenants, conditions, and restrictions of any kind, unless otherwise expressly stated in the Title Policy.

d. Encroachments. Except as shown on a survey, if obtained by the Buyer, there are no encroachments on the Property from adjoining properties, and the Property does not encroach on adjoining properties, easements, or streets.

e. Streets. There are no existing, proposed, or contemplated plans to widen, modify, or realign any street or highway which affects the contemplated size of, use of, or set-backs on the Property and the improvements.

6. Compliance with Laws. All laws, ordinances, rules, and regulations of any government or agency, body, or subdivision thereof, bearing on the construction, operation, ownership, or use of the Property, have been complied with by Seller.

7. Utilities. All water, sewer, electric, telephone, and drainage facilities, and all other utilities required by law or for the normal operation of the Property are installed to the property lines of the Property, have been connected, are connected with valid permits, are in good working order, and are adequate to service the Property.

8. Permits. Seller has obtained all appropriate licenses, permits, easements, and rights of way, including proofs of dedication, which are required to use and operate the Property. There are no commitments or agreements affecting the Property that have not been disclosed by Seller to Buyer in writing.

9. State of Facts. Seller is not in default of Seller's obligations or liabilities pertaining to the Property; nor are there facts, circumstances, conditions, or events, which, after notice or lapse of time, would constitute default. Seller has not received notice or information that any party to any of the Property Documents considers a breach or default to have occurred; nor has Seller any reason to believe that there is likely to be a default under any of the documents.

10. Consents and Release. Seller has obtained all required consents, releases, and permissions to convey good and marketable title to Buyer.

11. Litigation. Seller is not involved in or aware of pending or threatened litigation that could affect the Property, or title to the Property. Furthermore, there are no proceedings pending or threatened against Seller before any court or administrative agency relating to the Property that may adversely affect the Property, now or in the future, or that may adversely affect Seller's ability to fulfill all obligations under this Agreement and the related documents.

12. Authority. This Agreement and all other documents delivered prior to or at the Close of Escrow (i) have been duly authorized, executed, and delivered by Seller; (ii) are binding obligations of Seller; (iii) are collectively sufficient to transfer all of Seller's rights to the Property; and (iv) do not violate the provisions of any agreement to which Seller is a party or that affect the Property, and do not violate articles of incorporation and bylaws subject, however, to applicable bankruptcy, insolvency, and other similar laws affecting the enforcement of creditors' rights generally, and to principles of equitable remedies.

13. Foreign Investment in Real Property Tax Act. Seller is not a "foreign person" within the meaning of Internal Revenue Code § 1445.

14. Toxic or Hazardous Waste.

a. To the best of Seller's knowledge, the Property is free and has always been free from Hazardous Substances and is not and has never been in violation of any Environmental Laws.

b. To the best of Seller's knowledge, there are no buried or partially buried storage tanks located on the Property.

c. Seller has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are or have been in violation of any Environmental Law, or informing Seller that the Property is subject to investigation or inquiry regarding Hazardous Substances on the Property or the potential violation of any Environmental Law.

d. There is no monitoring program required by the Environmental Protection Agency (EPA) or any similar state agency concerning the Property.

e. To the best of Seller's knowledge, no toxic or hazardous chemicals, waste, or substances of any kind have ever been spilled, disposed of, or stored on, under, or at the Property, whether by accident, burying, drainage, or storage in containers, tanks or holding areas, or by any other means.

f. The Property has never been used as a dump or landfill.

IV. Covenants of Seller and Buyer.

Seller agrees as follows:

A. Payment of All Obligations. Seller shall have discharged all mechanics' and materialmen's liens arising from labor and materials furnished prior to the Close of Escrow. Seller will discharge all of Seller's obligations and liabilities under this Agreement, the Property Documents, and any related documents arising prior to the Close of Escrow.

B. Brokers. Seller shall indemnify, defend, and hold Buyer harmless from loss, cost, or expense, including but not limited to attorney fees and court costs, resulting from any fee or commission claim by a broker or finder claiming through Seller.

C. Litigation. Seller shall immediately notify Buyer of any lawsuits, condemnation proceedings, rezoning, or other governmental order or action, or any threat thereof, known to Seller that might affect the Property or any interest of Buyer.

D. Conditions to Seller's Obligations. For the benefit of Seller, the Close of Escrow shall be conditioned upon the occurrence and/or satisfaction of each of the following conditions (or Seller's waiver thereof, it being agreed that Seller may waive any or all of such conditions by written waiver):

1. Buyer's Obligations. Buyer shall have timely performed all of the obligations required by the terms of this Agreement to be performed by Buyer.

2. Buyer's Representations. All representations and warranties made by Buyer to Seller in this Agreement shall be true and correct as of the Close of Escrow. Buyer represents to Seller the following:

a. Brokers. Buyer shall indemnify, defend, and hold Seller harmless from and against any loss, cost, or expense, including but not limited to, attorney fees and court costs, resulting from a fee or commission claim by a broker or finder claiming through Buyer.

b. Authority. This Agreement and all other documents delivered prior to or on the Close of Escrow, (i) have been authorized, executed, and delivered by Buyer; (ii) are binding obligations of Buyer; and (iii) neither violate the provisions of any agreement to which Buyer is a party, nor violate any articles of incorporation or trust agreement of Buyer; subject, however, to applicable bankruptcy, insolvency, and other similar laws for enforcement of creditors' rights, and to principles of equitable remedies.

F. Deposits by Seller. At least two (2) business days prior to the Close of Escrow, Seller shall deposit or cause to be deposited with Escrow Holder the following documents and instruments:

1. Grant Deed. The Grant Deed in the form attached as Exhibit "B" conveying the Property to Buyer duly executed by Seller, acknowledged and in recordable form.

2. Seller's Certificate - Federal. A federal certificate of non-foreign status ("Federal Certificate"), duly executed by Seller, in the form normally used by the Escrow Holder.

3. Seller's Certificate - State. A California Franchise Tax Board Form 597-W, duly executed by Seller ("State Certificate").

G. Interim Operating Covenants. Seller covenants to Buyer that it will, from the Execution Date until Close of Escrow: (a) continue to operate, manage and maintain the Property in the ordinary course of its business and substantially in accordance with Seller's present practice; (b) maintain full liability coverage insurance on the Property; (c) not enter into any new contract for the provision of goods or services to or with respect to the Property other than in the ordinary course of business, or renew, extend or replace any contracts related to the Property unless such contract is terminable as of the Closing Date without payment of any fees or penalty or unless Buyer consents thereto in writing, which approval shall not be unreasonably withheld, delayed or conditioned; and (d) promptly notify Buyer in writing of any material change affecting the Property that becomes known to Seller prior to the Closing.

Buyer agrees as follows:

H. Deposits by Buyer. At least one (1) day prior to the Close of Escrow, Buyer shall deposit or cause to be deposited with Escrow Holder (a) in cash or cash equivalent the amount set out in Escrow Holder's estimate of Buyer's share of closing costs and proration charges payable pursuant to this Agreement, and (b) the signed Natural Hazards Disclosure Statement if required to be provided by Seller.

V. Costs and Expenses.

A. The cost and expense of the Title Policy shall be paid by Seller, excluding additional costs for the Title Policy if Buyer elects to obtain any endorsements or extended coverage, in which event the premium and any additional cost for endorsements or extended coverage in excess of the premium for standard coverage as well as the cost of any survey necessary for the issuance of such policy shall also be paid by Buyer. Escrow Holder's fee shall be shared equally between Buyer and Seller. Seller shall pay all documentary transfer taxes payable in connection with the recordation of the Grant Deed, if any. Buyer shall pay the Escrow Holder's customary charges for document drafting, recording and miscellaneous charges. If, as a result of no fault of Buyer or Seller, Escrow fails to close, Buyer shall be responsible for all of Escrow Holder's and Title Company's fees and charges.

B. Prorations. Except for current and delinquent (if any) possessory interest taxes, which remain the responsibility of the tenants of Seller, real and personal property taxes, special assessments, and any owners' association and landscape maintenance district assessments on the Property (as appropriate) ("Taxes") shall be prorated on the basis that Seller is responsible for (i) all Taxes for the fiscal year of the applicable taxing authorities occurring prior to the "Current Tax Period", and (ii) that portion of Taxes for the Current Tax Period determined on the basis of the number of days which have elapsed from the first day of the Current Tax Period to the Close of Escrow, inclusive, whether or not the same shall be payable prior to the Close of Escrow. The phrase "Current Tax Period" refers to the fiscal year of the applicable taxing authority in which the Close of Escrow occurs. In the event that as of the Close of Escrow the actual Tax bills for the year or years in question are not available and the amount of Taxes to be prorated as aforesaid

cannot be ascertained, then rates, millages and assessed valuation of the previous year, with known changes, shall be used, and when the actual amount of Taxes for the year or years in question shall be determinable, then Taxes will be re-prorated between the parties to reflect the actual amount of Taxes, provided that a party makes written demand on the one from whom it is entitled to such adjustment within one (1) year after the Close of Escrow. Any corrected adjustment or proration shall be paid in cash to the party entitled thereto.

Seller agrees to pay all taxes and assessments with respect to the Property that are allocable to the period before the Close of Escrow and to indemnify, defend and hold harmless Buyer from all loss, liability and expense arising from Seller's failure to pay such taxes and assessments.

C. Broker Costs. Buyer is represented by Voit Real Estate Services ("Buyer's Broker") and Seller is represented by Commercial Properties Group ("Seller's Broker"). At Close of Escrow, Seller shall pay through escrow a commission of six percent (6%) of the Purchase Price to be shared equally by Buyer's Broker and Seller's Broker.

D. Disbursements and Other Actions by Escrow. Upon the Close of Escrow, the Escrow Holder shall promptly undertake all of the following in the manner indicated:

1. Prorations. Prorate all matters referenced above based upon the statement delivered into Escrow signed by the parties.

2. Recording. Cause the Grant Deed in the form of Exhibit "B" attached hereto, and any other documents which the parties hereto may mutually direct, to be recorded in the Official Records of San Diego County, California.

3. Funds. Disburse from funds deposited by Buyer with Escrow Holder towards payment of all items chargeable to the account of Buyer pursuant hereto in payment of such costs to Seller, and disburse the balance of such funds, if any, to Buyer.

4. Documents to Buyer. Deliver the Federal Certificate and the State Certificate to Buyer.

5. Documents to Seller. [Intentionally Omitted]

6. Title Policy. Direct the Title Company to issue the Title Policy to Buyer.

E. Seller's Representations and Warranties. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS SET FORTH IN THIS AGREEMENT, SELLER HAS MADE ABSOLUTELY NO REPRESENTATIONS OR WARRANTIES REGARDING THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ITS CONDITION, ITS PAST USE, OR ITS SUITABILITY FOR BUYER'S INTENDED USE, AND THAT BUYER IS PURCHASING THE PROPERTY ON AN "AS-IS" BASIS. Notwithstanding the foregoing, Seller makes the following representations to Buyer: Seller has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby; the execution, delivery and performance of this Agreement have been duly authorized and no other action by Seller is

requisite to the valid and binding execution, delivery and performance of this Agreement; Seller has no actual knowledge of any Hazardous Materials on or under the Property or any underground tanks on the Property or of any claims, easements, leases or other liens or encumbrances affecting the Property that are not disclosed by the public records.

F. Buyer's Covenants, Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property to Buyer, Buyer makes the following covenants, representations and warranties:

1. Authority. Buyer has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement have been duly authorized and no other action by Buyer is requisite to the valid and binding execution, delivery and performance of this Agreement, except as otherwise expressly set forth herein.

2. Physical Condition. Buyer shall inspect the Property to the extent Buyer deems necessary or desirable. Buyer's closing of Escrow shall constitute Buyer's representation to Seller that Buyer is satisfied in all respects with the Property, including, without limitation, size, the physical condition and condition of any and all improvements.

3. "AS-IS" Nature Of Sale. Buyer acknowledges and agrees that except as set forth in this Agreement, or in referenced documents, Seller has not made, does not make and specifically negates and disclaims any representations, warranties, or guarantees of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to (a) the value, nature, quality of condition of the Property, including, without limitation, the water, soil and geology; (b) the income to be derived from the Property; (c) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon; (d) the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body; (e) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property; (f) the manner or quality of the construction or materials, if any, incorporated into the Property; (g) the manner, quality, state of repair or lack of repair of the Property; or (h) any other matter with respect to the Property, and specifically (except as set forth herein) that Seller, except as specifically stated in this Agreement, has not made, does not make, and specifically disclaims any representations regarding compliance with any environmental protection, pollution or land use laws, rules, regulations, orders or requirements, including solid waste, as defined by the U.S. Environmental Protection Agency regulations at 40 C.F.R., Part 261, or the disposal or existence, in or on the Property, of any hazardous substance, as defined by the Comprehensive Environmental Response Compensation And Liability Act of 1980, as amended, and regulations promulgated thereunder. (The substances, wastes and materials that are regulated by the foregoing laws or any other state and/or federal laws are herein referred to as "Hazardous Materials.") Except as specifically stated otherwise in this Agreement, Buyer further acknowledges and agrees that any information provided or to be provided by or on behalf of Seller with respect to the Property was obtained from a variety of sources and that Seller has not made any independent investigation or verification of

such information and makes no representations as to the accuracy or completeness of such information; except, however, Seller represents and warrants Seller has not altered or modified the Property Documents in any manner that would render inaccurate or untrue any information concerning the matters expressly set forth in the Property Documents. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee, servant or other person. Buyer further acknowledges and agrees that the sale of the Property as provided for herein is made on an "AS-IS" condition and basis with all faults.

4. Except for Seller's representations and warranties set forth in this Agreement, Buyer and anyone claiming by, through or under Buyer hereby fully and irrevocably releases Seller, its elected and appointed officers, officials, employees, representatives, agents, successors and assigns, from any and all claims that it may now have or hereafter acquire against such persons and entities for any cost, loss, liability, damage, expense, demand, action or cause of action arising from or related to any construction defects, errors, omissions or other conditions, including, but not limited to, Hazardous Materials and environmental matters, affecting the Property, or any portion thereof. Nothing contained in this Agreement, including this Section V.F.4, shall limit or restrict Seller's liability to Buyer in connection with any claims based on fraud or intentional misrepresentation, Seller's breach of express representations and express warranties contained in this Agreement or the rights of Buyer under this Agreement, and Buyer is not releasing any such claims. This release includes claims of which Buyer is presently unaware or that Buyer does not presently suspect to exist in its favor, which, if known by Buyer, would materially affect Buyer's release of Seller. Buyer specifically waives the provision of California Civil Code §1542, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

5. The representations and warranties of Buyer and Seller set forth in this Agreement shall be true on and as of the Close of Escrow and shall survive the Closing.

G. Buyer's Indemnity. Buyer agrees to indemnify, protect and defend Seller against and hold Seller harmless from any claims, losses, damages, costs or expenses including, without limitation, any reasonable attorneys' fees, asserted against, incurred or suffered by Seller resulting from any breach by Buyer following the Closing Date of express obligations of Buyer arising under this Agreement. Buyer's obligations under this Section 6 shall survive Close of Escrow or termination of this Agreement for a period of one year. In the event of a material breach by Buyer of this Agreement prior to the Closing Date, Seller shall have as its sole and exclusive remedy the right to retain the Deposit as liquidated damages.

H. Seller's Indemnity. Seller agrees to indemnify, protect and defend Buyer against and hold Buyer harmless from any and all claims, demands, liabilities, losses, damages, costs and

expenses including, without limitation, all reasonable attorneys' fees, asserted against, incurred or suffered by Buyer resulting from (i) any breach by Seller of this Agreement, (ii) any liability or obligation of Seller that Buyer is not required to assume under this Agreement or accruing prior to such assumption, (iii) any personal injury or property damage occurring in, on or about the Property or relating thereto on or before the Close of Escrow, from any cause whatsoever except Buyer's inspection or other activities on or about the Property, or (iv) the untruth, inaccuracy or breach of any of the representations, warranties, covenants and agreements made by Seller pursuant to this Agreement. Seller's obligations under this Section H shall survive Close of Escrow or termination of this Agreement for a period of one year. Neither the foregoing nor any other provision of this Agreement shall limit the rights and remedies available to Buyer at law or in equity, whether by statute or otherwise, and all such rights and remedies shall be cumulative and non-exclusive.

I. Indemnification of Escrow Holder. If this Agreement or any matter relating hereto shall become the subject of any litigation or controversy, Buyer and Seller agree, jointly and severally, to hold Escrow Holder free and harmless from any loss or expense, including attorneys' fees, that may be suffered by it by reason thereof except for losses or expenses as may arise from Escrow Holder's negligent or willful misconduct. If conflicting demands are made or notices served upon Escrow Holder with respect to this Agreement, the parties expressly agree that Escrow Holder shall be entitled to file a suit in interpleader and obtain an order from the court requiring the parties to interplead and litigate their several claims and rights among themselves. Upon the filing of the action in interpleader, Escrow Holder shall be fully released and discharged from any obligations imposed upon it by this Agreement.

J. Damage or Condemnation Prior to Closing. Seller shall promptly notify Buyer of any casualty to the Property or any condemnation proceeding commenced prior to the Close of Escrow of which Seller obtains actual knowledge. If any such damage or proceeding relates to or may result in the loss of any material portion of the Property, Buyer may, at its option, elect either to: (i) terminate this Agreement, in which event neither party shall have any further rights or obligations hereunder and Buyer's Initial Deposit, any other deposits, and any extension fee(s) shall be refunded to Buyer, or (ii) continue this Agreement in effect, in which event upon the Close of Escrow, Buyer shall be entitled to any compensation, awards, or other payments or relief resulting from such casualty or condemnation proceeding.

VI. Further Assurances

Whenever requested by the other party, each party shall execute, acknowledge, and deliver any further conveyances, assignments, confirmations, satisfactions, releases, powers of attorney, instruments of further assurance, approvals, consents, and any other instruments and documents as may be necessary, expedient, or proper, to complete any conveyance, transfer, sale, or assignment contemplated by this Agreement, and to do any other acts and to execute, acknowledge, and deliver any requested document to carry out the intent and purpose of this Agreement.

VII. Miscellaneous

A. Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, delivered by reputable overnight carrier, sent by certified mail, postage prepaid, return receipt requested, or sent by telecopy, and shall be deemed received upon the earlier of (i) if personally delivered or delivered by overnight courier, the date of delivery to the address of the person to receive such notice, (ii) if mailed, two (2) business days after the date of posting by the United States post office, (iii) if given by telecopy, when sent. Any notice, request, demand, direction or other communication sent by telecopy must be confirmed within forty-eight (48) hours by letter mailed or delivered in accordance with the foregoing.

To Buyer: Iona Sharf
7660 Fay Avenue H351
La Jolla, CA 92037

With a copy to: Patrick Connors, Associate
Voit Real Estate Services
4747 Executive Drive, Suite 800
San Diego, CA 92121

To Seller: City of El Cajon as Successor Agency to the
El Cajon Redevelopment Agency
200 Civic Center Way
El Cajon CA 92020
Attention: Douglas Williford

With copies to: Morgan L. Foley, Esq.
McDougal, Love, Boehmer, Foley, Lyon & Canlas
8100 La Mesa Blvd., Suite 200
La Mesa, CA 91942

City of El Cajon
200 Civic Center Way
El Cajon CA 92020
Attention: Anthony Shute

To Escrow Holder: Oak Tree Escrows, Inc.
166 E. Wells Avenue
El Cajon CA 92020

Notice of change of address shall be given by written notice in the manner detailed in this Paragraph. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice, demand, request or communication sent.

B. Legal Fees. In the event any lawsuit or arbitration proceeding is brought by a party hereto against another party hereunder by reason of any breach of any of the covenants or any inaccuracies in any of the representations and warranties on the part of the other party arising out of this Agreement, or for declaratory relief, the prevailing party in such action or proceeding shall be entitled to have and recover of and from the other party its costs and reasonable attorneys' fees.

C. Assignment. At any time Buyer is not in default hereunder, Buyer may assign its rights under this Agreement to a third party assignee. Seller shall not have the right to assign or mortgage this Agreement or any portion of this Agreement without Buyer's prior written consent.

D. Other Fees and Assessments. [Intentionally Omitted]

E. Survival of Covenants. The covenants, representations and warranties of both Buyer and Seller set forth in this Agreement shall survive the recordation of the Grant Deed and the Close of Escrow.

F. Required Actions of Buyer and Seller. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use their reasonable best efforts to accomplish the Close of Escrow in accordance with the provisions hereof.

G. Time of Essence. Time is of the essence of each and every term, condition, obligation and provision hereof.

H. Counterparts. This Agreement (and any amendments and escrow instructions) may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. Documents delivered by telephonic facsimile transmission shall be valid and binding.

I. Captions. Any captions to, or headings of, the paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof. This Agreement shall be interpreted in accordance with its reasonable meaning, and not strictly for or against either party.

J. No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties thereto, to any person or entity other than the parties hereto.

K. Exhibits. The Exhibits attached hereto are hereby incorporated herein by this reference.

L. Amendment to this Agreement. This Agreement, together with all referenced and/or attached documents, contains the entire understanding of the parties regarding the subject matter and may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

M. Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

N. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

O. Fees and Other Expenses. Except as otherwise provided herein, each of the parties shall pay its own fees and expenses in connection with this Agreement.

P. Agreement. No agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby.

Q. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

R. Confidentiality. Buyer shall keep all information and reports obtained from Seller or relating to the Property or the proposed transaction confidential and will not disclose any such confidential information to any other person or entity without obtaining the prior written consent of Seller, unless required to disclose documents or reports by operation of law or by order of a court of competent jurisdiction.

S. Authority. Each individual who signs this Agreement on behalf of an entity represents and warrants that he/she is authorized to do so and to bind such entity.

T. Special Tax. There are no special taxes levied against the Property.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at San Diego County, California as of the day and year first-above written.

"BUYER"

Iona Sharf

By: _____
Name: Iona Sharf
Title: _____

Date: _____

APPROVED AS TO LEGALITY
AND FORM:

Morgan L. Foley, City Attorney

"SELLER"

CITY OF EL CAJON AS
SUCCESSOR AGENCY TO
EL CAJON REDEVELOPMENT AGENCY,
a charter city and municipal corporation

By: _____
Name: Douglas Williford
Title: City Manager

Date: _____

ATTEST:

Daryl A. Betancur, City Clerk

ACCEPTANCE BY ESCROW HOLDER

OAK TREE ESCROWS, INC. hereby acknowledges that it has received a fully executed counterpart of the foregoing Purchase and Sale Agreement and agrees to act as Escrow Holder thereunder and to be bound by and perform the terms thereof as such terms apply to Escrow Holder.

Dated: _____, 2017

OAK TREE ESCROWS, INC.

By: _____
Name: Bobbi Pearson
Title: Owner/Escrow Officer

EXHIBIT A

(Legal Description of Property)

APN: 488-083-03-00

REAL PROPERTY IN THE CITY OF EL CAJON, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE EAST 40 FEET OF LOT 22 IN BLOCK 1 OF STELL BURGERS COMPANY ADDITION TO EL CAJON, IN THE CITY OF EL CAJON, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 1070, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 6, 1907.

EXCEPTING THEREFROM THE SOUTHERLY 10.00 FEET THEREOF AS GRANTED TO THE CITY OF EL CAJON MARCH 24, 2000 AS FILE NO. 2000-0149051 OF OFFICIAL RECORDS.

EXHIBIT B

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DOCUMENTARY TRANSFER TAX \$ _____

_____ Computed on the consideration or value of property conveyed; OR

_____ Computed on the consideration or value less liens or
encumbrances remaining at time of sale.

Signature of Declarant or Agent determining tax - Firm Name

APN: 488-083-03-00

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

THE CITY OF EL CAJON AS SUCCESSOR AGENCY
TO THE EL CAJON REDEVELOPMENT AGENCY,
a charter city and municipal corporation

hereby GRANT(S) to IONA SHARF,

the real property in the City of El Cajon, County of San Diego, State of California, described as:

See Legal Description in Exhibit A, attached hereto and made a part hereof.

This conveyance is made subject to easements, restrictions and other matters of record, including, but not limited to,
the following:

Dated: _____

By: _____
DOUGLAS WILLIFORD
City Manager

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

State of California)
County of San Diego)

On _____, 2017 before me, _____ (insert name and title of the officer), personally appeared Douglas Williford, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Attachment A

(Legal Description of Property)

APN: 488-083-03-00

REAL PROPERTY IN THE CITY OF EL CAJON, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE EAST 40 FEET OF LOT 22 IN BLOCK 1 OF STELL BURGERS COMPANY ADDITION TO EL CAJON, IN THE CITY OF EL CAJON, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 1070, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 6, 1907.

EXCEPTING THEREFROM THE SOUTHERLY 10.00 FEET THEREOF AS GRANTED TO THE CITY OF EL CAJON MARCH 24, 2000 AS FILE NO. 2000-0149051 OF OFFICIAL RECORDS.

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**APPRAISAL OF
Existing Commercial Building
115 Rea Avenue
El Cajon, California**

FOR

City of El Cajon
Adriana Castaneda, Operations Manager - Facilities
Public Works Department
200 Civic Center Way
El Cajon, CA 92020

DATE OF VALUE

February 2, 2017

DATE OF REPORT

February 13, 2017

BY

Mark A. Smith
Andrew A. Smith Company
4215 Spring Street, Suite 225
La Mesa, California 91941

Mark A. Smith, Principal
Andrew A. Smith, MAI
1936-1999

ANDREW A. SMITH COMPANY

Real Estate Appraisers & Consultants
4215 Spring Street, Suite 225
La Mesa, California 91941-7983

telephone (619) 464-8844
aasco@pacbell.net

February 13, 2017

Adriana Castaneda
Operations Manager - Facilities
City of El Cajon
Public Works Department
200 Civic Center Way
El Cajon, CA 92020

Reference: APPRAISAL OF
Existing Commercial Building
115 Rea Avenue
El Cajon, CA 92020

Fee Simple Market Value as of February 2, 2017: \$390,000

Dear Ms. Castaneda:

At your request, and pursuant to your authorization, I have inspected the above referenced existing commercial building and performed a market data search to formulate my opinion of the fee simple market value as of February 2, 2017. The subject property has reportedly been vacant for more than eight years with deferred maintenance observed. The opinion of value presented is based on the assumption the site is free and clear of any adverse leases, liens and/or encumbrances.

I have made a limited on-site inspection of the subject improvements, reviewed the sites zoning and analyzed available data and information having a bearing on market value. Findings are submitted in this *Restricted Use Report* in an expanded letter format. Additional information upon which these findings are based will be retained in a work file, which are available upon request. In a *Restricted Use Report* the appraiser's opinions and conclusions may not be fully understood properly without reviewing the additional information available in the work file. See Limiting Conditions section.

Real Estate Appraised: The property is located at 115 Rea Avenue, El Cajon, California, 92020.

Ownership of Record: City of El Cajon.

Adriana Castaneda
Operations Manager - Facilities
City of El Cajon
February 13, 2017
page 2

Purpose of the Appraisal and Report: The objective of this appraisal is to assist the city of El Cajon in determining the current unencumbered fee simple market value of the above referenced property for internal decision making and financial planning purposes. My opinion of value is subject to the assumptions and contingent conditions as set forth in this report.

Function of the Appraisal: The function or use of the report is to assist the client, the city of El Cajon, in evaluating the fee simple market value as of February 2, 2017, for possible sale purposes. This report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and complies with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

Date of Valuation: The subject was appraised as of February 2, 2017.

Date of Report: February 13, 2017.

Property Rights Appraised: Fee Simple Estate is defined on page 78 of the Fifth Edition of The Dictionary of Real Estate Appraisal (2010), sponsored by the Appraisal Institute as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by governmental powers of taxation, eminent domain, police power, and escheat."

Definition of Value Sought: The term "market value" for Federally Insured Financial Institutions as used herein is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their best interests;

Adriana Castaneda
Operations Manager - Facilities
City of El Cajon
February 13, 2017
page 3

- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and,
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

I have interpreted the phrase "most probable price" to mean that amount of money a property will bring in the market on the date of valuation assuming good exposure to the market and the forceful, intelligent and concentrated effort to sell. It is not the highest price obtainable under any and all circumstances, such as the uninformed buyer or a buyer having a special need for that particular property.

Definition of Highest and Best Use: As defined in the Fourteenth Edition of The Appraisal of Real Estate, published by the Appraisal Institute, highest and best use is:

"Is the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible, and that results in the highest value."

History of the Property: The city of El Cajon reportedly acquired the property via a trust deed sale on October 1, 2009, for \$304,149 per public records. The property has been vacant since the purchase in 2009. The prior owner of record, Pisces International Inc., purchased the property on June 14, 2004, for a recorded sales price of \$449,000. The property is currently vacant and the city of El Cajon has made no known attempts to market the property for lease or sale since their acquisition in 2009.

Disclosure of Competency: We are aware of the competency provision of USPAP and the author of this report meet the standards. Since 1982, Mark A. Smith has appraised numerous offices/industrial/commercial properties and land throughout San Diego County and Southern

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California. In addition, Mark Smith has appraised numerous residential properties including: remaining phases of existing residential subdivisions, nearly finished lots and raw land for future residential attached and detached unit subdivision developments, and large master-planned communities in various levels of development and/or construction.

Highest & Best Use (As Vacant): After inspection of the property, consideration of legal and physical constraints, neighborhood market trends, and analysis of permitted uses considering the site's location, access, configuration, and taking into consideration the present economic prospects for residential uses as allowed by current zoning, I have concluded that the Highest and Best Use of the subject would be to develop the property with a well-designed commercial, office or mixed use building.

Highest & Best Use (As Improved): In the case where a site contains improvements and the highest and best use is determined to be different from the existing use, the existing use will continue unless and until land value under the proposed "Highest and Best Use, As If Vacant" exceeds the sum of the value of the entire property in its existing use and costs incurred to remove the improvements. In the course of this investigation I discovered there is a market for the purchase of small sized commercial buildings in San Diego's East County. The property currently displays significant deferred maintenance and will require significant tenant improvements prior to being occupied. The amount of required improvements was estimated based upon a limited inspection and could alter the highest and best use if actual cost estimated are excessive. I have concluded that the Highest and Best Use of the subject would be the continuation of the existing retail building with significant tenant improvements required. Therefore, it has been concluded that the Highest and Best Use for the site "as Improved" calls for the continuation of the existing improvements.

Identification of the Property: A formal legal description has not been provided for review. A partial legal description is the East 40 feet of Lot 33 of Block 1 (Excluding Alley) of Stell Burgess CO Add - Map 1070. The street address is 115 Rea Avenue, El Cajon, California, 92020. The San Diego County Assessor refers to the property as assessors' parcel number 488-083-03-00. The property is exempt from paying property taxes.

Description of the Site: The site is rectangular in shape ($\pm 40'$ x $90'$) containing approximately 0.08 acres or $\pm 3,600$ square feet per the County of San Diego Assessors records. The site is level, located at street grade, and assumed to be fully useable. The site

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is accessed by Rea Avenue and a paved rear alley. Located within the city of El Cajon, customary municipal utilities are available.

Zoning: The city of El Cajon has zoned the site C-R (Regional Commercial). The Existing Commercial building is conforming to the zone. The city of El Cajon describes the C-R zone as follows:

The C-R zone is intended to accommodate community and regional commercial centers and governmental facilities, which typically serve large areas of the city and surrounding community. In view of the extensive service areas of such developments, as well as their potentially significant impact on adjacent land uses and traffic circulation patterns, the C-R zone is limited to the downtown area and the area including and around the regional shopping mall that is regulated by Specific Plan No. 19. The development standards of the C-R zone seek to minimize any adverse effects of the developments on adjacent property and to encourage common access and parking. Joint-use developments of retail, office and residential uses are also encouraged in the downtown area. The C-R zone is consistent with the "regional retail commercial" designation of the general plan.

The site is located within the Downtown El Cajon Specific Plan 182 which provides developers with recommendations for land uses and development standards that encourage mixed-use development. The El Cajon CDC Design Review Commission, assigned by city of El Cajon, reviews and approves all renovation and new construction projects in Downtown El Cajon.

Current Use/Improvements: The property is improved with a 1-story commercial building of concrete block and brick construction on a concrete foundation. The improvements were reportedly built in 1953. The building was measured at 3,600 gross square feet (40' x 90'). The building design will allow for all of the square footage to be rentable area. The building is designed as a single tenant building. The building is reportedly heated and cooled with a roof mounted systems. There is one bathroom which is not ADA compatible. The building is estimated to be improved with standard electrical power. The roof covering is a flat built-up composition material. During the physical inspection significant deferred maintenance was observed. The property has reportedly been vacant for approximately 8 to 10 years with little if any upgrades or maintenance occurring during this time. The roof displays leaks, the electrical system did not operate during the inspection and floor coverings have been removed. The ceiling is of sprayed acoustic material which could contain asbestos based on

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the age of the improvements. It is predicted that the improvements need significant upgrades including upgrades to electrical and plumbing systems, roof, heating and cooling systems and new floor covering and interior walls. In the worst case scenario the masonry walls would require earthquake retrofitting which would likely result in the improvements adding limited to no value. The building currently displays an effective age of 50 to 60 years and appears to be in fair to poor condition. The site is fully improved with the building improvements with no onsite parking, landscaping or exterior lighting.

Overall, the subject improvements are estimated to be in fair to poor condition. The condition of the improvements is based on the limited inspection performed on February 2, 2017. To confirm the condition of the improvements it is recommend that a general contractor inspect the improvements.

Scope of the Appraisal: I will provide my opinion of market value based on the estimated highest and best use which is the continued use of the building. The initial step in the valuation process required that the property be physically inspected, which was last performed on February 2, 2017. The property was vacant at the date of value. The fee simple value of the property was estimated by applying the sale comparison approach to value.

The cost and income approaches to value were not considered to be an applicable approach for the subject.

I have concluded the exclusion of the cost and income approaches does not reduce the reliability of the concluded market value as is acceptable based on the provision per USPAP. The scope of work to be performed is consistent with the expectations of participants in the market for the same or similar appraisal service and with the appraiser's peers in performing the same or similar assignments in compliance with USPAP.

Sales Comparisons Approach: The Sales Comparison Approach compares the subject improvements to comparable properties that have recently sold or are listed for sale, preferably in the immediate market area. It is applicable to all types of properties for which there is sufficient data to analyze. This method of arriving at an indication of value is considered most reliable when properties are bought and sold in an area with regularity.

To value the subject property via the Sales Comparison Approach, a search was made for reasonably recent transactions of commercial buildings with similar design, size, quality of

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improvements, age, comparable zoning, appeal and location. After analyzing approximately 60 recent sale transactions, I found the following 10 comparables which includes 9 closed sale transactions and 1 active listing to be of significant help in determining the value. Based on the age and condition of the subject along with the varying lot sizes and limited improved building areas, the market data was adjusted and a price per square foot of land area. The following chart summarizes those comparables that were deemed most useful in the analysis of value for the subject:

COMPARABLE TRANSACTIONS SUMMARY									
SALE No.	LOCATION	DOCUMENT NO. SELLER/BUYER	SALE DATE	SALE PRICE	LOT SIZE Sq.Ft.	LAND PRICE/ PSF	BUILDING SIZE	AGE	PARKING SPACES
Subject	115 Rea Avenue El Cajon, 92020	N/A	N/A	N/A	3,600	N/A	3,600 SF	1953	None
1	10001 Maine Ave Lakeside, 92040	16-0696015 Langill/Wolfe	12/2016	\$423,000	3,746	\$112.92	1,830 SF	1930	3
2	6903 University Ave La Mesa, 91942	16-0586759 Macececa/Habib	10/2016	\$525,000	6,434	\$81.60	2,400 SF	±1950	8
3	6222 University Ave San Diego, 92115	16-0410677 Brown/3D Eniron.	08/2016	\$375,000	5,000	\$75.00	1,200 SF	1961	2
4	4128 El Cajon Blvd. San Diego, 92105	16-0237623 Hernandez/Sinnawi	05/2016	\$280,000	2,026	\$138.20	901 SF	1948	4
5	413 S Magnolia Ave El Cajon, 92020	16-0184610 KCLC/Dimr Ents	04/2016	\$511,000	6,534	\$178.21	1,458 SF	1966	6
6	5480 El Cajon Blvd. San Diego, 92115	15-0596625 Beyloune/Family Health	11/2015	\$620,000	5,772	\$107.42	3,200 SF	1953	4
7	3924 El Cajon Blvd. San Diego, 92105	15-0472810 Wang/AN 1924 Prop	09/2015	\$500,000	3,572	\$139.98	1,232 SF	1940	6
8	560 El Cajon Blvd. El Cajon, 92020	15-0407910 Yaotani/Mikha	07/2015	\$475,000	4,979	\$95.40	4,366 SF	1953	3
9	4288 El Cajon Blvd. San Diego, 92105	15-011399 Cekado/Lewis	01/2015	\$375,000	4,500	\$83.33	1,566 SF	1947	4
10	7888 Broadway Lemon Grove, 91945	Active Listing	Current	\$550,000	3,400	\$161.76	2,400 SF	±1955	3

Transaction 1 was the December 20, 2016, purchase of a 1,850 square foot single tenant retail/office building located in the community of Lakeside at 10001 Maine Avenue. The comparable is located approximately 5 miles northeasterly of the subject. The property was

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purchased for \$423,000 or \$231.15 per square foot of building area. The property is improved with a retail/office building on a 3,746 square foot site which represents a floor area ratio of 49 percent. The indicated price per square foot of land area is \$112.92 per square foot. There are approximately 3 open on-site parking spaces. The building was constructed in approximately 1930 and had recently been renovated into an office building. The improvements are reported to be in good condition. The overall location is considered similar to the subject. The buyer reportedly paid cash. Overall, this property is superior to the subject property.

Transaction 2 was the October 28, 2016, purchase of a 2,400 square foot retail building located in the city of La Mesa at 6903 University Avenue. The comparable is located approximately 6 miles southwesterly of the subject. The property was purchased for \$525,000 or \$218.75 per square foot of building area. The property is improved with an one-story commercial building on a 6,434 square foot site which represents a floor area ratio of 37 percent. The indicated price per square foot of land area is \$81.60 per square foot. There are approximately 8 open on-site parking spaces. The building was constructed in approximately 1950 with the improvements reported to be in average condition. The buyer reportedly put a cash down payment of \$157,000 (30%) and obtained a conventional loan in the amount of \$368,000 from The Loan Company. The location is considered to be similar to the subject. Overall, this property is considered inferior to the subject property.

Transaction 3 was the August 11, 2016, purchase of a 1,200 square foot office building located in the city of San Diego at 6222 University Avenue. The comparable is located approximately 6.5 miles southwesterly of the subject. The property was purchased for \$375,000 or \$312.50 per square foot of building area. The property is improved with an one-story office building on a 5,000 square foot site which represents a floor area ratio of 24 percent. The indicated price per square foot of land area is \$75.00 per square foot. There are approximately 2 open on-site parking spaces. The building was constructed in approximately 1961 with the improvements reported to be in average condition. The buyer reportedly put a cash down payment of \$175,000 (46.7%) and obtained a conventional loan in the amount of \$200,000 from Balboa Thrift and Loan. The location is considered to be similar to the subject. Overall, this property is considered inferior to the subject property.

Transaction 4 was the May 17, 2016, purchase of a 901 square foot retail building located in the city of San Diego at 4128 El Cajon Boulevard. The comparable is located approximately 9 miles southwesterly of the subject. The property was purchased for

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\$280,000 or \$310.77 per square foot of building area. The property is improved with an one-story commercial building on a 2,026 square foot site which represents a floor area ratio of 44 percent. The indicated price per square foot of land area is \$138.20 per square foot. There are approximately 4 open on-site parking spaces. The building was constructed in approximately 1948 with the improvements reported to be in average condition. The buyer reportedly put a cash down payment of \$84,000 (30%) and obtained a conventional loan in the amount of \$196,000 from The Loan Company. The location is considered to be similar to the subject. Overall, this property is considered superior to the subject property.

Transaction 5 was the April 20, 2016, purchase of a 1,458 square foot office building located in the city of El Cajon at 413 S Magnolia Avenue. The comparable is located approximately one-third a mile south of the subject. The property was purchased for \$511,000 or \$350.48 per square foot of building area. The property is improved with an one-story office building on a 6,534 square foot site which represents a floor area ratio of 22 percent. The indicated price per square foot of land area is \$178.21 per square foot. There are approximately 6 open on-site parking spaces. The building was constructed in approximately 1966 with the improvements are reported to be in good condition. The buyer reportedly put a cash down payment of \$127,750 (25%) and obtained a conventional loan in the amount of \$383,250 from MUFJ Union Bank. The location is considered to be inferior to the subject. Overall, this property is considered superior to the subject property.

Transaction 6 was the November 17, 2015, purchase of a 3,200 square foot retail building located in the city of San Diego at 5480-5482 El Cajon Boulevard. The comparable is located approximately 7 miles southwesterly of the subject. The property was purchased for \$620,000 or \$193.75 per square foot of building area. The property is improved with an one-story retail storefront building on a 5,772 square foot site which represents a floor area ratio of 55 percent. The indicated price per square foot of land area is \$107.42 per square foot. There are approximately 4 open on-site parking spaces. The building was constructed in approximately 1953 with the improvements are reported to be in average condition. The buyer reportedly paid all cash. The location is considered to be similar to the subject. Overall, this property is considered similar to the subject property.

Transaction 7 was the September 4, 2015, purchase of a 1,232 square foot retail building located in the city of San Diego at 3924 El Cajon Boulevard. The comparable is located approximately 9 miles southwesterly of the subject. The property was purchased for \$500,000 or \$405.84 per square foot of building area. The property is improved with an one-story commercial building on a 3,572 square foot site which represents a floor area ratio of

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34 percent. The indicated price per square foot of land area is \$139.98 per square foot. There are approximately 6 open on-site parking spaces. The building was constructed in approximately 1940 with the improvements are reported to be in average condition. The buyer reportedly put a cash down payment of \$125,000 (25%) and obtained financing from a private lender. The location is considered to be superior to the subject. Overall, this property is considered superior to the subject property.

Transaction 8 was the July 31, 2015, purchase of a 4,366 square foot retail building located in the city of El Cajon at 560 El Cajon Boulevard. The comparable is located approximately three-quarters of a mile westerly of the subject. The property was purchased for \$475,000 or \$108.80 per square foot of building area. The property is improved with an one-story retail storefront building on a 4,979 square foot site which represents a floor area ratio of 88 percent. The indicated price per square foot of land area is \$95.40 per square foot. There are approximately 3 open on-site parking spaces. The building was constructed in approximately 1953 with the improvements are reported to be in good condition. The buyer reportedly put a cash down payment of \$120,000 (25.3%) and obtained a conventional loan in the amount of \$355,000 from Pacific Commerce Bank. The location is considered to be inferior to the subject. Overall, this property is considered inferior to the subject property.

Transaction 9 was the January 15, 2015, purchase of a 1,566 square foot retail building located in the city of San Diego at 4288 El Cajon Boulevard. The comparable is located approximately 8.5 miles southwesterly of the subject. The property was purchased for \$375,000 or \$239.46 per square foot of building area. The property is improved with an one-story commercial building on a 4,500 square foot site which represents a floor area ratio of 35 percent. The indicated price per square foot of land area is \$83.33 per square foot. There are approximately 4 open on-site parking spaces. The building was constructed in approximately 1947 with the improvements are reported to be in average to fair condition. The buyer purchased the site with plans to tear down and redevelop the property. The buyer reportedly paid all cash. The location is considered to be inferior to the subject. Overall, this property is considered inferior to the subject property.

Transaction 10 is the current listing of a 2,400 square foot retail building located in the city of Lemon Grove at 7888 Broadway. The comparable is located approximately 5 miles southwesterly of the subject. The property is listing for sale at \$550,000 or \$229.17 per square foot of building area. The property is improved with an one-story commercial building on a 3,400 square foot site which represents a floor area ratio of 71 percent. The indicated price per square foot of land area is \$161.76 per square foot. There are approximately 3 open

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on-site parking spaces. The building was constructed in approximately 1955 with the improvements are reported to be in average condition. The property was listed for sale on 11/21/2016 for \$585,000 and reduced to the current asking price of \$550,000 on 12/28/2016. The property has been on the market for 80 days. The location is considered to be similar to the subject. An adjustment was applied for being an active listing. Overall, this property is considered superior to the subject property.

The table on the following page summarizes the major categories of comparison of the sales with the subject property.

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The subject property was placed on an array with the comparable transactions based on its comparability in the table below. It falls between Transaction 1, which is considered superior at \$112.92 per square foot, near Transaction 6 which is considered similar at \$107.42 and above Transaction 8 which is considered inferior and sold at \$95.40 per square foot.

<i>TRANSACTIONS ARRAY</i>			
NO.	LOCATION	PRICE/ SQ. FT.	COMPARISON
5	413 S Magnolia Avenue El Cajon, 92020	\$178.11	Superior
10	7888 Broadway Lemon Grove, 91945	\$161.76	Superior
4	4128 El Cajon Boulevard San Diego, 92105	\$138.20	Superior
1	10001 Maine Avenue Lakeside, 92040	\$112.92	Superior
	SUBJECT PROPERTY		
6	5480 El Cajon Boulevard San Diego, 92115	\$107.42	Similar
8	560 El Cajon Boulevard El Cajon, 92020	\$95.40	Inferior
9	4288 El Cajon Boulevard San Diego, 92105	\$83.33	Inferior
2	6903 University Avenue La Mesa, 91942	\$81.60	Inferior
3	6222 University Avenue San Diego, 92115	\$75.00	Inferior

Analysis of Market Data: The preceding comparables represent market transactions which are somewhat similar to the subject and represent the transactions which are considered to be the best indicators of value located. After applying the appropriate adjustments, I have concluded that the subject has a market value of approximately \$105 to \$110 per square foot

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of site area. Given an estimated lot size of 3,600 square feet, a valuation of \$378,000 to \$396,000 is indicated by the Sales Comparison Approach which was rounded to \$390,000. This equates to approximately \$108.33 per square foot of land. Based upon my analysis of the data and my experience, it is my opinion the subject site has a market value for the fee simple interest of \$390,000 as of the date of value February 2, 2017.

THREE HUNDRED NINETY THOUSAND DOLLARS
(\$390,000)

Indicated Exposure Time: Six to 12 months. For the purpose of this report, an exposure time of approximately nine months is considered appropriate

Indicated Marketing Time: My appraised value estimates a marketing period similar to exposure time, or approximately nine months.

The valuation and this report are prepared in conformance with the Code of Professional Ethics and the Uniform Standards of Professional Practice (USPAP) as promulgated by the Appraisal Foundation. It is subject to the Certification, Assumptions and Limiting Conditions and Definitions contained in this report.

Thank you for this opportunity to be of service. If you have any questions regarding this appraisal report, please feel free to contact me.

Respectfully submitted,



Mark A. Smith
Certified General Appraiser #AG006537

ADDENDA

CERTIFICATION

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

I have made a personal inspection of the property that is the subject of this report. The inspection was limited to the exterior of the building. Access to the interior and the roof was not available.

No one provided significant real property appraisal assistance to the person signing this certification.

The real estate that is the subject of this appraisal was valued as of February 2, 2017.



Mark A. Smith
Certified General Appraiser #AG006537

Date: 2/13/2017

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report was prepared with the following basic assumptions.

1. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
2. No responsibility is assumed for the legal description or for matters including legal or title considerations such as title defects, liens, encroachments or overlapping boundaries. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report.
3. Responsible ownership and competent management are assumed.
4. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
5. Soils engineering studies were not provided and it is assumed that there are no hidden or unapparent conditions which would render the subject more or less valuable. No responsibility is assumed for such conditions or for arranging engineering studies that may be required to discover them.
6. It is assumed that there are no environmental or ecological factors that would prevent orderly development of the land to its estimated Highest and Best Use or preclude continued Highest and Best Use of the improvements.
7. Neither all nor part of the contents of this report (especially any conclusions of value, the identity of the appraisers) shall be disseminated to the public through advertising, public relations, news, sales or other media without prior written consent of Mark A. Smith.
8. By reason of this appraisal, I am not required to give further consultation, testimony, or be in attendance in court with reference to the subject, unless arrangements have been previously made.
9. I assume no responsibility for economic or physical factors that may affect the opinions stated in this report that occurs at some date after the letter transmitting this appraisal report.
10. I have assumed the site is free and clear of any adverse easements or encroachments.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

11. The identification of toxic or hazardous waste is beyond the expertise of the real estate appraisers. I recommend employment of a professional in that field to identify, quantify and/or dispose of any problems, if they exist.

12. The appraiser assumes no responsibility for any hazardous or toxic waste substance (including those that are on the site either underground or stored) and this appraisal assumes that there are no such influences unless otherwise stated within the body of this report. It should be understood that adverse toxic or hazardous waste conditions found on the site could dramatically impact the indicated value.

13. A complete inspection of the subject was not performed. The inspection of the subject was limited to a building walk through. The estimated condition of the improvements is based on the visual appearance. It is recommended that the property be inspected by a general contractor who is knowledgeable in the subject property type to confirm the condition of the improvements.

14. This is a *Restricted Use Report* which is intended to comply with the reporting requirements set fourth under Standard Rule 2-2 (c) of the Uniform Standards of Professional Appraisal Practice for a *Restricted Report*. As such, it does not include discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

15. Certification Addendum: I have performed appraisal services regarding the subject property, as an appraiser, within the three (3) year period immediately preceding acceptance of this appraisal assignment.

PLAT MAP

03

488-08-083-090

488-08



08/06/15 JG

CHANGES			
BLK	OLD	NEW	CUT
081	13	13	5
081	14	14	18
081	15	15	22
081	16	16	27
081	17	17	32
081	18	18	37
081	19	19	42
081	20	20	47
081	21	21	52
081	22	22	57
081	23	23	62
081	24	24	67
081	25	25	72
081	26	26	77
081	27	27	82
081	28	28	87
081	29	29	92
081	30	30	97
081	31	31	102
081	32	32	107
081	33	33	112
081	34	34	117
081	35	35	122
081	36	36	127
081	37	37	132
081	38	38	137
081	39	39	142
081	40	40	147
081	41	41	152
081	42	42	157
081	43	43	162
081	44	44	167
081	45	45	172
081	46	46	177
081	47	47	182
081	48	48	187
081	49	49	192
081	50	50	197
081	51	51	202
081	52	52	207
081	53	53	212
081	54	54	217
081	55	55	222
081	56	56	227
081	57	57	232
081	58	58	237
081	59	59	242
081	60	60	247
081	61	61	252
081	62	62	257
081	63	63	262
081	64	64	267
081	65	65	272
081	66	66	277
081	67	67	282
081	68	68	287
081	69	69	292
081	70	70	297
081	71	71	302
081	72	72	307
081	73	73	312
081	74	74	317
081	75	75	322
081	76	76	327
081	77	77	332
081	78	78	337
081	79	79	342
081	80	80	347
081	81	81	352
081	82	82	357
081	83	83	362
081	84	84	367
081	85	85	372
081	86	86	377
081	87	87	382
081	88	88	387
081	89	89	392
081	90	90	397
081	91	91	402
081	92	92	407
081	93	93	412
081	94	94	417
081	95	95	422
081	96	96	427
081	97	97	432
081	98	98	437
081	99	99	442
081	100	100	447
081	101	101	452
081	102	102	457
081	103	103	462
081	104	104	467
081	105	105	472
081	106	106	477
081	107	107	482
081	108	108	487
081	109	109	492
081	110	110	497
081	111	111	502
081	112	112	507
081	113	113	512
081	114	114	517
081	115	115	522
081	116	116	527
081	117	117	532
081	118	118	537
081	119	119	542
081	120	120	547
081	121	121	552
081	122	122	557
081	123	123	562
081	124	124	567
081	125	125	572
081	126	126	577
081	127	127	582
081	128	128	587
081	129	129	592
081	130	130	597
081	131	131	602
081	132	132	607
081	133	133	612
081	134	134	617
081	135	135	622
081	136	136	627
081	137	137	632
081	138	138	637
081	139	139	642
081	140	140	647
081	141	141	652
081	142	142	657
081	143	143	662
081	144	144	667
081	145	145	672
081	146	146	677
081	147	147	682
081	148	148	687
081	149	149	692
081	150	150	697
081	151	151	702
081	152	152	707
081	153	153	712
081	154	154	717
081	155	155	722
081	156	156	727
081	157	157	732
081	158	158	737
081	159	159	742
081	160	160	747
081	161	161	752
081	162	162	757
081	163	163	762
081	164	164	767
081	165	165	772
081	166	166	777
081	167	167	782
081	168	168	787
081	169	169	792
081	170	170	797
081	171	171	802
081	172	172	807
081	173	173	812
081	174	174	817
081	175	175	822
081	176	176	827
081	177	177	832
081	178	178	837
081	179	179	842
081	180	180	847
081	181	181	852
081	182	182	857
081	183	183	862
081	184	184	867
081	185	185	872
081	186	186	877
081	187	187	882
081	188	188	887
081	189	189	892
081	190	190	897
081	191	191	902
081	192	192	907
081	193	193	912
081	194	194	917
081	195	195	922
081	196	196	927
081	197	197	932
081	198	198	937
081	199	199	942
081	200	200	947
081	201	201	952
081	202	202	957
081	203	203	962
081	204	204	967
081	205	205	972
081	206	206	977
081	207	207	982
081	208	208	987
081	209	209	992
081	210	210	997
081	211	211	1002
081	212	212	1007
081	213	213	1012
081	214	214	1017
081	215	215	1022
081	216	216	1027
081	217	217	1032
081	218	218	1037
081	219	219	1042
081	220	220	1047
081	221	221	1052
081	222	222	1057
081	223	223	1062
081	224	224	1067
081	225	225	1072
081	226	226	1077
081	227	227	1082
081	228	228	1087
081	229	229	1092
081	230	230	1097
081	231	231	1102
081	232	232	1107
081	233	233	1112
081	234	234	1117
081	235	235	1122
081	236	236	1127
081	237	237	1132
081	238	238	1137
081	239	239	1142
081	240	240	1147
081	241	241	1152
081	242	242	1157
081	243	243	1162
081	244	244	1167
081	245	245	1172
081	246	246	1177
081	247	247	1182
081	248	248	1187
081	249	249	1192
081	250	250	1197
081	251	251	1202
081	252	252	1207
081	253	253	1212
081	254	254	1217
081	255	255	1222
081	256	256	1227
081	257	257	1232
081	258	258	1237
081	259	259	1242
081	260	260	1247
081	261	261	1252
081	262	262	1257
081	263	263	1262
081	264	264	1267
081	265	265	1272
081	266	266	1277
081	267	267	1282
081	268	268	1287
081	269	269	1292
081	270	270	1297
081	271	271	1302
081	272	272	1307
081	273	273	1312
081	274	274	1317
081	275	275	1322
081	276	276	1327
081	277	277	1332
081	278	278	1337
081	279	279	1342
081	280	280	1347
081	281	281	1352
081	282	282	1357
081	283	283	1362
081	284	284	1367
081	285	285	1372
081	286	286	1377
081	287	287	1382
081	288	288	1387
081	289	289	1392
081	290	290	1397
081	291	291	1402
081	292	292	1407
081	293	293	1412
081	294	294	1417

LOCATION MAP



Subject
115 Rea Avenue

2000 feet 500 m
© 2017 Microsoft Corporation © 2017 HERE
Country

SUBJECT PHOTOGRAPHS

February 2, 2017



Looking southerly toward the front of the subject.



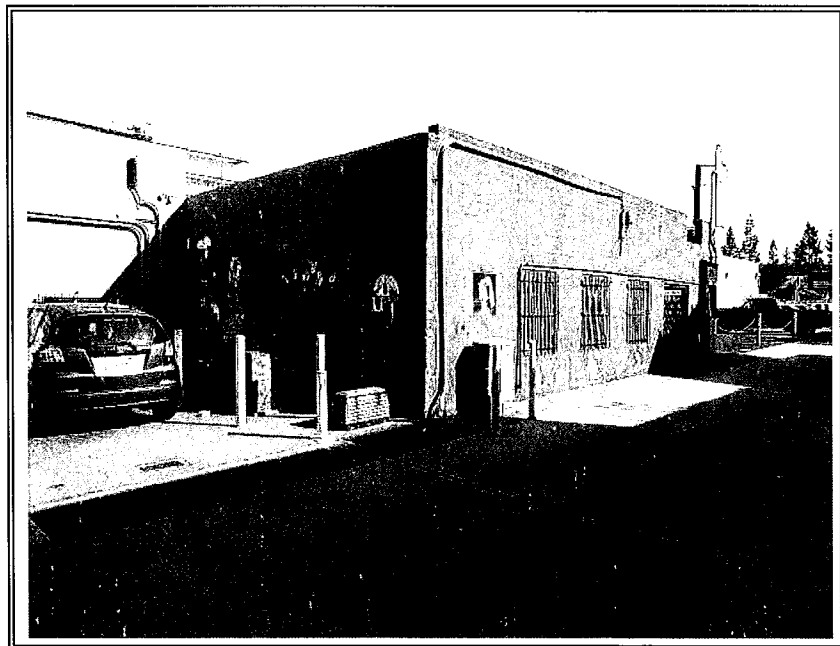
Looking northwesterly toward the rear and eastern side of the subject.

SUBJECT PHOTOGRAPHS

February 2, 2017



Looking in a southwesterly direction toward the front and eastern side of the subject from Rea Avenue.



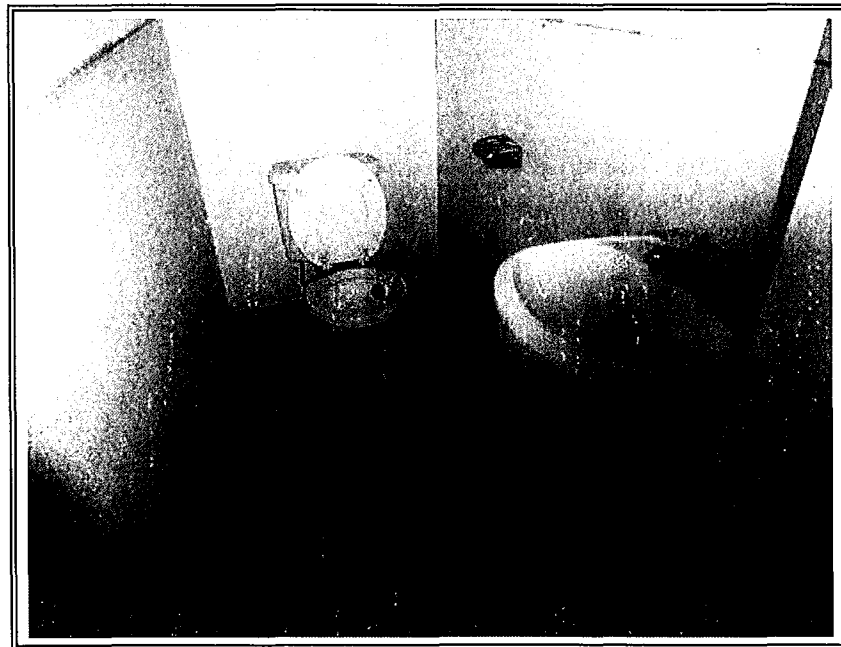
Looking in a northeasterly direction toward the rear/western side of the subject from the alley.

SUBJECT PHOTOGRAPHS

February 2, 2017



Interior of the subject



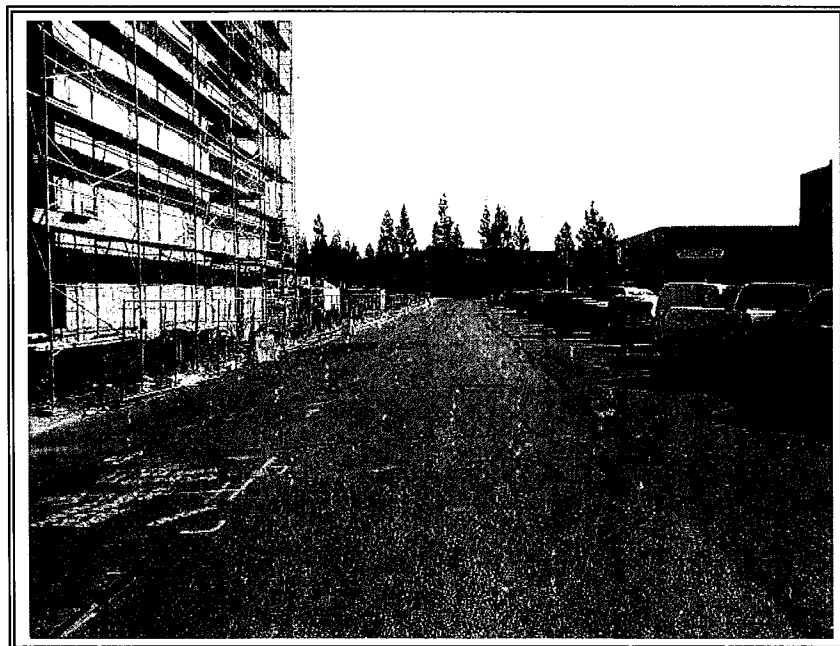
Bathroom

SUBJECT PHOTOGRAPHS

February 2, 2017



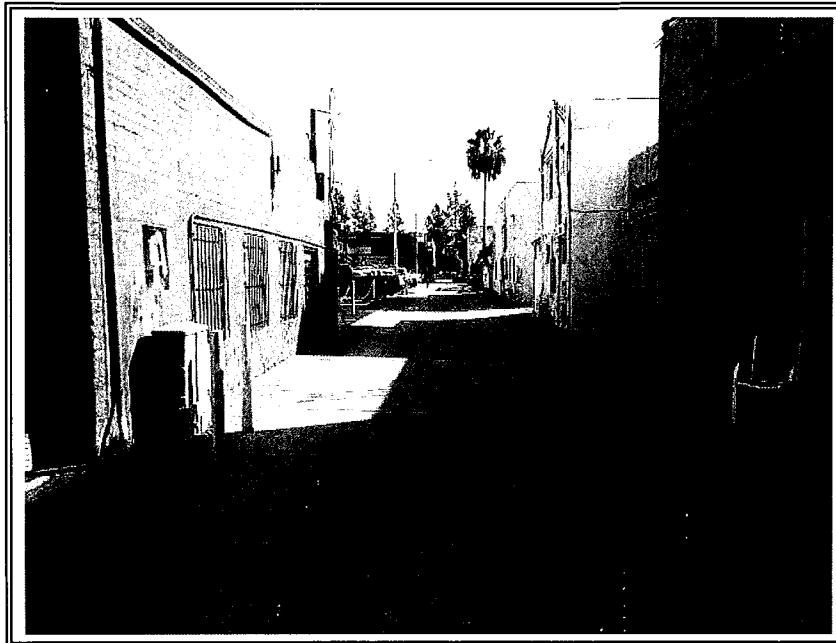
Looking in a westerly direction along Rea Avenue. The subject is located on the left side of the photograph.



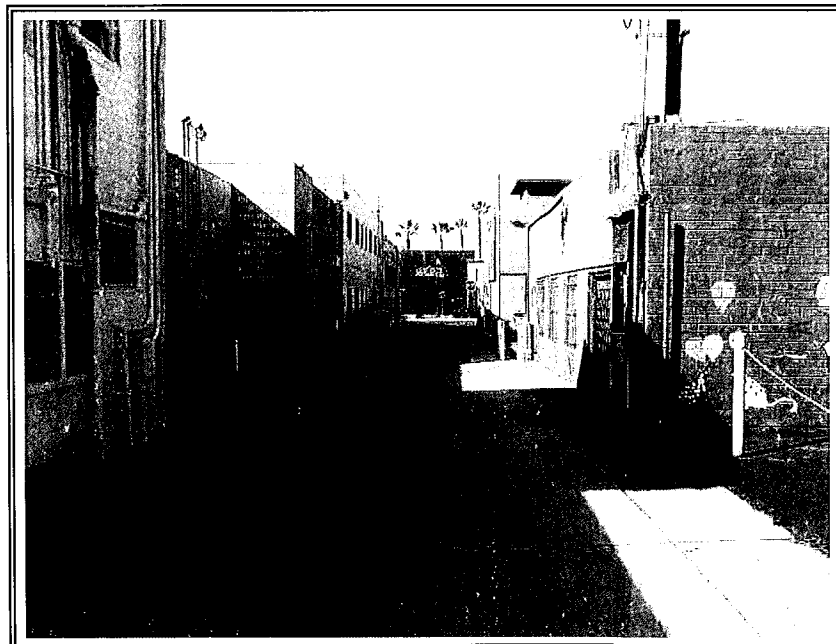
Looking in an easterly direction along Rea Avenue. The subject is located on the right side of the photograph

SUBJECT PHOTOGRAPHS

February 2, 2017

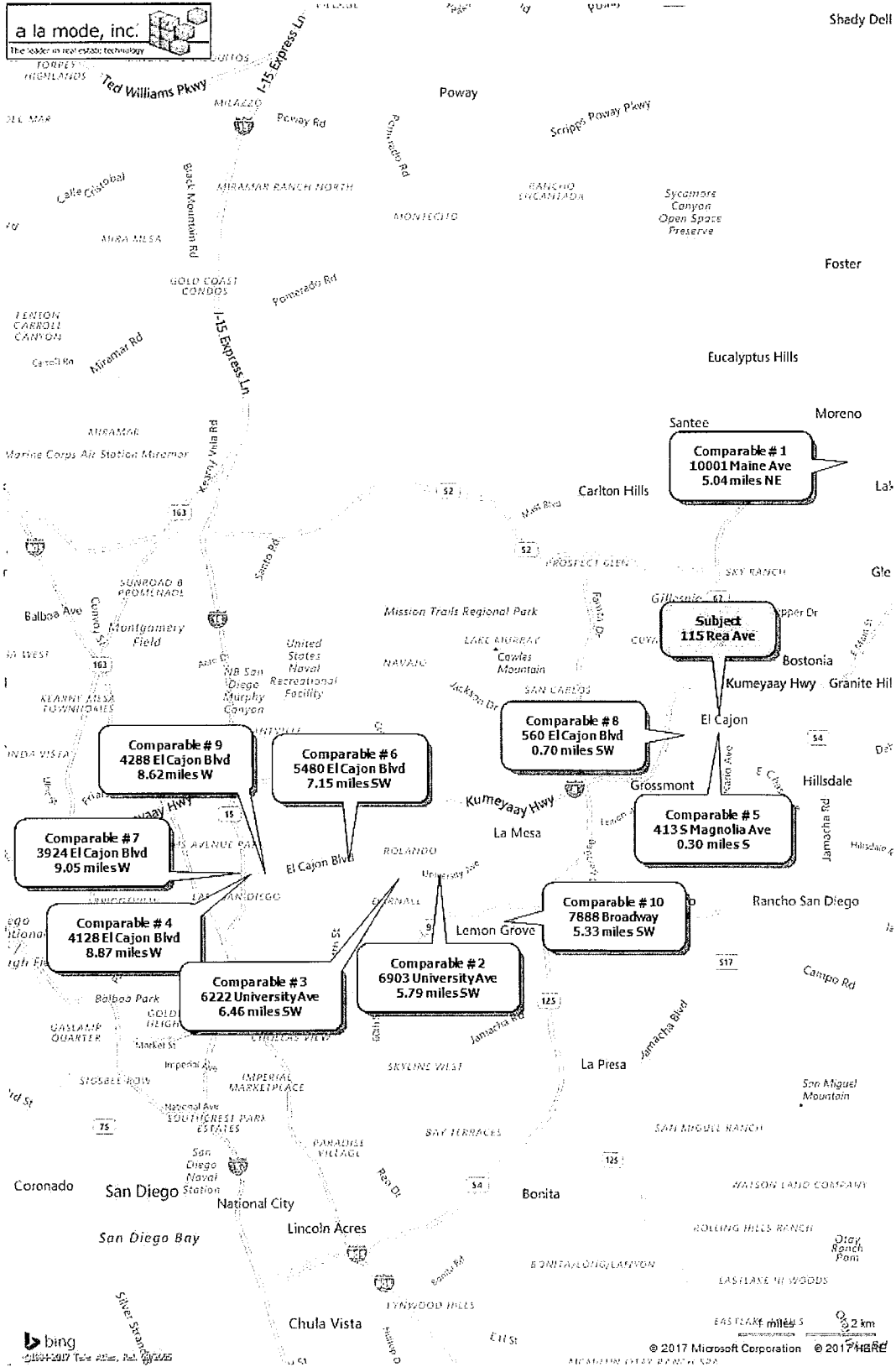


Looking in an easterly direction along the alley. The subject is located on the left side of the photograph.



Looking in a westerly direction along the alley. The subject is located on the right side of the photograph.

COMPARABLE SALES LOCATION MAP



QUALIFICATIONS OF MARK A. SMITH, REAL ESTATE APPRAISER

Company Name: Andrew A. Smith Company
Mark A. Smith, Principal
Office Address: 4215 Spring Street, Suite 225
La Mesa, CA 91941
Telephone: (619) 464-8844
e-mail: aasco@pacbell.net

EDUCATION

B.S. (Real Estate) San Diego State University - 1985

Courses & Seminars Completed include:

- Apartment Appraisals
- Land Market & Real Estate Analysis
- Theory of Real Property Valuation
- The Appraiser as an Expert Witness
- Housing, Renewal & Real Estate Dynamics
- Principles of Planning
- Real Estate Appraisal Problems
- Uniform Standards of Professional Appraisal Practice
- Uniform Appraisal Standards for Federal Land Acquisitions
- Loss Prevention Seminar
- Residential Econometrics
- Federal and State Laws and Regulations Workshop
- Standards of Professional Practice, Part A
- Standards of Professional Practice, Part B
- Appraisal Procedures
- Capitalization Theory, Part A
- Capitalization Theory, Part B
- Real Estate Appraisal Principles
- Residential Valuation

APPRAISAL EXPERIENCE

Real Estate Appraiser with Andrew A. Smith Company since December 1982, Principal since June of 1999. Properties appraised included large and small shopping centers, office buildings, improved and vacant industrial properties, residential subdivisions, large special purpose projects including school sites, freeway acquisitions, pipeline right-of-ways, major and minor leasehold, construction defects, partial interests, easements and leased fee interests, Federal land, single family, condominium and apartment projects, single family lots, vacant and rural land. Qualified as an Expert Witness, Superior Court.

STATE LICENSING & CERTIFICATION

Certified General Appraiser No. AG 006537 by State of California

CURRENT & PAST APPRAISAL CLIENTS OF THE ANDREW A. SMITH COMPANY

GOVERNMENT AGENCIES

California Dept. of Transportation
(Caltrans)
Centre City Devel. Corporation
(San Diego)
City of El Cajon
City of Oceanside
City of San Diego
County of Imperial
County of San Diego

Department of Interior - Bureau of
Indian Affairs
Department of Interior - Bureau of
Land Management
Escondido Schools
Federal Deposit Ins. Corporation
Metropolitan Transit Dev. Board
Otay Water District
Rainbow Water District

San Diego City Schools
San Diego County Water Authority
San Diego Housing Commission
San Diego Unified Port District
U.S. Department of Justice
U.S. Forest Service
U.S. Navy
U.S. Postal Service

BANKS AND LENDERS

Aetna Life
Bank of America
Banque Nationale de Paris
California Bank & Trust
Citicorp
Community National Bank
Countrywide
Downey Savings
Evangelical Christian Credit Union
First Capital
First Franklin
First Western Mortgage
Flagstar Bank

Greyhound Leasing
Grossmont Fed. Credit Union
Headlands Mortgage Company
Keystone Asset Management, Inc.
Los Padres Bank
Mitsui Manufacturers
Mortgage Guarantee Insurance Co.
(M.G.I.C.)
Nations Bank
North American Mortgage Co.
Norwest Mortgage
Pacific Crest Bank
Pacific Western Bank
Public Schools Credit Union

Pacific National Bank
Pacific Trust
Redlands Thrift
Security Business Bank of San
Diego
Standard Life of Portland
State Savings & Loan Association
Sunwest Bank
Svenska Handelsbanken
Transamerica
Tokai Bank of California
Union Bank
Wells Fargo Bank
Western Federal

DEVELOPERS

Aetna Life Insurance Company
Allred-Collins
Baldwin Corporation
Burnham Pacific
Carmel Mountain Ranch
Carlton Santee Corporation

Davlyn
Hallmark Communities
Kaiser Aetna
M.J. Brock Company
Nexus Corporation
Patrick Development

Penasquitos Properties
Scudder, Stevens & Clark
Shapell Industries
Signal Landmark
Sunroad
Wilmark Development

**ATTORNEYS and
ACCOUNTANTS**

Asaro & Keagy
Burkley, Greenberg & Fields
Charles Kellett, CPA
Daley & Heft

Higgs Fletcher & Mack
Gerbel & VanDamme
Luce, Forward, Hamilton &
Scripps
McDougal Meloche Love & Eckis

Procopio Cory Hargreaves and
Savitch
Robert W. Stevens
Thatcher & Hurst
White and Robinson

CORPORATIONS

Arthur Anderson Company
Prudential Relocation
Bob Baker Enterprises
Calmat
Chevys
Church of Jesus Christ
of Latter-Day Saints
Foodmaker, Inc.
Ford Motor Company
Fuller Ford
GMAC

IBM
Kaiser Foundation
Kaiser Permanente
La Jolla Country Club
Mira Costa College
Mobil Oil
Outdoor Media Group
San Diego Gas & Electric Co.
San Diego Medical Center
San Diego Pipeline Co.
Santa Monica Hospital
SECOR

Shadow Mountain Community
Church
Stanford University
Sycuan Band of Mission Indians
Taco Bell
Thrifty Oil
Trust for Public Land
Shell/Texaco, Inc.
ConocoPhillips (Unocal)
University of San Diego
USAir
US Trust Company of CA



City Council, Planning Commission, Oversight Board Meetings

January 2018 - December 2018

January 2018 1						
S	M	T	W	Th	F	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February 2018 2						
S	M	T	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

March 2018 3						
S	M	T	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April 2018 4						
S	M	T	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

May 2018 5						
S	M	T	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

June 2018 6						
S	M	T	W	Th	F	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

July 2018 7						
S	M	T	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

August 2018 8						
S	M	T	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

September 2018 9						
S	M	T	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

October 2018 10						
S	M	T	W	Th	F	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

November 2018 11						
S	M	T	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

December 2018 12						
S	M	T	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

City Council
(619) 441-1763

City Hall Closed

Holidays

League of CA Cities Conference
Sacramento, CA

Planning Commission

* Oversight Board