

AGENDA

City of El Cajon

Successor Agency – Oversight Board

8:00 a.m., Wednesday, February 18, 2015

BOARD MEMBERS:

SAHAR ABUSHABAN

*Chancellor of the California
Community Colleges
Representative*

SCOTT BUXBAUM

*County Board of Education
Representative*

GLORIA CHADWICK

*Grossmont Healthcare District
Representative*

DENNIS DAVIES

City of El Cajon

(Vacancy)

*County Board of Supervisors
Representative*

ANTHONY SHUTE

*(Former RDA/MMPEG
Employee) City of El Cajon*

DEBRA TURNER-EMERSON

*County Board of Supervisors
Representative*

OB LEGAL COUNSEL:

MEYERS NAVE

SUCCESSOR AGENCY

STAFF:

DOUGLAS WILLIFORD

*Executive Director/
City Manager*

MAJED AL-GHAFRY

*OB Secretary /
Assistant City Manager*

MORGAN FOLEY

General Counsel

CLAY SCHOEN

Director of Finance

HOLLY REED-FALK

Financial Operations Manager

VICTORIA DANGANAN

Senior Accountant

ADRIANA CASTAÑEDA

Management Analyst

RON LUIS VALLES

Administrative Secretary

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

I. CALL TO ORDER & PLEDGE OF ALLEGIANCE:

II. ROLL CALL:

III. AGENDA CHANGES:

IV. PUBLIC COMMENT: (This is the opportunity for a member of the public to address the Oversight Board on any item of business within the jurisdiction of the Board that is not on the agenda. Under State law no action can be taken on items brought forward under Public Comment, except to refer the item to the staff for administrative action or to place it on a future agenda.)

V. ACTION ITEMS:

1. Approval of Action Minutes – December 3, 2014, special meeting
2. Approval of Purchase and Sale Agreement between the City of El Cajon as Successor Agency and C3 Investments Inc. for the sale of Site #11, APN 482-250-36-00, located at 531-555 Raleigh Avenue.
3. Approval of Successor Agency Fiscal Year 2015-2016 Budget, including the Administration Budget
4. Approval of Recognized Obligation Payment Schedule ("ROPS 15-16A") for the period of July 1, 2015, to December 31, 2015.

VI. OTHER ITEMS FOR CONSIDERATION:

VII. STAFF COMMUNICATIONS:

1. Annual Audited Financial Statements and Continuing Disclosure for Fiscal Year Ended 06/30/2014.

VIII. BOARD REPORTS/COMMENTS:

IX. ADJOURNMENT:

SUMMARY MINUTES

Successor Agency to the El Cajon Redevelopment Agency Oversight Board

**Special Meeting - Wednesday, December 3, 2014
El Cajon City Hall, Fifth Floor Conference Room
200 Civic Center Way, El Cajon, CA 92020**

BOARD PRESENT: Sahar Abushaban, Gloria Chadwick, Dennis Davies, Anthony Shute and Debra Turner-Emerson (Chair)

BOARD ABSENT: Scott Buxbaum and Jim Griffin

OB LEGAL COUNSEL: George Eiser III, representing law firm of Meyers Nave

STAFF PRESENT: Assistant City Manager Majed Al-Ghafry, Director of Finance Clay Schoen, Financial Operations Manager Holly Reed-Falk, Management Analyst Adriana Castañeda, and Administrative Secretary Ron Luis Valles

CALL TO ORDER AND PLEDGE OF ALLEGIANCE:

The meeting was called to order at 8:03 a.m. by TURNER-EMERSON.

PUBLIC COMMENT: None

ACTION ITEM NO. 1: APPROVAL OF ACTION MINUTES – September 17, 2014

CHADWICK made a motion, seconded by ABUSHABAN, to approve the minutes of the regularly-scheduled meeting. **Motion carried 4-0 (SHUTE, abstained due to absence at meeting; BUXBAUM and GRIFFIN, absent).**

ACTION ITEM NO. 2: ADOPT RESOLUTION APPROVING THE TRANSFER OF SUCCESSOR AGENCY PROPERTIES TO THE CITY OF EL CAJON FOR FUTURE REDEVELOPMENT ACTIVITIES PURSUANT TO THE AMENDED LONG RANGE PROPERTY MANAGEMENT PLAN.

AL-GHAFRY summarized the staff report, and noted that staff recommended approval. He noted that the City Council will take action on this at its December 9, 2014 City Council meeting.

DAVIES made a motion, seconded by SHUTE, and adopted Resolution OB-27-14 as presented by staff, approving the transfer of Successor Agency Properties and related

agreements for Site #9 (APN 488-072-40-00), Site #13 (APN 488-082-18-00), and Site #14 (APN 488-082-12-00), to the City of El Cajon for redevelopment activities.

Motion carried 5-0 (BUXBAUM and GRIFFIN, absent).

STAFF COMMUNICATIONS:

The letter of resignation from Jim Griffin was accepted by the Oversight Board. The City will work with County Board of Supervisor Diane Jacobs' office, to select a new board member. Staff and board members expressed regrets with Griffin's resignation and commended him for his breadth of historical knowledge of the City of El Cajon.

The proposed meeting dates for 2015 Oversight Board meetings was presented for review. The dates follow the third Wednesday of every month schedule and the location of the meetings was changed from the Police Station's Community Room #161 to the Fifth Floor Conference Room at City Hall.

CHADWICK made a motion, seconded by SHUTE, and adopted the proposed dates for the 2015 Oversight Board meetings.

BOARD REPORTS/COMMENTS:

There were none.

ADJOURNMENT:

SHUTE made a motion, seconded by CHADWICK, to adjourn the special meeting of the El Cajon Successor Agency Oversight Board at 8:14 a.m. this 3rd day of December 2014, to 8:00 a.m., January 21, 2015, in the Fifth Floor Conference Room at City Hall, 200 Civic Center Way, El Cajon, California. [The regularly-scheduled December 17, 2014 Oversight Board meeting was canceled.]

Motion carried 5-0 (BUXBAUM and GRIFFIN, absent).

APPROVED:

Debra Turner-Emerson, Chairperson

ATTEST:

Majed Al-Ghafry, Oversight Board Secretary

AGENDA REPORT
CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD
February 18, 2015, Meeting

SUBJECT: APPROVAL OF PURCHASE AND SALE AGREEMENT WITH C3 INVESTMENTS, INC. FOR THE SALE OF THE SUCCESSOR AGENCY PROPERTY AT 531-555 RALEIGH AVENUE (SITE #11), APN 482-250-36-00.

RECOMMENDED ACTION: That the Oversight Board adopt the proposed Resolution No. OB-01-15 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 C3 Investments, Inc., (or its related entity, Raleigh LLC, a California limited liability company) for the sale of 531-555 Raleigh Avenue (APN 482-250-36-00), 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 #11 is the real property located at 531-555 Raleigh Avenue (Property). The disposition process for the Property was to be sold in the open market with the approved broker, Commercial Properties Group and Retail Insite (Broker), representing the Successor Agency. The property was appraised on May 28, 2014, with the appraised value of \$785,000 (Attachment 3). The subject property is a 0.56 acre parcel located on a cul-de-sac in an area dominated by industrial and manufacturing uses.

C3 Investments, Inc., or its related entity, Raleigh LLC, a California limited liability company (Buyer) submitted a Letter of Intent (LOI) to the Successor Agency to purchase the Property. During closed session on January 13, 2015, staff discussed with the City Council the terms and conditions of the sale of 531-555 Raleigh Avenue. A Purchase and Sale Agreement (PSA) has been prepared with a purchase price of \$780,000 (Attachment 2), which was the counter-offer made by the Successor Agency staff and accepted by the Buyer.

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 held on February 10, 2015, 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: Pursuant to the Amended Plan, the 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).

ATTACHMENTS:

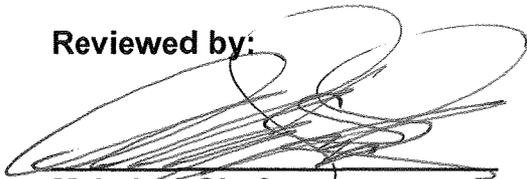
1. Proposed Resolution No. OB-01-15
2. Draft Purchase and Sale Agreement
3. Appraisal Report

Prepared by:



**Adriana Castañeda
Management Analyst**

Reviewed by:



**Majed Al-Ghafry
Secretary / Assistant City Manager**

Approved by:



**Douglas Williford
Executive Director / City Manager**

RESOLUTION NO. OB-01-15

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE PURCHASE AND SALE AGREEMENT BETWEEN THE CITY OF EL CAJON AS SUCCESSOR AGENCY AND C3 INVESTMENTS, INC., (OR ITS RELATED ENTITY, RALEIGH, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY) FOR THE SALE OF SITE #11, APN 482-250-36-00, LOCATED AT 531-555 RALEIGH AVENUE

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 by 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 #11, APN 482-250-36-00, located at 531-555 Raleigh Avenue (the "Property"), authorizes the sale of the Property in the open market with the approved broker, Commercial Properties Group and Retail Insite; and

WHEREAS, the Property, a 0.56 acre parcel located on a cul-de-sac in an area dominated by industrial and manufacturing uses, was appraised on May 28, 2014, and determined to have a value of \$785,000; and

WHEREAS, C3 Investments, Inc. has submitted a Letter of Intent to the Successor Agency to purchase the Property; and

WHEREAS, during closed session on January 13, 2015, staff discussed with City Council the terms and conditions for the sale of the Property, and

WHEREAS, a Purchase and Sale Agreement (the "Agreement") has been prepared with a purchase price of \$780,000; and

WHEREAS, C3 Investments has created a related entity, Raleigh, LLC, a California limited liability company, for the purposes of acquiring the Property under the same terms and conditions that C3 Investment has agreed to under the Agreement; 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 February 10, 2015; 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 properties under enforceable obligations 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 #11, APN 482-250-36-00, a 0.56 acre parcel located on a cul-de-sac in an area dominated by industrial and manufacturing uses, located at 531-555 Raleigh Avenue, and all necessary and related agreements and/or assignments, from the Successor Agency to C3 Investments, Inc., (or its related entity, Raleigh, LLC, a California limited liability company) 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.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a regularly-scheduled meeting held this 18th day of February, 2015, by the following vote to wit:

AYES :
NOES :
ABSENT :
ABSTAIN :

Debra Turner-Emerson, Chairperson

ATTEST:

Majed Al-Ghafry, Oversight Board Secretary

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PURCHASE AND SALE AGREEMENT

By and Between

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

and

**RALEIGH, LLC
("Buyer")**

PURCHASE AND SALE AGREEMENT

This Agreement of Purchase and Sale ("Agreement") is made and entered into as of the 29th day of January, 2015. CITY OF EL CAJON AS SUCCESSOR AGENCY TO THE FORMER EL CAJON REDEVELOPMENT AGENCY, a municipal corporation, ("Seller") agrees to sell to RALEIGH, LLC, a California limited liability company, ("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 .56 acre parcel zoned heavy-commercial / light-industrial at the addresses 531-535 & 539-555 Raleigh Avenue, El Cajon, California, identified by Assessor's Parcel Number ("APN") 482-250-36-00. The Property includes two industrial buildings consisting of an approximately 1,750 sq. ft. building and an approximately 7,200 sq. ft. building. The Property, and the buildings 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 new construction and rehabilitation of the existing facilities on the Property including, but not limited to, the construction of approximately 1,600 sq. ft. of new office and restrooms with replaced electrical and HVAC, repair or replacement of metal building skins, and repair or replacement of damaged asphalt surfacing and hardscapes ("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 Seven Hundred Eighty Thousand Dollars and No Cents (\$780,000.00) (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 examination it feels relevant to the purchase of the Property ("Due Diligence Period"). At any time during the Due Diligence Period, for any reason, 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 and/or Property tenants, 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 precedents ("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 nondelinquent 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 is ready, willing, and able to 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. Construction Plans. Within ten (10) business days from the Opening of Escrow, Buyer shall list and create plans of the Proposed Development of the Property for the City to process.

7. Building / Construction Permits for Proposed Development. Buyer shall submit all permit applications for the Proposed Development of the Property on or before the expiration of Buyer's Contingency Period. Seller agrees to cooperate in the execution of any application or other documentation that may be required, as the owner of the Property, to facilitate Buyer completing such application. All application costs and fees, and any third parties expenses shall be paid by Buyer. Buyer understands that the Seller cannot make any representations or covenants that its planning agency and its legislative body, if applicable, will approve the Buyer's application. Buyer further acknowledges that the Seller, by approving this Agreement, cannot make a commitment to Buyer's proposed use of the Property.

8. 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, 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. All income and expenses in connection with the operation of the Property shall be apportioned, as of 11:59 p.m. on the Close of Escrow. At Closing, Buyer shall receive a credit against the Purchase Price for any payments still due or owing after the Close of Escrow under any contracts entered into by Seller and relating to the Property where such payment due or owing is for the period prior to the Close of Escrow. At Closing, Buyer shall receive a credit against the Purchase Price for any rent actually received by the Seller for the period after the Close of Escrow. 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, mileages 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 or Seller's tenants' failure to pay such taxes and assessments.

C. Broker Costs. Buyer is represented by East County Properties ("Buyer's Broker") and Seller is represented by Commercial Properties Group and Retail Insite ("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 or any of the Property Documents, 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 partners, employees, officers, directors, shareholders, 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.E.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.

6. 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.

7. 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 7 shall survive Close of Escrow or termination of this Agreement for a period of two years. 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.

8. 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.

9. 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: Raleigh, LLC
9902 Channel Road
Lakeside, CA 92040
Attention: Bob Caya

With a copy to: David S. Demian, Esq.
Marks, Finch, Thornton & Baird, LLP
4747 Executive Drive, Suite 700
San Diego, CA 92121

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

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

City of El Cajon
200 Civic Center Way
El Cajon CA 92020
Attention: Majed Al-Ghafry

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 freely assign its rights under this Agreement to a third party assignee by written notice to Seller. 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"

"SELLER"

RALEIGH, LLC,
a California limited liability company

CITY OF EL CAJON AS SUCCESSOR
AGENCY TO FORMER EI CAJON
REDEVELOPMENT AGENCY,
a municipal corporation

By: _____
Print Name: Robert E. Caya
Print Title: Manager

By: _____
Print Name: _____
Print Title: _____

Date: _____

Date: _____

ATTEST:

APPROVED AS TO LEGALITY AND
FORM:

Belinda A. Hawley, City Clerk

By: _____
Morgan L. Foley, City Attorney

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: _____, 2015

OAK TREE ESCROWS INC

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

EXHIBIT A

APN: 482-250-36-00

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

Lot 2 of Valley Industrial Park, in the City of El Cajon, County of San Diego, State of California, according to Map thereof No. 6894, filed in the Office of the County Recorder of San Diego County, April 1, 1971.

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: 482-250-34-00

GRANT DEED

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

The CITY OF EL CAJON AS SUCCESSOR AGENCY TO THE FORMER EL CAJON
REDEVELOPMENT AGENCY, a municipal corporation

hereby GRANT(S) to _____,

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

See Legal Description in Attachment 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: _____

its

By: _____

Its: _____

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 _____)

On _____, 2015 before me, _____ (insert name and title of the officer), personally appeared _____, 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

APN: 482-250-36-00

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

Lot 2 of Valley Industrial Park, in the City of El Cajon, County of San Diego, State of California, according to Map thereof No. 6894, filed in the Office of the County Recorder of San Diego County, April 1, 1971.

APPRAISAL OF
531-555 Raleigh Avenue
El Cajon, California

FOR

City of El Cajon
Adriana Castaneda, Management Analyst
Dept. of Community Development
200 Civic Center Way
El Cajon, CA 92020

DATE OF VALUE

May 28, 2014

DATE OF REPORT

May 31, 2014

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
fax (619) 464-8813
aasco@pacbell.net

May 31, 2014

Adriana Castaneda
Management Analyst
City of El Cajon
Dept. of Community Development
200 Civic Center Way
El Cajon, CA 92020

Reference: APPRAISAL OF
Existing Industrial Complex
531-555 Raleigh Avenue
El Cajon, CA 92020

Fee Simple Market Value as of May 28, 2014: \$785,000

Dear Ms. Castaneda:

At your request, and pursuant to your authorization, I have inspected the above referenced existing industrial property and performed a market data search to formulate my opinion of the fee simple market value as of May 28, 2014.

I have made an on-site inspection of the subject improvements, reviewed the sites zoning, reviewed the existing leases and operating expense data, 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.

This appraisal is subject to the following Extraordinary Assumptions: The value conclusion assumes an environmentally clean site. If the site is not clean, it would alter my final conclusion of value. The complex has been operated as a mixed use industrial center for many years with uses including automotive repair and dry cleaners. Many auto repair businesses and dry cleaners dispose of, store, use or have used toxic chemicals which could contaminate a site. While it is not known if there are environmentally issues, the past and tenant uses raise the risk of environmental issues.

Adriana Castaneda
Management Analyst
City of El Cajon
May 31, 2014
page 2

REAL ESTATE APPRAISED: The property is located at 531-555 Raleigh Avenue, El Cajon, California, 92020.

OWNERSHIP: City of El Cajon.

PURPOSE OF THE APPRAISAL AND REPORT: The objective of this appraisal is to estimate the market value of the fee simple interest of the identified property in its "as is" condition. 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 May 28, 2014, for internal planning 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 May 28, 2014.

DATE OF REPORT: May 31, 2014.

PROPERTY RIGHTS APPRAISED: Fee Simple Estate is defined on page 111 of the Thirteenth Edition of The Appraisal of Real Estate Appraisal (2008), 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:

Adriana Castaneda
Management Analyst
City of El Cajon
May 31, 2014
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- 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;
- 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 site transferred ownership on January 30, 2012, from the El Cajon Redevelopment Agency to the City of El Cajon. This was not an arms length transfer with no sales price reported. The El Cajon Redevelopment Agency acquired the site on August 24, 2009, for a recorded price of \$8,850,000 which included multiple properties. The city of El Cajon has leased a portion of the property on a month-to-month

¹ The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, Appraisal Institute.

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basis to tenants of the building at the time of acquisition in August 2009. The current leases are on a month-to-month tenancy resulting in a fee simple interest. The vacant space in the property is not available for lease.

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 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 commercial 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 currently is a market for the purchase of industrial buildings in San Diego's East County. While the property currently displays significant deferred maintenance, I have concluded that the Highest and Best Use of the subject would be the continuation of the existing industrial buildings.

IDENTIFICATION OF THE PROPERTY: A formal legal description has not been provided for review. The San Diego County Assessor refers to the property as assessors' parcel number 482-250-36-00. The street address is 531-555 Raleigh Avenue, El Cajon, California, 92020.

DESCRIPTION OF THE SITE: The site is irregular in shape containing approximately 0.56 acres or 24,394 square feet per the County of San Diego Assessors records. The site is

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level, located at street grade, and assumed to be fully useable. Located within the city of El Cajon, customary municipal utilities are available.

ZONING: The city of El Cajon has zoned the site C-M (Heavy Commercial - Light Industrial). The existing commercial center is conforming to the zone. The city of El Cajon describes the C-M zone as follows:

The C-M zone is intended to provide for:

A. Light industrial uses with relatively minor impacts on the surrounding area and which are contained in buildings and consist of: light manufacturing, wholesale trade, processing, servicing, assembly and distribution.

B. Commercial trade uses consisting of wholesale and specific, listed retail uses, which combine aspects of commercial with light industrial operations, such that the commercial trade aspects occupy no more than fifty percent of the gross floor area of the building or buildings which make up the business on the same site. The commercial trade may be retail or wholesale or a combination of the two.

*C. Commercial trade uses which are limited to the sale and/or distribution of large box items such as furniture, appliances, carpeting, etc. and the incidental sales of items accessory to the large box items as long as the incidental sales do not exceed fifteen percent of the total sales.
(Ord. 4459, 1994.)*

CURRENT USE/IMPROVEMENTS: The improvements were physically inspected physically walked and photographed on May 28, 2014.

The property is improved with two 1-story industrial buildings of metal construction on a concrete foundation. The buildings were manufacture by Star Building Systems. 531-535 Raleigh Avenue contains 1,728 square feet and 549-555 Raleigh Avenue contains 7,280 square feet. The combined gross building area is 9,008 square feet. The buildings are improved with standard electrical power. The building were reportedly constructed in 1972. The improvements are currently in fair condition and display deferred maintenance. The existing tenant reports the heat and cooling systems are not functional. The improvements currently display an effective age of 45 to 50 years.

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The site is asphalt paved and partial marked with ample open asphalt paved parking spaces. The lot is improved with minimal strip landscaping. All parking and landscaped areas are in fair overall condition. The fenced staging area along 531 Raleigh Avenue displays limited upkeep with weeds growing through the pavement.

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 existing industrial uses. The initial step in the valuation process required that the property be physically inspected, which last performed on May 28, 2014. The fee simple value of the property was estimated by applying the sale comparison and income approaches to value. The cost approach to value was not considered to be an applicable approach.

The cost approach to value was not applied as this approach to value would not provide a meaningful estimate of value for the following reasons:

- A) **Estimating Accrued Depreciation of Improvements:** Estimating accrued physical depreciation requires significant research to develop a reliable estimate of depreciation. To develop these estimates without additional research in-depth studies would be misleading to the reader.
- B) **Market Relevance of the Cost Approach:** Investors in today's marketplace give little emphasis to the Cost Approach in their purchasing decisions for commercial/industrial properties.

I have concluded the exclusion of the cost 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.

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To value the subject property via the Sales Comparison Approach, a search was made for reasonably recent transactions of industrial properties of similar design, size, quality of improvements, age, comparable zoning, appeal and location. After analyzing approximately 50 recent sale transactions and listings, I found the following nine comparables to be of significant help in determining the value. The following chart summarizes those sales that were deemed most useful in the analysis of value for the subject:

IMPROVED TRANSACTIONS SUMMARY								
SALE No.	LOCATION	DOCUMENT NO. SELLER/BUYER	SALE DATE	SALE PRICE	SIZE Sq.Ft.	PRICE/ PSF	AGE	SITE FAR
Subject	531 Raleigh Avenue El Cajon, 92020	N/A	N/A	N/A	9,008	N/A	1972	0.37
1	6530 Federal Blvd. Lemon Grove, 91945	14-0135877 Greengrass Trust/ Anderson	04/2014	\$750,000	10,000	\$75.00	±1975	0.43
2	7704 North Avenue Lemon Grove, 91945	14-0113350 Udhe/McCrawl	03/2014	\$570,000	5,864	\$97.20	1965	0.45
3	10809 Prospect Avenue Santee, 92071	14-0187744 Hopper/Archibald	02/2014	\$1,000,000	10,200	\$98.04	1973	0.31
4	221 N. Johnson Avenue El Cajon, 92020	13-018729 McDonell/Smith	01/2014	\$552,000	5,520	\$100.00	1960	0.40
5	8131 Wing Avenue El Cajon, 92020	14-0740162 Nelson/Gardena Maple LLC	12/2013	\$1,130,000	11,200	\$100.89	1969	0.37
6	8157-8159 Wing Ave. El Cajon, 92020	13-0206730 Wing Ave. LLC /Wing Crosse LLC	12/2013	\$1,875,000	15,000	\$125.00	1965	0.23
7	1240-46 Vernon Way El Cajon, 92020	13-0530143 Hoyt/Bull	08/2013	\$1,580,000	17,892	\$88.31	1973	0.37
8	1385 N. Magnolia Ave. El Cajon, 92020	13-0511086 Cohen/Yu	08/2013	\$960,000	8,489	\$113.09	1988	0.47
9	830-856 Fesler Street El Cajon, 92020	13-046523 Arban/Mathews	04/2013	\$1,300,000	11,050	\$117.65	±1970	0.26

Transaction 1 was the April 7, 2014, purchase of a 10,000 square foot single tenant industrial building located in the city of Lemon Grove at 6530 Federal Boulevard. The comparable is located approximately 7 miles southwesterly of the subject. The property was purchased for \$750,000 or \$75.00 per square foot. The property is improved with an one-story industrial building on a 23,522 square foot (0.54 acres) site which represents a floor

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area ratio of 43 percent. The building was constructed in approximately 1975 and is of masonry construction. This was a distressed court ordered sale with the improvements reported to be in fair condition with deferred maintenance. The overall location is considered to be inferior to the subject. The buyer reportedly paid cash. Overall, this property is inferior to the subject property.

Transaction 2 was the March 24, 2014, purchase of a 5,864 square foot single tenant industrial building located in the city of Lemon Grove at 7704 North Avenue. The comparable is located approximately 5 miles southwesterly of the subject. The property was purchased for \$570,000 or \$97.20 per square foot. The property is improved with an one-story industrial building on a 13,068 square foot (0.30 acres) site which represents a floor area ratio of 45 percent. The building was constructed in approximately 1965 and is of masonry construction. The buyer reportedly put a cash down payment of \$57,000 (10%) and obtained a conventional loan in the amount of \$513,000 from US Bank NA. The improvements are reported to be in average condition. The overall location is considered to be inferior to the subject. Overall, this property is superior to the subject property.

Transaction 3 was the February 4, 2014, purchase of a 10,200 square foot multi tenant 1-story industrial building located in the city of Santee at 10809 Prospect Avenue. The comparable is located approximately 2 miles northerly of the subject. The property was purchased for \$1,000,000 or \$98.04 per square foot. The property is improved with an 1-story metal industrial building built in approximately 1973. The building is on a 32,670 square foot (0.75 acres) site which represents a floor area ratio of 31 percent. The improvements are reported to be in superior condition. Access and exposure are considered to be similar to the subject. The buyer reportedly put a cash down payment of \$350,000 (35%) and obtained a conventional loan in the amount of \$650,000 from California Bank and Trust. Overall, this property is superior to the subject property.

Transaction 4 was the January 15, 2014, purchase of a 5,520 square foot single tenant industrial building located in the city of El Cajon at 221 N. Johnson Avenue. The comparable is located approximately one-third of a mile southerly of the subject. The property was purchased for \$552,000 or \$100.00 per square foot. The property is improved with an one-story industrial building on a 13,939 square foot (0.32 acres) site which represents a floor area ratio of 40 percent. The building was constructed in approximately 1960 and is of masonry construction. The buyer reportedly put a cash down payment of \$50,429 (9.1%) and obtained two conventional loans in the amount of \$501,571 from North Island Federal Credit

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Union. The improvements are reported to be in average condition. The overall location is considered to be superior to the subject. Overall, this property is superior to the subject property.

Transaction 5 was the December 16, 2013, purchase of a 11,200 square foot single tenant 1-story industrial building located in the city of Santee at 8131 Wing Avenue. The comparable is located approximately 1.5 miles northerly of the subject. The property was purchased for \$1,130,000 or \$100.89 per square foot. The property is improved with an 1-story metal industrial building built in approximately 1969. The building is on a 30,492 square foot (0.70 acres) site which represents a floor area ratio of 37 percent. The improvements are reported to be in superior condition. Access and exposure are considered to be similar to the subject. The property was reportedly purchased by the existing tenant at market price. Overall, this property is superior to the subject property.

Transaction 6 was the December 19, 2013, purchase of a 15,000 square foot 1-story industrial/manufacturing building with a fenced yard located in the city of Santee at 8157-8159 Wing Avenue. The comparable is located approximately 1.5 miles northerly of the subject. The property was purchased for \$1,875,000 or \$125.00 per square foot. The property is improved with an 1-story metal industrial building built in approximately 1965. The building is on a 65,340 square foot (1.50 acres) site which represents a floor area ratio of 25 percent which is superior to the subject. The improvements are reported to be in superior condition. Access and exposure are considered to be similar to the subject. The buyer reportedly put a cash down payment of \$833,550 (44%) and obtained financing in the amount of \$1,041,450 from Private Individual FAS Financial Inc. Overall, this property is superior to the subject property.

Transaction 7 was the August 23, 2013, purchase of a 17,892 square foot multi-tenant industrial/manufacturing building located in the city of El Cajon at 1240-1246 Vernon Way. The comparable is located approximately 1 mile northerly of the subject. The property was purchased for \$1,580,000 or \$88.31 per square foot. The property is improved with a two-story industrial building on a 47,916 square foot (1.10 acres) site which represents a floor area ratio of 37 percent. The building was constructed in approximately 1973 and is of masonry construction. This was a distressed sale with a notice of default filed on the property. The improvements reported to be average condition. The overall location is considered to be similar to the subject. The buyer reportedly paid all cash. Overall, this property is similar to the subject property.

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Transaction 8 was the August 14, 2013, purchase of an 8,489 square foot single tenant industrial building located in the city of El Cajon at 1385 N. Magnolia Avenue. The comparable is located approximately 1.25 miles northeasterly of the subject. The property was purchased for \$960,000 or \$113.09 per square foot. The property is improved with an one-story industrial building on a 18,178 square foot site (0.42 acres) which represents a floor area ratio of 47 percent. The building was constructed in approximately 1988 and is of masonry construction. The buyer reportedly put a cash down payment of \$384,000 (40%) and obtained a loan in the amount of \$576,000 from a private lender. The improvements are reported to be in average condition. The overall location and condition are considered to be superior to the subject. Overall, this property is superior to the subject property

Transaction 9 was the April 19, 2013, purchase of a 11,050 square foot 1-story industrial/warehouse building with a fenced yard located in the city of El Cajon at 830-856 Fesler Street. The comparable is located approximately one-half mile northerly of the subject. The property was purchased for \$1,300,000 or \$117.65 per square foot. The property is improved with an 1-story masonry industrial building built in approximately 1975. The building is on a 42,689 square foot (0.98 acres) site which represents a floor area ratio of 26 percent which is superior to the subject. The improvements are reported to be in superior condition. Access and exposure are considered to be similar to the subject. The buyer reportedly put a cash down payment of \$125,000 (9.6%) and obtained financing in the amount of \$1,175,000 from the seller. Overall, this property is superior to the subject property.

The subject property was placed on an array with the sale transactions based on its comparability in the table below. It falls between Transaction 2, which is considered superior at \$97.20 per square foot and Transaction 1 which is considered inferior, and sold at \$75.00 per square foot.

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IMPROVED TRANSACTIONS ARRAY			
NO.	LOCATION	PRICE/ SQ. FT.	COMPARISON
6	8157-5159 Wing Avenue El Cajon, 92020	\$125.00	Superior
9	830-856 Fesler Street El Cajon, 92020	\$117.65	Superior
8	1385 N. Magnolia Ave. El Cajon, 92020	\$113.09	Superior
5	8131 Wing Avenue El Cajon, 92020	\$100.89	Superior
4	221 N. Johnson Avenue El Cajon, 92020	\$100.00	Superior
3	10809 Prospect Avenue Santee, 92071	\$98.04	Superior
2	7704 North Avenue Lemon Grove, 91945	\$97.20	Superior
	SUBJECT PROPERTY		
7	1240 Vernon Way El Cajon, 92020	\$88.31	Similar
1	6530 Federal Boulevard Lemon Grove, 91945	\$75.00	Inferior

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

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ANALYSIS OF MARKET DATA: The preceding sales represent market transactions which are comparable to the subject and represent the sales 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 \$85 to \$88 per rentable square foot of building area. Given a rentable size of 9,009 square feet, a valuation of \$765,765 to \$792,792 was indicated by the Sales Comparison Approach which was rounded to \$775,000.

INCOME APPROACH - The Income Approach endeavors to quantify expected future economic benefits from ownership of income producing real estate. It has its basis in the anticipated earning power of a property. The market determines the income streams and rates of return based on the principles of supply and demand and substitution. While a number of methods are available to measure value based on income, the direct capitalization method that uses an overall capitalization rate derived from the market is most often applied to obtain an estimate of value for the first year income stream assuming stabilized occupancy. An inherent presumption of direct capitalization is that the rent for the subject property will be rising similarly to that of the comparable properties from which the overall rate was extracted. Direct capitalization does not deal well with properties affected by leases lacking typical market rent increases or on which there are over or under market lease rates that may be changing in the foreseeable future.

The first item to consider is the income from the subject. As of the date of value the subject was 60% leased with two tenants. Joseph and Julia Drummond lease 531-535 Raleigh Street which contains approximately 1,728 square feet and is used as an automotive restoration and repair facility. The lease commenced 07/01/95 and ended on 06/30/00. The tenant currently occupies the property on a month-to-month lease basis. The current monthly rent is reported at \$1,033.71 or \$0.60 per square foot on a modified gross basis with the tenant to pay all utilities and building maintenance. The landlord is responsible for taxes and insurance.

Jonathon Martin and Richard Thruston, d.b.a. D & J Cleaners lease 549 Raleigh Street which contains approximately 3,640 square foot and is used as a cleaner with a portion of the building sub-leased and used for manufacturing. The suite has minimal office area. The lease commenced 01/01/05 and ended on 12/30/07. The tenant currently occupies the property on a month-to-month lease basis. The current monthly rent is reported at \$2,295.66 or \$0.63 per square foot on a modified gross basis with the tenant to pay all utilities and building maintenance. The landlord is responsible for taxes and insurance.

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555 Raleigh Street which contains approximately 3,640 square feet is currently vacant and has not been occupied for more than five years. The front 600 square feet of the suite are improved with offices. The city of El Cajon has not made this space available for lease.

To determine market rental rates and terms, I searched the general area for industrial properties considered to be comparable to the subject in terms of size, age and location. The difficulty in estimating market rent for the subject is the deferred maintenance the property currently displays. The subject would be difficult to lease in its "as is" condition. In determining market rent the subject was estimated to be in average to fair condition.

The industrial space reviewed throughout the East County revealed somewhat comparable rental rates ranging from \$0.55 to \$.75 per square foot on a modified gross basis. Based on my analysis, I feel an overall market rent of \$0.65 per square foot or \$5,856 ($\$0.65 \times 9,009$ SF) per month on a net basis is supported. I have concluded market rent for the property at \$5,856 per month. The gross scheduled annual market income of \$70,272 ($\$5,856 \times 12$) was estimated using the estimated market rent for the subject.

Discussion of Expenses

The rental rates are based on a triple net basis with tenants paying all of the properties operating expenses except for replacement and reserves. My projections of operating expenses for the subject property are based on reported expenses reviewed in similar style industrial buildings located in comparable neighborhoods, conversations with property managers as well as your appraiser's experience and opinions. Historical operating expenses for the subject were not available for review.

Vacancy/Collection Loss of 10 percent is reflected to account for vacancy over an extended holding period. The current retail market in the subject's area is weak with vacancy rates for existing buildings' current averaging between 5 to 25 percent. I have reflected a vacancy/collection loss level of 10 percent to reflect both the short and long term risk associated with the subject's scheduled income streams.

The reimbursable expenses which are passed through to the tenant include real estate or property taxes, building insurance, repairs and maintenance, management, water & sewer, common utilities, trash removal, landscaping/tree trimming, lot cleanup, exterior lights and miscellaneous expenses.

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Non-reimbursable expenses estimated at 5 percent of the effective gross income include capital improvements and replacement reserves. Also included are administrative expenses reflected for commissions, legal and accounting expenses plus a general administrative expenses.

The income study summarizing the income and expenses follows:

INCOME STUDY

Scheduled Gross Income – 12 Months @ \$5,856	\$ 70,272
Estimated Vacancy/Income Loss @ 10%	7,027
Effective Gross Income	\$ 63,245
Non Recoverable Operating Expenses @ 5%	-\$ 3,162
Net Operating Income	\$ 60,083

Capitalization Rate – None of the comparable sales included in the sales comparison approach provided market indicators of capitalization rates. The transactions in the sales comparison approach were either purchased by an owner/user or had no income information available with the capitalization rates not indicated. To help support current cap rates, I have also reviewed additional sale transactions of somewhat similar industrial properties from which to draw added support for the appropriate capitalization rate.

The capitalization rate data reviewed supports the range of about 7.0 to 8.5 percent. Based on the overall industrial market conditions, economic outlook for San Diego, and overall condition and age of the improvements, I feel a 7.25 to 7.75 percent overall rate would appear reasonable. I have selected an overall capitalization rate in the middle end of the indicated range or 7.5 percent.

Net Operating Income	Overall Rate	Indicated Value
\$60,083	7.5%	\$801,107

The indicated overall rate was obtained from local market data and applied to my estimate of net operating income for the subject which indicated a value of \$801,107, rounded to \$800,000.

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RECONCILIATION: Two approaches to value were applied in this analysis. The indicated fee simple values per the approaches are:

Sales Comparison Approach	\$ 775,000
Income Approach	\$ 800,000

The Sales Comparison Approach is based on sales of other comparable properties and produces an indication of value based on prices actually paid in the market. Due to the adequate number of recent, improved sale transactions the Sales Comparison Approach was considered to be a reliable method with which to estimate value. Units of value derived from the sales are used to estimate a value for the subject under study. The weakness in this approach is the assumption of operating efficiency in each property, and reliance on sales data which is not always complete.

The Income Approach is a strong indicator of value as investors typically are concerned with the quantity and quality of an income stream as they consider alternate investments. Within the Income Approach, I have applied the appropriate level of income and expenses predicted for the subject.

In determining my final opinion of the market value equal weight has been placed on the two approaches to value performed. Based upon my analysis of the data and my experience, it is my opinion the subject has a market value for the fee simple interest of \$785,000 as of the date of value: May 28, 2014.

SEVEN HUNDRED EIGHTY-FIVE THOUSAND DOLLARS
(\$785,000)

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

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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,

A handwritten signature in black ink, appearing to read "Mark A. Smith". The signature is fluid and cursive, with the first name "Mark" being the most prominent.

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.

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 May 28, 2014.



Mark A. Smith
Certified General Appraiser #AG006537

Date: 5/31/2014

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.

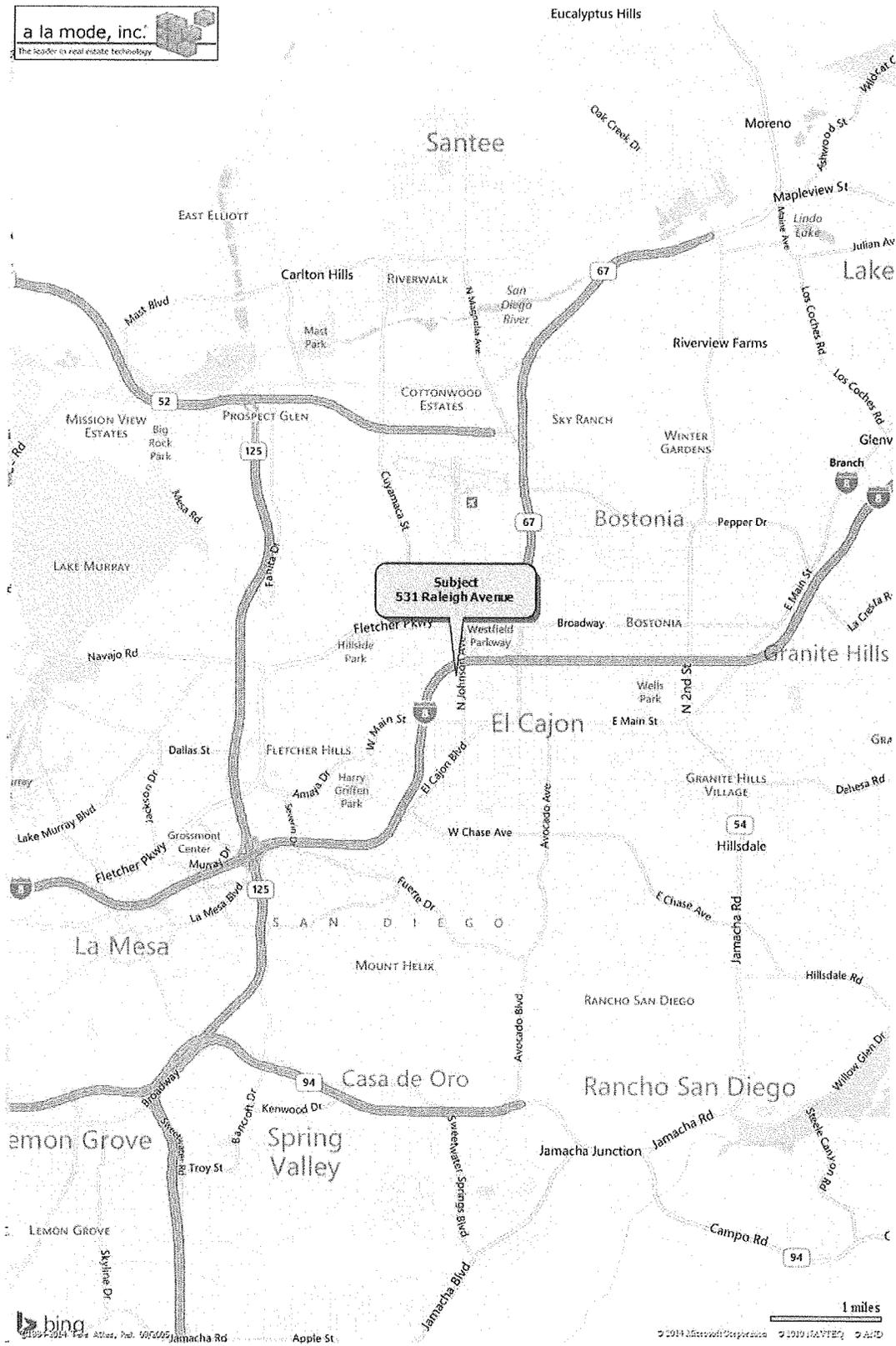
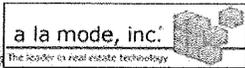
13. The subject was physically measured to determine the size of the improvements. During the physical inspection on May 28, 2014, portions of the buildings were locked and the interiors could not be inspected. The condition of the subject is based on the areas which could be inspected and prior inspections of the subject performed in May of 2009.

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. This appraisal is subject to the following Extraordinary Assumptions: The value conclusion assumes an environmentally clean site. If the site is not clean, it would alter my final conclusion of value. The site in the past has been leased by a cleaner and an auto repair businesses. I have assumed the site has NOT been contaminated from the these users. Should the site be contaminated or have environmentally issues the opinion of value could be significantly less.

16. Certification Addendum: I have not performed any prior appraisal services regarding the subject property, as an appraiser, within the three (3) year period immediately preceding acceptance of this appraisal assignment.

LOCATION MAP



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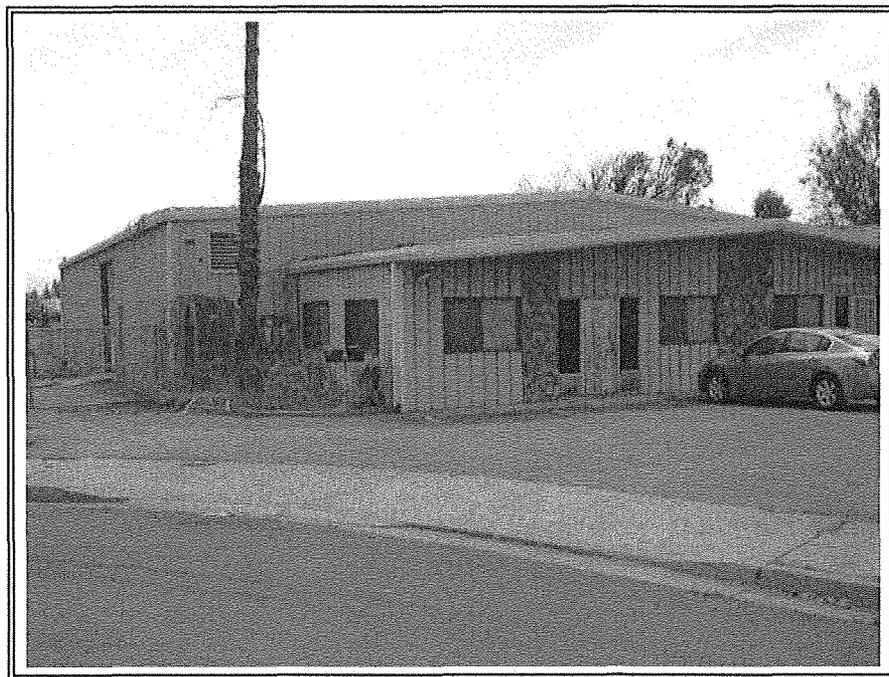
© 2014 Microsoft Corporation. All rights reserved. Aerial

SUBJECT PHOTOGRAPHS

May 28, 2014



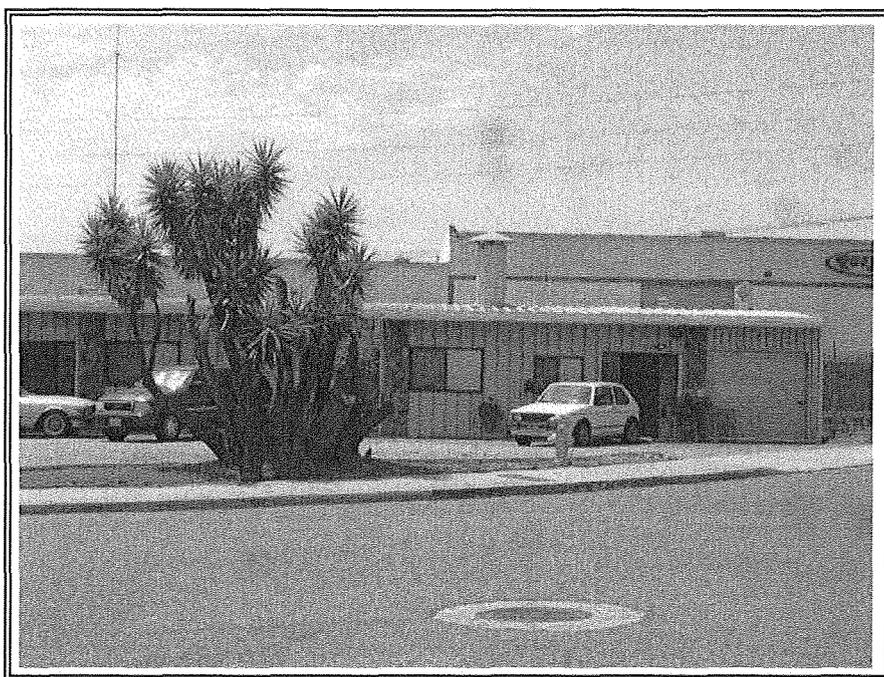
Looking easterly toward the front of 549-555 Raleigh Avenue.



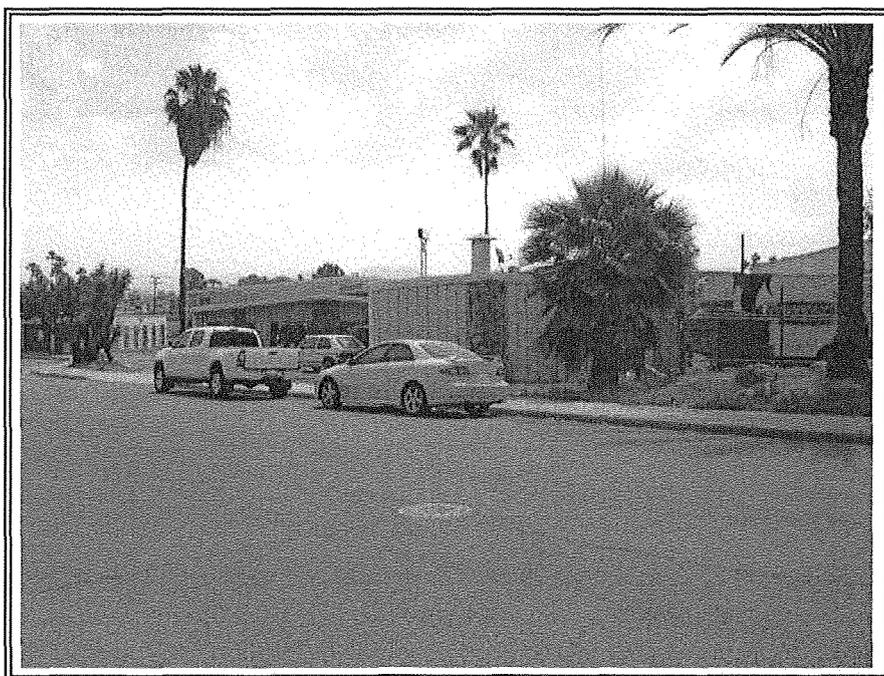
Looking easterly toward the front of 555 Raleigh Avenue.

SUBJECT PHOTOGRAPHS

May 28, 2014



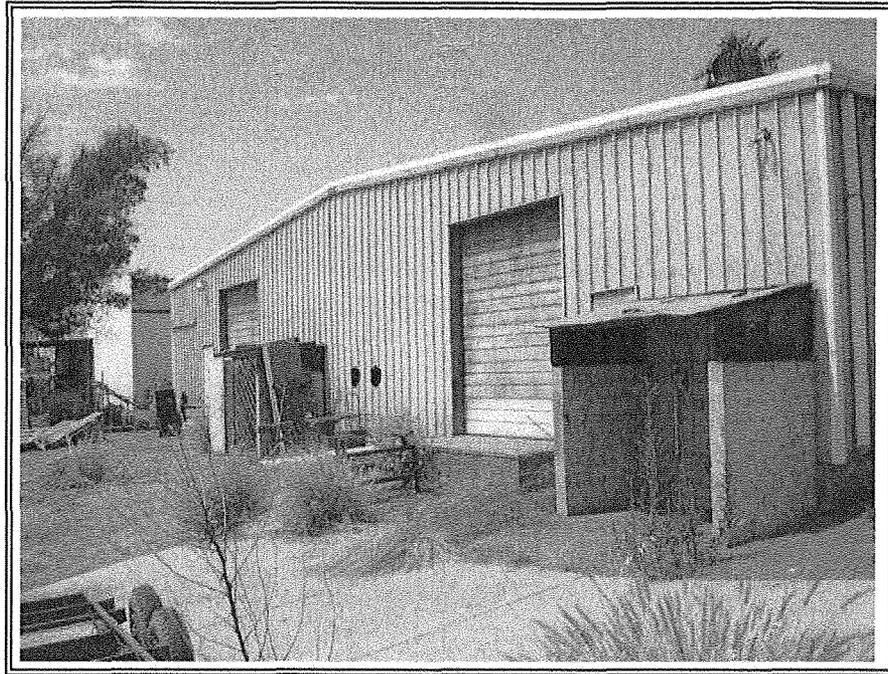
Looking in southerly direction toward the front of 531 Raleigh Avenue.



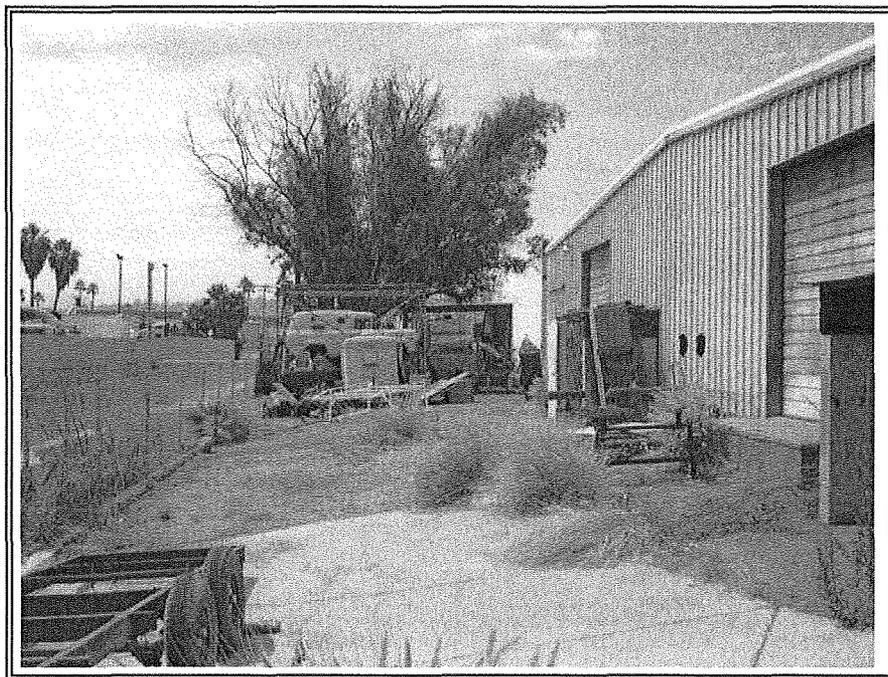
Looking northeasterly toward the side of 531 Raleigh Avenue.

SUBJECT PHOTOGRAPHS

May 28, 2014



Looking toward the rear of 549-555 Raleigh Avenue.



Looking along the rear of 549-555 Raleigh Avenue

SUBJECT PHOTOGRAPHS

May 28, 2014

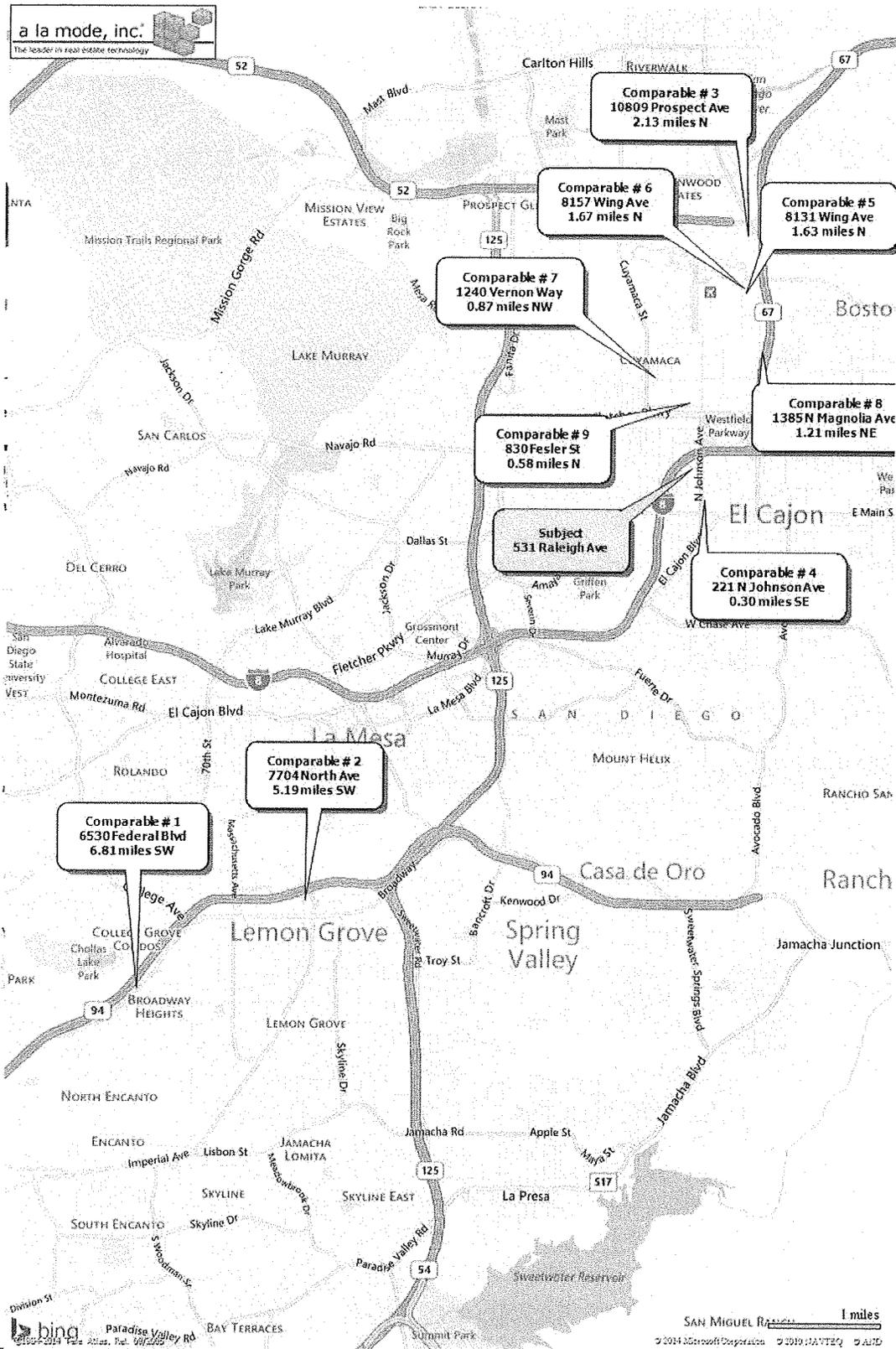


Looking in a northerly direction along Raleigh Avenue. The subject is located on the right side of the photograph.



Looking in a southerly direction along Raleigh Avenue. The subject is located on the left-hand side of the picture.

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.

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

**AGENDA REPORT
SUCCESSOR AGENCY OVERSIGHT BOARD
February 18, 2015, Meeting**

SUBJECT: APPROVAL OF THE SUCCESSOR AGENCY FISCAL YEAR 2015-2016 BUDGET, INCLUDING THE ADMINISTRATION BUDGET

RECOMMENDED ACTION: That the Oversight Board adopt the proposed Resolution OB-02-15 to:

1. Approve the Successor Agency Fiscal Year 2015-2016 Budget in the amount of \$12,292,600, which includes the Successor Agency Administration Budget;
2. Approve the Successor Agency Fiscal Year 2015-2016 Administration Budget in the amount of \$250,000;
3. Authorize the Chair to submit the approved Budgets to the County Auditor Controller ("CAC"), the State Department of Finance ("DOF"), the County Administrative Officer ("CAO"), the State Controller's Office ("SCO"), and to post on the Successor Agency website upon approval by the Oversight Board; and
4. Authorize the Successor Agency staff to carry out activities outlined in the Cooperation Agreement approved by the Oversight Board on April 26, 2012, which are necessary to meet approved obligations outlined in the Budgets, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

BACKGROUND:

Presented for approval and adoption is the Successor Agency Fiscal Year 2015-2016 Budget, including the Successor Agency Fiscal Year 2015-2016 Administration Budget. Both Budgets were prepared in conjunction with the City's Capital Improvement Project Plan and annual budget process that is currently underway, and consist of activity and project costs that will be included in the proposed City budget for Fiscal Year 2015-2016.

As required under Health and Safety Code ("CH&SC") Section 34177(j), the Successor Agency must prepare a proposed administrative budget for each fiscal year and submit it to the Oversight Board for its approval. The proposed administrative budget includes:

1. Estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period;
2. Proposed sources of payment for the costs identified; and
3. Proposals for arrangements for administrative and operations services provided by the City.

Administrative cost allowances are limited to a maximum of three percent (3%) of the property tax allocated to the Successor Agency each fiscal year and shall not be less than two hundred fifty thousand dollars (\$250,000). Staff has prepared the Successor Agency Administration Budget at \$250,000 for fiscal year 2015-16 to be funded with property tax allocation from the Redevelopment Property Tax Trust Fund (RPTTF).

The proposed administrative budget includes staff services and supplies/materials provided by the City to administer the tasks and functions of the Successor Agency. Outside legal, financial, and other professional/technical consultants will be utilized for special services and expertise necessary to wind down the affairs of the former El Cajon Redevelopment Agency.

The Successor Agency Fiscal Year 2015-16 Budget also includes funding for the following enforceable obligations, activities, and projects:

1. Successor Agency Debt Service (\$4,735,000): Payments of principal and interest on the tax allocation bonds and the costs of financial services related to the debt issues.
2. Hazardous Materials Testing/Park & Ballantyne (\$84,000): Environmental remediation costs associated with a Reimbursement and Indemnity Agreement dated December 16, 2003. Based on the sampling events and reports for the period July through December 2014, additional testing and monitoring activities may be required by the County Department of Environmental Health's (DEH).
3. Hazardous Materials Testing/Prescott Promenade (\$13,000): Environmental remediation costs associated with a Settlement Agreement dated September 15, 1995. Ongoing corrective action and assessments are performed at the site until case closure can be achieved through the DEH.
4. SW Corner/Environmental Testing (\$35,200): Environmental remediation costs associated with a Reimbursement and Indemnity Agreement dated April 11, 2002. Due to delays in securing the right of entry from the property owner, destruction of the monitoring wells and closing of the site was not completed by December 2014. Destruction of the wells is currently underway, and staff anticipates DEH's approval of case closure in fiscal year 2015-16.
5. Former Police Station (100 Fletcher Parkway) (\$2,050,000): Promissory Note payments and ongoing property management and maintenance and disposition costs until property is sold.
6. Johnson Avenue Corridor Revitalization Project (\$22,000): Contingency funds for property maintenance and disposition costs if sale of the properties are not completed by June 30, 2015. The property located at 531-555 Raleigh Ave currently has two units leased

7. Civic Center Complex Revitalization Project (\$21,400): Property maintenance and disposition costs for the property located at 115 Rea Avenue until disposal.
8. Housing Authority Development and Revitalization Projects (\$692,000): Housing projects for the replacement or preservation of affordable housing units for the extremely- low and low income households. The project budget is carried over from fiscal year 2014-15.
9. Median Improvements (\$1,020,000): Capital improvement project for the renovation and improvement of existing medians in the Redevelopment Project Area utilizing the 2007 Tax Allocation Bond proceeds. Construction is scheduled to start in February 2015 and anticipated to be completed in June 2015. The project budget is the estimated carry over from fiscal year 2014-15 for construction contract payments that will be made past June 30, 2015.
10. Fire Station 6 Renovation (\$1,670,000): Capital improvement project for the complete renovation of the Fire Station 6 complex, which is a 30-year-old building and one of the busiest fire stations in the United States. Construction is anticipated to begin in April 2015 with scheduled completion by fall 2015. The project budget, funded by bond proceeds, is the estimated carry over from fiscal year 2014-15.
11. Ronald Reagan Community Center Improvements (\$900,000): Capital improvement project for the renovation and improvement of the 25-year-old Community Center that is used extensively for civic events. The renovations to the existing facility will include both interior and exterior improvements that will bring the Community Center in compliance with the Americans with Disabilities Act. The project is currently in the design phase, and construction will begin in fiscal year 2015-16. Funding for the project includes bonds proceeds carried over from fiscal year 2014-15.
12. East County Performing Arts Center (ECPAC) Improvements (\$800,000): Capital improvement project for major improvements needed for the ECPAC facility. These improvements include HVAC upgrades, roof replacement, and installation of new carpet, theater seating, stage lighting, and other furnishings. Bond proceeds will be utilized to fund the project.

Enforceable obligations, activities, and projects identified in the Successor Agency Fiscal Year 2015-2016 Budget will be further detailed in the Recognized Obligation Payment Schedule (ROPS) 15-16A, which is a companion item on today's Oversight Board agenda.

Finally, in the absence of contracting procedures for the Oversight Board, the Successor Agency will continue to employ the policies, procedures and practices in place with the City of El Cajon with respect to execution and re-entering into contracts necessary for the continuation of activities outlined in the Budget, as authorized under the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan, approved by the Oversight Board on April 26, 2012.

FISCAL IMPACT:

This action will approve the Successor Agency Fiscal Year 2015-2016 Budget with estimated funding of \$12,292,600, which includes the minimum \$250,000 Administrative Allowance.

ATTACHMENTS:

1. Proposed Resolution OB-02-15
2. Successor Agency - Fiscal Year 2015-2016 Budget Summary
3. Budget Activity and Project Sheets

Prepared by:



Clay Schoen
Director of Finance

Reviewed by:



Majed Al-Ghafry
Secretary / Assistant City Manager

Approved by:



Douglas Williford
Executive Director / City Manager

RESOLUTION NO. OB-02-15

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE FISCAL YEAR 2015-2016 SUCCESSOR AGENCY BUDGET, INCLUDING THE SUCCESSOR AGENCY ADMINISTRATION BUDGET

WHEREAS, the Oversight Board (the "Oversight Board") of the Successor Agency of the former El Cajon Redevelopment Agency (the "Successor Agency") held a regularly-scheduled meeting on February 18, 2015, at which time it considered a proposed Successor Agency Budget, including the Successor Agency Administration Budget for the period of July 1, 2015, to June 30, 2016; and

WHEREAS, the City of El Cajon as Successor Agency Fiscal Year 2015-2016 Budget totals \$12,292,600 from all funding sources, including Bond proceeds, Successor Agency Reserves, and Other Funds, of which \$250,000 is for Successor Agency Administration;

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.
 - 2. Approval of the Successor Agency Budget and the Successor Agency Administrative Budget is exempt from the California Environmental Quality Act (CEQA) under Section 15061 (b) (3) (General Rule) of the CEQA Guidelines because the proposed budgets will not cause a significant adverse physical change to the environment either directly or indirectly.
- B. The Oversight Board hereby APPROVES the Amended Fiscal Year 2015-2016 Successor Agency Budget of \$12,292,600 from all funding sources, including Bond proceeds, Successor Agency Reserves, and Other Funds.
- C. The Oversight Board hereby APPROVES the Successor Agency Administration Budget for Fiscal Year 2015-2016 of \$250,000 to be paid from Redevelopment Property Tax Trust Funds (RPTTF).
- D. The Oversight Board hereby AUTHORIZES the Chair to submit the approved Successor Agency Budget for the period of July 1, 2015, to June 30, 2016, to the County Auditor Controller, the State Department of Finance, the County

Administrative Officer, the State Controller's Office, and to post on the Successor Agency website.

- E. The Oversight Board hereby AUTHORIZES Successor Agency staff to carryout activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan approved by the Oversight Board on April 26, 2012, which are necessary to meet obligations outlined in the ROPS, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a regularly-scheduled meeting held this 18th day of February 2015, by the following vote to wit:

AYES :
NOES :
ABSENT :

Debra Turner-Emerson, Chairperson

ATTEST:

Majed Al-Ghafry, Oversight Board Secretary

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**SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY
PROPOSED BUDGET
FISCAL YEAR 2015-16**

Activity/ Project	Activity/Project Name	ROPS 15-16A July-Dec 2015	ROPS 15-16B Jan-Jun 2016	Total Fiscal Year 2015-16
<u>Bond Proceeds</u>				
HA1501	Housing Authority Development & Revitalization Projects	\$ 692,000	\$ -	\$ 692,000
RDR0705S	Median Improvements	1,020,000	-	1,020,000
RD1502S	Fire Station 6 Renovation	1,670,000	-	1,670,000
RD1503S	Ronald Reagan Community Center Plaza	900,000	-	900,000
RD1504S	El Cajon Performing Arts Center Improvements	800,000	-	800,000
		\$ 5,082,000	\$ -	\$ 5,082,000
<u>Other Funds</u>				
RD0704S	Hazardous Materials Testing/Park & Ballantyne	\$ 81,000	\$ 3,000	\$ 84,000
RD0705S	Hazardous Materials Testing/Prescott Promenade	11,500	1,500	13,000
RD0706S	SW Corner/Environmental Testing	34,100	1,100	35,200
RD1017S	Johnson Avenue Corridor Revitalization Project	22,000	-	22,000
		\$ 148,600	\$ 5,600	\$ 154,200
<u>RPTTF - Non Administrative</u>				
0490000	Successor Agency Debt Service	\$ 2,371,920	\$ 2,363,080	\$ 4,735,000
RD0801S	Former Police Station (100 Fletcher Parkway)	1,505,000	545,000	2,050,000
RDR0703S	Civic Center Complex Revitalization Project	18,500	2,900	21,400
		\$ 3,895,420	\$ 2,910,980	\$ 6,806,400
<u>RPTTF - Administrative</u>				
0590110	Successor Agency Administration	\$ 125,000	\$ 125,000	\$ 250,000
FISCAL YEAR 2015-2016 BUDGET		\$ 9,251,020	\$ 3,041,580	\$ 12,292,600

**SUCCESSOR AGENCY FUNDS
FISCAL YEAR 2015-16**

ACTIVITY: Successor Agency Administration

ACTIVITY NO: 0590110

The City of El Cajon Successor Agency performs administrative activities to wind down the affairs of the former El Cajon Redevelopment Agency ("Agency"). These activities include monitoring and making payments on the enforceable obligations of the former Agency, disposing of the former Agency's properties and other assets, preparing and submitting financial reports to comply with the requirements of the State, County, and other agencies/parties, and providing administrative support to the Oversight Board.

The Successor Agency has arranged with the City of El Cajon to provide staff services and supplies/materials to administer the responsibilities of the Successor Agency. Outside legal, financial, and other professional/technical consultants will be utilized for special services and/or expertise necessary for the wind down of the former Agency.

The fiscal year 2015-16 budget for the Successor Agency administrative costs and the sources of payments for the administrative costs are identified in the table below. Actual costs for each administrative category may be higher or lower than the amounts shown, not to exceed the aggregate total administrative cost allowance for the fiscal year of \$250,000 or up to three percent of the property tax allocation, which ever is greater.

	ROPS Line No.	Prior Years Actual	2014-15 Estimated	2015-16 July- December Proposed	2015-16 January - June Proposed	2015-16 Total Proposed
Administration City Staff:						
Personnel	6	546,050	210,000	100,000	100,000	200,000
Professional/Technical Services:						
Legal	6	30,469	25,000	15,000	15,000	30,000
Finance, Accounting & Audit	6	12,025	-	-	-	-
Records Management	6	1,146	500	500	500	1,000
Other Professional/Technical	6	4,344	14,000	7,500	7,500	15,000
Supplies, Materials, Miscellaneous:						
Office Supplies	6	1,093	100	150	150	300
Postage & Shipping	6	61	-	-	-	-
Public Notices	6	390	200	200	200	400
Trainings/Meetings	6	381	200	150	150	300
Miscellaneous Supplies/Services	6	-	-	1,500	1,500	3,000
TOTAL ADMINISTRATION		595,958	250,000	125,000	125,000	250,000
Sources of Funds:						
Redevelopment Property Tax Trust Funds (RPTTF)		570,421	250,000	125,000	125,000	250,000
Other		25,537	-	-	-	-
TOTAL FUNDING		595,958	250,000	125,000	125,000	250,000

**SUCCESSOR AGENCY FUNDS
FISCAL YEAR 2015-16**

ACTIVITY: Successor Agency Debt Service

ACTIVITY NO: 0490000

The Successor Agency is responsible for making the required principal and interest payments on the outstanding tax allocation bonds of the former redevelopment agency. The Successor Agency receives property taxes from the Redevelopment Property Tax Trust Fund to make debt service payments on the 2000, 2005, and 2007 tax allocation bonds. The Successor Agency also ensures compliance with the bond covenants by performing annual financial audits, filing continuing disclosure reports, and maintaining the reserve requirements with the fiscal agent.

The fiscal year 2015-16 budget for the Successor Agency Debt Service includes funding of the principal and interest payments on the bonds and costs of services related to the debt issues.

	ROPS Line No.	Prior Years Actual	2014-15 Estimated	2015-16 July - December Proposed	2015-16 January - June Proposed	2015-16 Total Proposed
Debt Service:						
2000 Bonds - Principal	1	65,000	40,000	25,000	27,500	52,500
2000 Bonds - Interest	1	3,057,788	1,218,555	608,507	606,618	1,215,125
2005 Bonds - Principal	2	2,055,000	1,085,000	562,500	585,000	1,147,500
2005 Bonds - Interest	2	3,733,763	1,420,849	698,897	674,990	1,373,887
2007 Bonds - Principal	3	645,000	345,000	177,500	187,500	365,000
2007 Bonds - Interest	3	1,507,384	579,363	286,016	278,472	564,488
Professional/Technical Services:						
Trustee Fees & Administration	4	15,688	7,200	6,000	3,000	9,000
Other Professional/Technical	4	500	1,900	2,500	-	2,500
Accounting & Audit	5	18,515	4,300	5,000	-	5,000
TOTAL DEBT SERVICE		11,080,122	4,697,867	2,371,920	2,363,080	4,735,000
Sources of Funds:						
Redevelopment Property Tax Trust Funds (RPTTF)		11,080,122	4,693,510	2,371,920	2,363,080	4,735,000
Other		-	4,357	-	-	-
TOTAL FUNDING		11,080,122	4,697,867	2,371,920	2,363,080	4,735,000

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2015-2016

ACTIVITY: **Successor Agency - Capital Projects** **ACTIVITY NO:** **0590000**

With the dissolution of redevelopment agencies on February 1, 2012, management and monitoring of the real properties, ongoing projects, and agreements of the former redevelopment agency were transferred to the Successor Agency. The Fiscal Year 2015-16 Successor Agency budget for capital projects includes funding for the maintenance and disposition of real properties, carrying out existing cleanup plans of contaminated sites, and management of existing agreements with developers, businesses, and other entities.

The fiscal year 2015-16 budget for the Successor Agency capital projects and the funding sources for these projects are summarized in the table below. Budget details are provided in the accompanying project sheets.

PROJECT NAME	PROJECT NO.	PROPOSED BUDGET
Hazardous Material Testing - Park & Ballantyne	RD0704S	84,000
Hazardous Material Testing - Prescott Promenade	RD0705S	13,000
Environmental Testing - Southwest Corner	RD0706S	35,200
Former Police Station - 100 Fletcher Parkway	RD0801S	2,050,000
Johnson Avenue Revitalization Project	RD1017S	22,000
Civic Center Complex Revitalization Project	RDR0703S	21,400
TOTAL PROJECT		2,225,600
FUNDING SOURCES		FUNDING
Redevelopment Property Tax Trust Fund (RPTTF)		2,071,400
Other Sources (Rent, Interest, Grants, Miscellaneous)		154,200
TOTAL FUNDING		2,225,600

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2015-16

ACTIVITY: Successor Agency - Capital Projects
PROJECT NAME: Hazardous Materials Testing / Park & Ballantyne

ACTIVITY 0590900
PROJECT NO: RD0704S

This project provides for environmental remediation of a former Brownfields Site of a leaking underground storage tank from a former gasoline station. The former El Cajon Redevelopment Agency ("Agency") purchased the property for a residential development. On December 16, 2003, the Agency entered into a Reimbursement and Indemnity Agreement with Priest Development Corporation where the Agency indemnified the developer, and/or agreed to reimburse the developer for the costs of removing hazardous wastes. Ongoing testing and monitoring at the site is required until a corrective action plan and other requirements for case closure are met and approved by the San Diego County Department of Environmental Health.

The fiscal year 2015-16 budget for this Successor Agency project provides funding for environmental remediation and project management costs associated with the Reimbursement and Indemnity Agreement.

	ROPS Line No.	Prior Years Actual	2014-15 Estimated	2015-16 July - December Proposed	2015-16 January - June Proposed	2015-16 Total Proposed
Project Management City Staff:						
Personnel	63	12,786	3,000	2,500	2,500	5,000
Remediation:						
Legal	62	124	300	300	300	600
Environmental Testing - SCS	11	69,439	20,000	75,000	-	75,000
Environmental Testing - County	61	-	2,500	3,000	-	3,000
Permits, Fees, Miscellaneous	65	-	200	200	200	400
TOTAL PROJECT		82,348	26,000	81,000	3,000	84,000
Source(s) of Funds:						
Redevelopment Property Tax Trust Funds (RPTTF)		47,775	1,300	-	-	-
Other		34,573	24,700	81,000	3,000	84,000
TOTAL FUNDING		82,348	26,000	81,000	3,000	84,000

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2015-16

ACTIVITY: Successor Agency - Capital Projects
PROJECT NAME: Hazardous Materials Testing / Prescott Promenade

ACTIVITY 0590900
PROJECT NO: RD0705S

This project provides for environmental remediation of a former Brownfields Site with a leaking underground storage tank from a former gasoline station. The former El Cajon Redevelopment Agency ("Agency") purchased and developed the property to a public park. The Agency entered into a Settlement Agreement with the former owners, Texaco, Shell Oil, and Unocal, for shared responsibility of the hazardous waste cleanup efforts. The Agency is responsible for 20% of all future cleanup costs. Ongoing monitoring will occur at the site until four consecutive quarters of testing result to minimal findings that comply with the San Diego County Department of Environmental Health's requirements for closure status.

The fiscal year 2015-16 budget for this Successor Agency project provides funding for environmental remediation and project management costs associated with the Settlement Agreement.

	ROPS Line No.	Prior Years Actual	2014-15 Estimated	2015-16 July - December Proposed	2015-16 January - June Proposed	2015-16 Total Proposed
Project Management City Staff :						
Personnel	67	1,534	500	500	500	1,000
Remediation :						
Legal	66	31	500	1,000	1,000	2,000
Settlement Agreement (20%)	12	-	10,000	10,000	-	10,000
TOTAL PROJECT		1,565	11,000	11,500	1,500	13,000
Source(s) of Funds:						
Redevelopment Property Tax Trust Funds (RPTTF)		1,565	11,000	-	-	-
Other		-	-	11,500	1,500	13,000
TOTAL FUNDING		1,565	11,000	11,500	1,500	13,000

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2015-16

ACTIVITY: Successor Agency - Capital Projects
PROJECT SW Corner/Environmental Testing

ACTIVITY 0590900
PROJECT NO: RD0706S

The project provides for ongoing testing of a former Brownfields site of a leaking underground storage tank from a diesel gasoline station and dry cleaners. The former El Cajon Redevelopment Agency ("Agency") purchased the property for mixed-use residential/commercial development. On April 11, 2002, the Agency entered into a Reimbursement and Indemnity Agreement with Priest Development Corporation where the Agency agreed to pay for the costs associated with the contamination cleanup of the 2.27 acre site. Sampling events and reports from the site indicated minimal findings that complied with the San Diego County Department of Environmental Health's (DEH) requirements for closure status.

Fiscal year 2015-16 budget for this Successor Agency project provides funding for the destruction of the groundwater monitoring wells at the site and obtain closure status from the DEH.

	ROPS Line No.	Prior Years Actual	2014-15 Estimated	2015-16 July - December Proposed	2015-16 January - June Proposed	2015-16 Total Proposed
Project Management City Staff :						
Personnel	68	6,866	1,500	1,000	1,000	2,000
Remediation:						
Environmental Testing - Hargrave	13	21,779	35,500	30,000	-	30,000
Environmental Testing - County	14	7,796	3,000	3,000	-	3,000
Permits, Fees, Miscellaneous Costs	69	50	200	100	100	200
TOTAL PROJECT		36,490	40,200	34,100	1,100	35,200
Source(s) of Funds:						
Redevelopment Property Tax Trust Funds (RPTTF)		34,631	600	-	-	-
Other		1,859	39,600	34,100	1,100	35,200
TOTAL FUNDING		36,490	40,200	34,100	1,100	35,200

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2015-16

ACTIVITY: Successor Agency - Capital Projects
PROJECT 100 Fletcher Parkway (Former Police Station)

ACTIVITY 0590900
PROJECT NO: RD0801S

The former police station located at 100 Fletcher Parkway, a key parcel within the Project Area, became available for redevelopment in Fall 2011. The former El Cajon Redevelopment Agency entered into an enforceable obligation with the City through the execution of a Purchase and Sale Agreement, Promissory Note and Deed of Trust, and acquired the property on June 16, 2011. With the dissolution of the redevelopment agencies on February 1, 2012, the Successor Agency has been tasked with managing and overseeing the property to ensure that maintenance is performed and necessary actions are taken to prevent waste and blighting conditions, which would cause a reduction in the value of the asset and negatively impact the businesses and economic growth in the immediate vicinity. The real property, Site #15 in the Amended Long Range Property Management Plan (APN 483-071-52-00), is available for sale in the open market subject to approval by the Oversight Board and California Department of Finance.

Fiscal year 2015-16 budget for this Successor Agency project provides funding for the Promissory Note payments, ongoing maintenance and management costs, and disposition costs of the property.

	ROPS Line No.	Prior Years Actual	2014-15 Estimated	2015-16 July - December Proposed	2015-16 January - June Proposed	2015-16 Total Proposed
Project Management City Staff :						
Personnel	71	63,171	20,000	10,800	10,000	20,800
Promissory Note Payments:						
Principal & Interest	16	840,665	1,847,665	1,444,400	515,700	1,960,100
Professional/Technical Services:						
Legal	70	47	300	300	300	600
Property Maintenance:						
Repairs & Maintenance	15	2,046	3,000	5,000	5,000	10,000
Property Taxes & Insurance	15	8,125	10,000	6,000	6,000	12,000
Utilities	15	33,474	17,000	8,000	8,000	16,000
Other Professional/Technical	15	655	-	5,000	-	5,000
Property Disposition:						
Appraisal	72	5,000	5,000	5,000	-	5,000
Title, Brokerage, & Escrow	72	500	10,000	20,000	-	20,000
Miscellaneous Fees & Services	72	64	500	500	-	500
TOTAL PROJECT		953,747	1,913,465	1,505,000	545,000	2,050,000
Source(s) of Funds:						
Redevelopment Property Tax Trust Funds (RPTTF)		953,747	1,913,465	1,505,000	545,000	2,050,000
TOTAL FUNDING		953,747	1,913,465	1,505,000	545,000	2,050,000

**SUCCESSOR AGENCY FUNDS
FISCAL YEAR 2015-16**

ACTIVITY: Successor Agency - Capital Projects
PROJECT Johnson Avenue Revitalization Project

ACTIVITY 0590900
PROJECT NO: RD1017S

This project was designed to revitalize the Johnson Avenue Corridor with retail uses and automotive dealerships and to establish the corridor as a vibrant and distinct commercial district that invites shoppers and other visitors to El Cajon. In Fiscal Year 2009-10, the former Agency acquired four parcels in the corridor for redevelopment activities. Two of the parcels were sold to Inland Properties (US) Inc. for the construction of a truck sales dealership and service facility. In September 2014, the sale of Site #10, located at 588 N. Johnson Avenue (APN 482-250-34-000), to JKC El Cajon, LLC was approved by the Oversight Board and California Department of Finance (DOF). In February 2015, the sale of the remaining parcel, Site #11 at 531-555 Raleigh Avenue (APN 482-250-36-00), is presented to the Oversight Board and DOF for approval.

Fiscal year 2015-16 budget for this Successor Agency project provides for contingency funds to pay for maintenance and management expenses and disposition costs if the sale of the properties are not completed by June 30, 2015.

	ROPS Line No.	Prior Years Actual	2014-15 Estimated	2015-16 July - December Proposed	2015-16 January - June Proposed	2015-16 Total Proposed
Project Management City Staff :						
Personnel	78	12,679	-	-	-	-
Professional/Technical Services:						
Legal	75	326	2,500	1,000	-	1,000
Environmental Testing - Ninyo & Moore	17	8,789	-	-	-	-
Environmental Testing - County	74	3,309	-	-	-	-
Property Maintenance:						
Repairs & Maintenance	76	2,559	5,000	3,000	-	3,000
Property Taxes & Insurance	76	1,442	1,600	2,000	-	2,000
Utilities	76	3,061	1,000	1,000	-	1,000
Property Disposition:						
Appraisal	77	2,500	4,500	-	-	-
Title, Brokerage, & Escrow	77	-	15,000	14,000	-	14,000
Miscellaneous Fees & Services	77	-	500	1,000	-	1,000
TOTAL PROJECT		34,664	30,100	22,000	-	22,000
Source of Funds:						
Redevelopment Property Tax Trust Funds (RPTTF)		30,538	-	-	-	-
Other		4,126	30,100	22,000	-	22,000
TOTAL FUNDING		34,664	30,100	22,000	-	22,000

**SUCCESSOR AGENCY FUNDS
FISCAL YEAR 2015-16**

ACTIVITY: Successor Agency - Capital Projects
PROJECT Civic Center Complex Revitalization Project

ACTIVITY 0590900
PROJECT NO: RDR0703S

This project primarily served to acquire properties in the downtown area for the development of a mixed-use project and the construction of a public parking facility. As the downtown El Cajon revitalization continues, the City has acquired three properties from the Successor Agency for the development of a hotel. These properties include the following sites identified in the Amended Long Range Property Management Plan ("Amended Plan"): Site #9 Rea public parking lot (APN 488-072-40-00); Site #13 141 Magnolia Ave (APN 488-082-18-00), and Site #14 118-130 Rea Ave (APN 488-082-12-00). Pursuant to the Amended Plan, the City entered into compensation agreements with the affected taxing entities for the acquisition of the properties. In December 2014, the sale/transfer of the properties was approved by the Oversight Board and California Department of Finance (DOF). The remaining parcel in this project, Site #12 at 115 Rea Ave (APN 488-083-03-00), is available for sale in the open market subject to approval by the Oversight Board and DOF.

Fiscal year 2015-16 budget for this Successor Agency project provides funding for ongoing maintenance and management costs and disposition costs of the remaining parcel.

	ROPS Line No.	Prior Years Actual	2014-15 Adopted Budget	2015-16 July - December Proposed	2015-16 January - June Proposed	2015-16 Total Proposed
Project Management City Staff :						
Personnel	87	12,340	-	-	-	-
Professional/Technical Services:						
Environmental Testing-Ninyo & Moore	85	4,836	-	-	-	-
Property Maintenance:						
Repairs & Maintenance	21	2,252	3,000	1,500	1,500	3,000
Property Taxes & Insurance	21	25,523	11,500	1,800	1,200	3,000
Utilities	21	548	200	200	200	400
Property Disposition:						
Appraisal	89	23,400	7,500	4,500	-	4,500
Title, Brokerage, & Escrow	89	-	10,000	10,000	-	10,000
Miscellaneous Fees & Services	89	-	300	500	-	500
TOTAL PROJECT		68,899	32,500	18,500	2,900	21,400
Source of Funds:						
Redevelopment Property Tax Trust Funds (RPTTF)		68,899	32,500	18,500	2,900	21,400
TOTAL FUNDING		68,899	32,500	18,500	2,900	21,400

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2015-16

ACTIVITY: **Successor Agency-2005 Bonds Housing Projects** **ACTIVITY NO:** **0295900**

With the dissolution of redevelopment agencies on February 1, 2012, the Successor Agency has been tasked with managing the proceeds from the 2005 Tax Allocation Bonds and identifying potential housing projects consistent with the bond covenants. The Fiscal Year 2015-16 budget for this activity includes funding for housing projects to increase affordable housing opportunities for the City's lower income households.

Fiscal year 2015-16 budget for the Successor Agency 2005 Bonds Housing Projects provides funding to the El Cajon Housing Authority for housing projects summarized in the table below. Budget details are provided in the accompanying project sheet from the Community Development section of the City Budget .

	City Project No.	ROPS Line No.	2014-15 Estimated Budget	2015-16 Proposed Budget
Project Contribution:				
Housing Authority Development & Revitalization Projects	HA1501	92	689,226	692,000
TOTAL PROJECT			689,226	692,000
Source of Funds:				
2005 Tax Allocation Bonds - Housing			689,226	692,000
TOTAL FUNDING			689,226	692,000

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2015-16

ACTIVITY: Successor Agency-2007 Bonds Capital Projects

ACTIVITY NO: 0597900

With the dissolution of redevelopment agencies on February 1, 2012, the Successor Agency has been tasked with the managing the proceeds from the 2007 Tax Allocation Bonds and identifying potential capital improvement and infrastructure projects within the Project Area. The Fiscal Year 2014-15 budget for the Successor Agency Capital Projects 2007 Bonds includes funding for the capital improvement projects that are consistent with the bond covenants.

Fiscal year 2015-16 budget for the Successor Agency Capital Projects 2007 provides funding to the City of El Cajon for capital improvement and infrastructure projects summarized in the table below. Budget details are provided in the accompanying project sheets from the Capital Improvement Projects section of the City Budget .

	City Project No.	ROPS Line No.	2014-15 Estimated Budget	2015-16 Proposed Budget
Project Contributions				
Median Improvements (RDR0705S)	PW3484	60	1,300,000	1,020,000
Fire Station 6 Renovation (RD1502S)	IFM3438	94	1,700,000	1,670,000
Ronald Reagan Community Center Renovation (RD1503S)	PK3508	95	900,000	900,000
Center City Infrastructure Improvements (RD1501S)	IFM3535	96	265,000	-
East County Performing Arts Center (ECPAC) Improvements (RD1504S)	IFM3471	98	-	800,000
TOTAL PROJECT			4,165,000	4,390,000
Source of Funds:				
2007 Tax Allocation Bonds			4,165,000	4,390,000
TOTAL FUNDING			4,165,000	4,390,000

CAPITAL IMPROVEMENT PROJECT FISCAL YEAR 2015 - 2016

PROJECT NAME: MEDIAN ISLAND IMPROVEMENTS

ACTIVITY: 550000

PROJECT NO: PW3484

Description:

This project provides for the renovation and improvement of existing medians throughout the Redevelopment Project Area. This is Phase 1 of the Median Improvements.

Justification:

The former El Cajon Redevelopment Agency previously commissioned a study to analyze the existing conditions of median islands throughout the Project Area. Bond proceeds will be used to provide upgrades to median island infrastructure, including the reconstruction of median islands, irrigation, cross walks, lighting, and where applicable, compliance with the Americans With Disabilities Act.

Scheduling:

Design and construction to be completed in fiscal year 2015-16 upon receipt of issuance of approval of the project on each Recognized Obligation Payment Schedule ("ROPS") by the California Department of Finance (DOF) and the appointed Oversight Board.

Relationship to General & Community Plans:

The project is consistent with the General Plan.

Operating Budget Impact:

Project costs to be paid from the proceeds of the former El Cajon Redevelopment Agency Tax Allocation Bonds Issue of 2007 now under the control of the Successor Agency. Expenditure of project funds are subject to approval on each Recognized Obligation.

	Prior Year(s) Expend Actual	Current Year Expend Estimate	Proposed FY 15-16	Est. Project Costs Through FY 15-16
Architectural Services (8315)			30,000	30,000
Engineering Services-Internal (8336)			10,200	10,200
Other Prof/Tech Services (8395)			9,500	9,500
Advertising (8522)			500	500
Permits & Fees (8560)			50	50
Printing and Binding (8570)			1,000	1,000
Land Improvements / Abatement & Demo (9055)			860,000	860,000
Contingency (9060)			108,750	108,750
PROJECT COST TOTAL:	-	-	1,020,000	1,020,000
Source(s) of Funds:				
Successor Agency RDA 2007 Bonds			1,020,000	1,020,000
FUNDING TOTAL:	-	-	1,020,000	1,020,000

CAPITAL IMPROVEMENT PROJECT FISCAL YEAR 2015 - 2016

PROJECT NAME: FIRE STATION 6 RENOVATION

ACTIVITY: 501000

PROJECT NO: IFM3438

Description:

Renovation of the entire Fire Station 6 complex and administrative offices. Proposed renovations include dorm rooms, restrooms, and workout room. Additional renovations include secured parking, roll-up doors for the apparatus bay, replacement of leaking skylights throughout the station, storage and laundry room improvements, as well as complete renovation of the administrative offices.

Justification:

Fire Station 6 is over 30 years old and is one of the busiest Fire Station in the United States. Although the facility has been properly maintained, the high usage and call volume has created the need for this renovation. In fiscal year 2007-08, improvements were made to Fire Station 6 to include upgrades to the roof drain system, installation of a new cool roof, installation of a tankless hot water system, replacement of HVAC, additional ventilation and an energy management system. Then in 2009, the kitchen received an extensive remodel. In 2010, improvements included a more efficient vehicle exhaust evacuation system in the apparatus bay and replacement of the sump pump with new check valves and controls. These past renovations did not include any work on the administrative side of this facility. Therefore, due to economies of scale and the size of the project, it is prudent to make these improvements at this time.

Scheduling:

Design and construction to be completed in fiscal year 2015-16 upon receipt of issuance of approval of the project on each Recognized Obligation Payment Schedule ("ROPS") by the California Department of Finance and the appointed Oversight Board.

Relationship to General & Community Plans:

The goal is to improve the safety of citizens and staff, and reduce damage to the facilities.

Operating Budget Impact:

Project costs to be paid from the proceeds of the former El Cajon Redevelopment Agency Tax Allocation Bonds Issue of 2007 now under the control of the Successor Agency. Expenditure of project funds are subject to approval on each Recognized Obligation Payment Schedule by the appointed Oversight Board and the DOF.

	Prior Year(s) Expend Actual	Current Year Expend Estimate	Proposed FY 15-16	Est. Project Costs Through FY 15-16
Architectural Services (8315)			5,000	5,000
Advertising (8522)			250	250
Permits & Fees (8560)			50	50
Construction-Buildings (9060)			1,526,700	1,526,700
Other Misc. Expenses (8524, 8568, 8576 & 8594)			3,000	3,000
Contingency (9060)			135,000	135,000
PROJECT COST TOTAL:	-	-	1,670,000	1,670,000

Source(s) of Funds:				
General Fund				85,000
Successor Agency RDA 2007 Bonds			1,670,000	1,700,000
FUNDING TOTAL:	-	-	1,670,000	1,785,000

CAPITAL IMPROVEMENT PROJECT FISCAL YEAR 2015 - 2016

PROJECT NAME: RONALD REAGAN COMMUNITY CENTER RENOVATION **ACTIVITY:** 505000
PROJECT NO: PK3508

Description:

As a continuation of design elements of the Centennial Plaza and Prescott Promenade, this project provides for the renovation and improvement of the Ronald Reagan Community Center. Complete remodel of the existing facility to include improvements to the office, reception area, restrooms, kitchen, public areas, and an addition of a new conference room. Remodel will include all new appliances, flooring, countertops, partitions, patching and painting of walls, and addition of chair rails as needed. Work will also include enhancements to the audio/visual systems and electrical upgrade. Exterior work will include lighting, concrete flatwork, and landscaping. These renovations will bring the facility into compliance with the American with Disabilities Act requirements.

Justification:

Bond proceeds will be used to provide upgrades to exterior public facility infrastructure, including the reconstruction of paving, walkways, decking, plumbing, electrical, lighting, light poles, security cameras, irrigation, landscaping, signage, monument signs, barrier walls, railing, gates, fencing, bollards, site furnishings, storage area, patio areas, awning structures, seating and where applicable, compliance with the Americans With Disabilities Act.

Scheduling:

Design and construction to be completed in fiscal year 2015-16 upon receipt of issuance of approval of the project on each Recognized Obligation Payment Schedule ("ROPS") by the California Department of Finance (DOF) and the appointed Oversight Board.

Relationship to General & Community Plans:

This project will provide needed infrastructure to support civic events.

Operating Budget Impact:

Project costs to be paid from the proceeds of the former El Cajon Redevelopment Agency Tax Allocation Bonds Issue of 2007 now under the control of the Successor Agency. Expenditure of project funds are subject to approval on each Recognized Obligation Payment Schedule by the appointed Oversight Board and the DOF.

	Prior Year(s) Expend Actual	Current Year Expend Estimate	Proposed FY 15-16	Est. Project Costs Through FY 15-16
Architectural Services (8315)			90,000	90,000
Advertising (8522)			500	500
Permits & Fees (8560)			100	100
Printing and Binding (8570)			1,000	1,000
Construction-Buildings (9060)			808,400	808,400
Contingency (9060)			100,000	100,000
PROJECT COST TOTAL:	-	-	1,000,000	1,000,000

Source(s) of Funds:				
CDBG 270900			100,000	100,000
Successor Agency RDA 2007 Bonds			900,000	900,000
FUNDING TOTAL:	-	-	1,000,000	1,000,000

CAPITAL IMPROVEMENT PROJECT FISCAL YEAR 2015 - 2016

PROJECT NAME: ECPAC IMPROVEMENTS

ACTIVITY: 501000

PROJECT NO: IFM3471

Description:

The East County Performing Arts Center (ECPAC) facility requires major renovation in order to bring the facility into compliance with current codes. Major improvements include new energy-efficiency chiller, boilers, pumps, fans and controls. In addition, renovations will include roof improvements, ADA improvements, audio, video, and lighting improvements. Interior refurbishment includes carpet, painting, concession stand improvements, furnishings, and equipment. The roof improvements include new Title 24 compliant membrane roofing and repairs to the standing metal seam roof. Also, the existing emergency generator will be replaced.

Justification:

This building is over 30 years old and needs to be renovated in order to continue to provide a first-class performing arts center for the community.

Scheduling:

It is anticipated that construction will begin in fiscal year 2014-15 with completion in late 2015.

Relationship to General & Community Plans:

These renovations will allow the City to continue to provide a first class performing arts center for the community. This project is consistent with the General Plan.

Operating Budget Impact:

The lighting, HVAC, and new title 24 cool roof will help to reduce future operating cost due to reduced energy consumption. Additionally, maintenance cost will be reduced because of the replacement of old equipment with energy efficient equipment.

	Prior Year(s) Expend Actual	Current Year Expend Estimate	Proposed FY 15-16	Est. Project Costs Through FY 15-16
Architectural Services (8315)			348,450	348,450
Engineering Services (8335)			50,000	50,000
Advertising (8522)			500	500
Permits & Fees (8560)			50	50
Printing (8570)			1,000	1,000
Construction-Buildings (9060)			2,850,000	2,850,000
Contingency (9060)			300,000	300,000
PROJECT COST TOTAL:	-	-	3,550,000	3,550,000

Source(s) of Funds:				
CDBG 270900			500,000	500,000
General Fund			2,250,000	2,250,000
Successor Agency RDA 2007 Bonds			800,000	800,000
FUNDING TOTAL:	-	-	3,550,000	3,550,000

AGENDA REPORT
CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD
February 18, 2015, Meeting

SUBJECT: APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“ROPS 15-16A”) FOR THE PERIOD JULY 1, 2015, TO DECEMBER 31, 2015

RECOMMENDED ACTION: That the Oversight Board adopt the proposed Resolution OB-03-15 to:

1. Approve the ROPS 15-16A for the period July 1, 2015, to December 31, 2015;
2. Authorize the Chair to execute the approved ROPS 15-16A for submission to the County Auditor Controller (CAC), the State Department of Finance (DOF), the County Administrative Officer (CAO), the State Controller’s Office (SCO), and to post on the Successor Agency website not later than March 2, 2015; and
3. Approve the Successor Agency staff carrying out activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Loan (Cooperation Agreement) approved by the Oversight Board on April 26, 2012, which are necessary to meet approved obligations outlined in the ROPS 15-16A, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

BACKGROUND:

Health and Safety Code Section 34177(l) requires the Successor Agency to prepare a series of Recognized Obligation Payment Schedule(s) (ROPS) for each six-month period outlining each enforceable obligation and identify the funding source as follows:

1. Bond Proceeds
2. Reserve Balances
3. Other Funds include rents, grants, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency.
4. Redevelopment Property Tax Trust Fund (“RPTTF”) Non-Administrative Costs, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation; and
5. RPTTF Administrative Costs

The proposed ROPS 15-16A for the period of July 1, 2015, through December 31, 2015, is attached and must be approved by the Oversight Board and submitted to the CAC, DOF, CAO, SCO, and posted on the Successor Agency's website not later than March 2, 2015. The DOF has 45 days to complete its review and make a determination as to whether the items are allowable. Any modifications by the DOF following its review and initial determination will be subject to a Meet and Confer Process.

The ROPS 15-16A was prepared using the format provided by the DOF and includes the following five (5) schedules:

- **Summary Form** - provides a summary of the current ROPS period funding request totals by funding source.
- **Report of Fund Balances** - presents the changes in fund balances of the funding sources available to the Successor Agency
- **ROPS Detail** - lists the Agency's outstanding obligations, debts, and payments scheduled by funding source.
- **Report of Prior Period Adjustments** - lists the authorized and available funding and the actual expenditures for the applicable prior ROPS period.
- **Notes Form** - provides additional information for the current ROPS period's items.

On the ROPS Detail schedule, the following are the noteworthy items:

- **Line item 11** represents remediation costs to install (4) groundwater monitoring wells and to perform additional testing and reporting of contaminants at the site. Based on the sampling events and reports for the period July through December 2014, further testing and monitoring activities may be required by the San Diego County Department of Environmental Health's (DEH).
- **Line item 16** is the Promissory Note to the City of El Cajon related to the Purchase and Sale Agreement for 100 Fletcher Parkway. The amount includes the balance due on the third installment payment and the fourth installment payment. DOF disallowed a portion of the third installment payment on ROPS 14-15B (January-June 2015) because of AB 1484 provisions that establish the maximum annual loan repayments to the City.
- **Line items 60, 94, and 95** are capital improvement projects in the Redevelopment Project Area that include infrastructure improvements and renovations of public facilities. Bond proceeds have been programmed for these projects in previous ROPS and are rolled forward to ROPS 15-16A. These projects are scheduled to begin construction in the first half of 2015.

- **Line item 92** is a housing project which has been funded with bond proceeds in prior ROPS and rolled forward to ROPS 15-16A. Housing staff continue to seek and evaluate potential properties and partnership with housing developers to provide affordable housing to low income households.

- **Line item 98** is a capital improvement project for major renovations of the East County Performing Arts Center (ECPAC). ECPAC was one of the first ventures of the former El Cajon Redevelopment Agency and, prior to its dissolution in February 2012, the former Agency programmed funds for the improvements of the facility. Bond proceeds will be utilized to fund these improvements that will bring the ECPAC facility in compliance with current codes and provide a first class performing arts center to the community.

Finally, in conducting its ongoing business in winding down the affairs of the former El Cajon Redevelopment Agency, the Successor Agency will utilize the policies, procedures and practices of the City of El Cajon unless or until the Oversight Board establishes different procedures in the future.

FISCAL IMPACT: This action will approve the Recognized Obligation Payment Schedule for the period of July 1, 2015, through December 31, 2015. The total six-month funding requested by the Successor Agency for these enforceable obligations is \$10,016,020.

ATTACHMENTS:

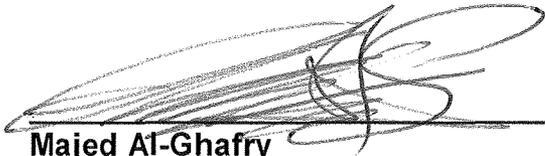
1. Proposed Resolution OB-03-15
2. Proposed Recognized Obligation Payment Schedule for the period July 1, 2015, to December 31, 2015 (ROPS 15-16A)

Prepared by:



Clay Schoen
Director of Finance

Reviewed by:



Majed Al-Ghafry
Secretary / Assistant City Manager

Approved by:



Douglas Williford
Executive Director/City Manager

RESOLUTION NO. OB-03-15

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY 1, 2015, TO DECEMBER 31, 2015 ("ROPS 15-16A")

WHEREAS, the Oversight Board (the "Oversight Board") of the Successor Agency of the former El Cajon Redevelopment Agency (the "Successor Agency") held a regularly-scheduled meeting on February 18, 2015, at which time it considered a proposed Recognized Obligation Payment Schedule for the period of July 1, 2015, to December 31, 2015 ("ROPS 15-16A"); and

WHEREAS, the Successor Agency requested funding under ROPS 15-16A totaling \$10,016,020 for fiscal year 2015-16 from all sources, including \$5,082,000 from Bond Proceeds, \$765,000 from Reserve Balance, \$148,600 from Other Funds, and \$4,020,420 from Redevelopment Property Tax Trust Funds ("RPTTF").

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.
 2. Approval of the ROPS 15-16A is exempt from the California Environmental Quality Act (CEQA) under Section 15061 (b) (3) (General Rule) of the CEQA Guidelines because the proposed amendments will not cause a significant adverse physical change to the environment either directly or indirectly.
- B. The Oversight Board hereby APPROVES the Recognized Obligation Payment Schedule for the period of July 1, 2015, to December 31, 2015, in the form and content attached hereto as **Exhibit "A"** and incorporated herein by this reference, with a total due during fiscal year 2015-16 of \$10,016,020, including \$5,082,000 from Bond proceeds, \$765,000, from Reserve Balance, \$148,600 from Other Funds, and \$4,020,420 from RPTTF, subject to any minor conforming, technical, or clarifying changes approved by the City Manager, or designee.
- C. The Oversight Board hereby AUTHORIZES the Chair to execute the approved Recognized Obligation Payment Schedule for the period of July 1, 2015, to December 31, 2015, for submission to the County Auditor Controller, the State Department of Finance, the County Administrative Officer, the State Controller's

Office, and to post on the Successor Agency website not later than March 2, 2015.

- D. The Oversight Board hereby AUTHORIZES Successor Agency staff to carryout activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan approved by the Oversight Board on April 26, 2012, which are necessary to meet obligations outlined in the ROPS 15-16A, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a regularly-scheduled meeting held this 18th day of February 2015, by the following vote to wit:

AYES :
NOES :
ABSENT :

Debra Turner-Emerson, Chairperson

ATTEST:

Majed Al-Ghafry, Oversight Board Secretary

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Recognized Obligation Payment Schedule (ROPS 15-16A) - Summary

Filed for the July 1, 2015 through December 31, 2015 Period

Name of Successor Agency: El Cajon
Name of County: San Diego

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding		
A Sources (B+C+D):		\$ 5,995,600
B	Bond Proceeds Funding (ROPS Detail)	5,082,000
C	Reserve Balance Funding (ROPS Detail)	765,000
D	Other Funding (ROPS Detail)	148,600
E Enforceable Obligations Funded with RPTTF Funding (F+G):		\$ 4,020,420
F	Non-Administrative Costs (ROPS Detail)	3,895,420
G	Administrative Costs (ROPS Detail)	125,000
H Current Period Enforceable Obligations (A+E):		\$ 10,016,020

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding

I	Enforceable Obligations funded with RPTTF (E):	4,020,420
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(142,260)
K	Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 3,878,160

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding

L	Enforceable Obligations funded with RPTTF (E):	4,020,420
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N	Adjusted Current Period RPTTF Requested Funding (L-M)	4,020,420

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name	Title
/s/ _____	
Signature	Date

Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail
July 1, 2015 through December 31, 2015
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P			
										M						N	O	
										Funding Source								RPTTF
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)								
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total			
								\$ 111,410,195		\$ 5,082,000	\$ 765,000	\$ 148,600	\$ 3,895,420	\$ 125,000	\$ 10,016,020			
1	El Cajon Redevelopment Agency	Bonds Issued On or Before 12/31/10	8/25/2000	10/1/2030	Bank of New York	2000 Bonds - Refunding of bank notes	Central Business District/ Amended Area	30,584,488	N		25,000		633,507		\$ 658,507			
2	El Cajon Redevelopment Agency Tax Allocation Refunding Bonds, Issue of 2005	Bonds Issued On or Before 12/31/10	8/17/2005	10/1/2036	Bank of New York	2005 Bonds - Refunding of 1997 issue & use of proceeds for housing and non-housing projects	Central Business District/ Amended Area	51,200,992	N		562,500		1,261,397		\$ 1,823,897			
3	El Cajon Redevelopment Agency Tax Allocation Bonds, Issue of 2007	Bonds Issued On or Before 12/31/10	3/14/2007	10/1/2037	Bank of New York	2007 Bonds - Use of bond proceeds for non-housing projects	Central Business District/ Amended Area	21,513,515	N		177,500		463,516		\$ 641,016			
4	El Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity Bonds)	Fees	8/25/2000	10/1/2037	Bank of New York, Bond Logistix, Bond Counsels, County of San Diego	Fiscal agent and trustee administration, arbitrage calculation, and bond counsel services	Central Business District/ Amended Area	8,500	N				8,500		\$ 8,500			
5	El Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity Bonds)	Professional Services	8/25/2000	10/1/2037	RAMS,LLP CPA (current auditors)	Financial auditing services to file an annual audited financial statements with the format required by the bond indentures continuing disclosure.	Central Business District/ Amended Area	5,000	N				5,000		\$ 5,000			
7	Successor Agency Administration	Admin Costs	6/29/2011	10/1/2037	McDougal Love Eckis Boehmer & Foley Meyers Nave Riback Silver & Wilson Lambert & Rogers	Legal services for the successor agency and other litigation costs	Central Business District/ Amended Area		Y						\$ -			
8	Successor Agency Administration	Admin Costs	6/29/2011	10/1/2037	City of El Cajon - Successor Agency	Staff costs, supplies/equipment, records services, meetings	Central Business District/ Amended Area	125,000	N					125,000	\$ 125,000			
10	RD0801S - 100 Fletcher Parkway (Former Police Station)	Professional Services	9/15/2010	9/15/2015	Ninyo & Moore	100 Fletcher Parkway - Professional and technical services for ongoing hazardous materials testing and abatement in preparation of the real property for disposition.	Central Business District/ Amended Area		N						\$ -			
11	RD0704S - Hazmat Testing Park/Ballantyne	Remediation	9/21/2012	9/20/2015	SCS Engineers	Professional and technical services for ongoing environmental testing at Park Magnolia Villas, former Brownfields site, required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA	Central Business District/ Amended Area	75,000	N			75,000			\$ 75,000			
12	RD0705S - Hazmat Testing Prescott Promenade	Remediation	10/4/1995	10/1/2037	Phyllis Chrisman Trust Fund c/o Mark Feinberg, Attorney	Professional and technical services for ongoing environmental testing at the Prescott Promenade, former Brownfields site, required under the Settlement Agreement between Chrisman, Texaco, Shell, Unocal and the former RDA	Central Business District/ Amended Area	10,000	N			10,000			\$ 10,000			
13	RD0706S - Southwest Corner Environmental Testing	Remediation	8/6/2012	2/5/2014	Hargrave Environmental Consulting, Inc.	Professional and technical services for ongoing environmental testing at the SW Corner, a former Brownfields site, as required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/ Amended Area	30,000	N			30,000			\$ 30,000			
14	RD0706S - Southwest Corner Environmental Testing	Remediation	4/11/2002	10/1/2037	County of San Diego - DEH/VAP	County reimbursement/fees for ongoing environmental testing at the SW Corner, a former Brownfields site, as required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/ Amended Area	3,000	N			3,000			\$ 3,000			

Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail
July 1, 2015 through December 31, 2015
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P		
										M						N	O
										Funding Source							
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total		
15	RD0801S - 100 Fletcher Parkway (Former Police Station)	Property Maintenance	6/16/2011	10/1/2037	SDGE, Helix Water, Ahlee, National Construction Rentals, City of El Cajon, County of San Diego, various vendors	100 Fletcher Parkway - Landscaping, utilities, repairs/maintenance, property insurance & taxes, fencing costs for ongoing property maintenance to prevent blight conditions in the property and surrounding areas.	Central Business District/ Amended Area	24,000	N				24,000		\$ 24,000		
16	RD0801S - 100 Fletcher Parkway (Former Police Station)	City/County Loans On or Before 6/27/11	6/16/2011	12/1/2015	City of El Cajon	100 Fletcher Parkway - Promissory note on purchase and sale agreement	Central Business District/ Amended Area	1,963,000	N				1,444,400		\$ 1,444,400		
17	RD1017S - Johnson Avenue Corridor Revitalization Project	Professional Services	9/15/2010	9/15/2015	Ninyo & Moore	Johnson Ave Corridor - Professional and technical services for ongoing environmental testing and remediation of contaminated sites required by the County DEH	Central Business District/ Amended Area	-	N						\$ -		
18	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	Project Management Costs	6/29/2011	10/1/2037	City of El Cajon	Project staff costs related to the enforcement, negotiations, and management of various agreements to protect the Successor Agency's assets. SW Corner (Promenade Square LLC), NW Corner (Priest Development Corp), Smith's DDA, St. Madeleine Sophie's Center, Downtown El Cajon Brewing Company (DECB)	Central Business District/ Amended Area	-	N						\$ -		
19	RD1202S - Real Property Asset Management	Property Maintenance	2/16/1989	10/1/2037	SDGE, Helix Water, Ahlee, National Construction Rentals, City of El Cajon, County of San Diego, Downtown El Cajon Business Partners, various vendors	Real Property Asset - Landscaping, utilities, repairs/maintenance, property insurance & taxes, fencing costs for ongoing property maintenance for the current tenants and to prevent blight conditions in/around the properties.	Central Business District/ Amended Area	-	Y						\$ -		
20	RDR0703S - Civic Center Complex Revitalization Project	Property Dispositions	6/23/2009	10/1/2037	Property owners/tenants	Civic Center Complex - Relocation agreements and obligations associated with the former property owners and tenants of the Civic Center Complex properties.	Central Business District/ Amended Area	-	N						\$ -		
21	RDR0703S - Civic Center Complex Revitalization Project	Property Maintenance	6/23/2009	10/1/2037	SDGE, Helix Water, Ahlee, National Construction Rentals, City of El Cajon, County of San Diego, Downtown El Cajon Business Partners, various vendors	Civic Center Complex - Landscaping, utilities, repairs/maintenance, property insurance & taxes, fencing costs for ongoing maintenance to prevent blight conditions in the properties and surrounding areas.	Central Business District/ Amended Area	3,500	N				3,500		\$ 3,500		
34	LM0707H - Greenovation Acquisition/ Rehabilitation/Resale Program	OPA/DDA/Construction	3/24/2011	6/30/2013	Bay Kitchen and Bath Remodelers	Greenovation - Acquisition and substantial rehabilitation housing project	Central Business District/ Amended Area	-	N						\$ -		
35	LM0707H - Greenovation Acquisition/ Rehabilitation/Resale Program	Professional Services	6/29/2011	6/30/2013	James & Marcia Miller	Greenovation - On-site construction management and non- construction project costs	Central Business District/ Amended Area	-	N						\$ -		
59	RD1015S - Alley Improvements Project	Improvement/Infrastructure	7/1/2013	10/1/2037	City of El Cajon	Alley improvements in the Project Area	Central Business District/ Amended Area	-	Y						\$ -		
60	RDR0705S - Median Island Improvements Project	Improvement/Infrastructure	7/1/2013	10/1/2037	City of El Cajon	Median Island Improvements in the Project Area	Central Business District/ Amended Area	1,020,000	N	1,020,000					\$ 1,020,000		

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 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K				L	M	N	O	P
										Funding Source								
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF					
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin					
61	RD0704S - Hazmat Testing Park/Ballantyne	Remediation	12/16/2003	10/1/2037	County of San Diego - DEH/VAP	County reimbursement/fees for ongoing environmental testing at Park Magnolia Villas, former Brownfields site, required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/ Amended Area	3,000	N			3,000					\$	3,000
62	RD0704S - Hazmat Testing Park/Ballantyne	Legal	12/16/2003	10/1/2037	McDougal Love Eckis Boehmer & Foley	Legal services for ongoing environmental testing at Park Magnolia Villas, former Brownfields site, required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer & former RDA	Central Business District/ Amended Area	300	N			300					\$	300
63	RD0704S - Hazmat Testing Park/Ballantyne	Project Management Costs	12/16/2003	10/1/2037	City of El Cajon	Project staff costs for ongoing environmental testing at Park Magnolia Villas, former Brownfields site, required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA	Central Business District/ Amended Area	2,500	N			2,500					\$	2,500
64	RD0704S - Hazmat Testing Park/Ballantyne	Remediation	12/16/2003	10/1/2037	Property Owners at Park Magnolia Villas	Settlement/reimbursement due to property owners at Park Magnolia Villas, former Brownfields site, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/ Amended Area	-	N								\$	-
65	RD0704S - Hazmat Testing Park/Ballantyne	Miscellaneous	12/16/2003	10/1/2037	City of El Cajon, County of San Diego, various vendors	Encroachment permits/fees and miscellaneous expenses for ongoing environmental testing of Park Magnolia Villas, former Brownfields site as required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/ Amended Area	200	N			200					\$	200
66	RD0705S - Hazmat Testing Prescott Promenade	Legal	10/4/1995	10/1/2037	McDougal Love Eckis Boehmer & Foley	Legal services for ongoing environmental testing at the Prescott Promenade, former Brownfields site, required under the Settlement Agreement between Chrisman, Texaco, Shell, Unocal and the former RDA	Central Business District/ Amended Area	1,000	N			1,000					\$	1,000
67	RD0705S - Hazmat Testing Prescott Promenade	Project Management Costs	10/4/1995	10/1/2037	City of El Cajon	Project staff costs for ongoing environmental testing at the Prescott Promenade, former Brownfields site, required under the Settlement Agreement between Chrisman, Texaco, Shell, Unocal and the former RDA	Central Business District/ Amended Area	500	N			500					\$	500
68	RD0706S - Southwest Corner Environmental Testing	Project Management Costs	6/29/2011	10/1/2037	City of El Cajon	Project staff costs for ongoing environmental testing at the SW Corner, a former Brownfields site, as required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/ Amended Area	1,000	N			1,000					\$	1,000

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July 1, 2015 through December 31, 2015
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P		
										M						N	O
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF				
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total		
69	RD0706S - Southwest Corner Environmental Testing	Miscellaneous	6/29/2011	10/1/2037	City of El Cajon, County of San Diego, various vendors	Encroachment permits/fees and miscellaneous expenses for ongoing environmental testing at the SW Corner, a former Brownfields site, as required by County DEH, pursuant to the Reimbursement and Indemnity Agreement between the developer and former RDA.	Central Business District/ Amended Area	100	N			100			\$ 100		
70	RD0801S - 100 Fletcher Parkway (Former Police Station)	Legal	6/16/2011	10/1/2037	McDougal Love Eckis Boehmer & Foley	100 Fletcher Parkway - Legal services for property maintenance, hazardous materials testing/abatement and preparation of the real property for disposition.	Central Business District/ Amended Area	300	N				300		\$ 300		
71	RD0801S - 100 Fletcher Parkway (Former Police Station)	Project Management Costs	6/16/2011	10/1/2037	City of El Cajon	100 Fletcher Parkway - Project staff costs for ongoing property maintenance, landscaping, hazardous materials testing, abatement, and preparation of the real property for disposition.	Central Business District/ Amended Area	10,800	N				10,800		\$ 10,800		
72	RD0801S - 100 Fletcher Parkway (Former Police Station)	Property Dispositions	7/1/2013	10/1/2037	Andrew A. Smith, Commercial Properties Group, Retail Insite, and various vendors.	100 Fletcher Parkway - Appraisal fees, broker fees, closing costs, public notices, and misc. costs associated with the disposition of the real property.	Central Business District/ Amended Area	25,500	N				25,500		\$ 25,500		
73	RD0801S - 100 Fletcher Parkway (Former Police Station)	Property Dispositions	7/1/2013	10/1/2037	General Contractor	100 Fletcher Parkway - Demolition costs and preparation of the real property for disposition.	Central Business District/ Amended Area		Y						\$ -		
74	RD1017S - Johnson Avenue Corridor Revitalization Project	Remediation	6/15/2010	10/1/2037	County of San Diego DEH/VAP	Johnson Ave Corridor - County reimbursements/fees for ongoing environmental testing and remediation of contaminated sites required by the County DEH.	Central Business District/ Amended Area	-	N						\$ -		
75	RD1017S - Johnson Avenue Corridor Revitalization Project	Legal	8/24/2009	10/1/2037	McDougal Love Eckis Boehmer & Foley	Johnson Ave Corridor - Legal services for ongoing environmental testing and remediation of contaminated sites required by the County DEH, in preparation for the disposition of the real property.	Central Business District/ Amended Area	1,000	N			1,000			\$ 1,000		
76	RD1017S - Johnson Avenue Corridor Revitalization Project	Property Maintenance	8/24/2009	10/1/2037	SDGE, Helix Water, Ahlee, National Construction Rentals, City of El Cajon, County of San Diego, various vendors	Johnson Ave - Landscaping, utilities, repairs/maintenance, property insurance & taxes, fencing costs for ongoing property maintenance for the current tenants and to prevent blight conditions in the property and surrounding areas.	Central Business District/ Amended Area	6,000	N			6,000			\$ 6,000		
77	RD1017S - Johnson Avenue Corridor Revitalization Project	Property Dispositions	7/1/2013	10/1/2037	Andrew A. Smith, Commercial Properties Group, Retail Insite, and various vendors.	Johnson Ave Corridor - Appraisal fees, broker fees, closing costs and misc. costs associated with the disposition of the real property.	Central Business District/ Amended Area	15,000	N			15,000			\$ 15,000		
78	RD1017S - Johnson Avenue Corridor Revitalization Project	Project Management Costs	6/29/2011	10/1/2037	City of El Cajon	Johnson Ave Corridor - Project staff costs for ongoing property maintenance, environmental testing/ remediation and preparation for the disposition of the real property.	Central Business District/ Amended Area	-	N						\$ -		
79	LM0707H - Greenovation Acquisition/ Rehabilitation/Resale Program	Project Management Costs	6/29/2011	6/30/2013	El Cajon Housing Authority	Greenovation - Project staff costs to monitor compliance with building and housing codes and other project requirements.	Central Business District/ Amended Area	-	Y						\$ -		

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July 1, 2015 through December 31, 2015
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K				O	P
										M					
										N					
Funding Source											RPTTF		Six-Month Total		
Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)											Non-Admin	Admin			
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total
80	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	Legal	10/30/2000	10/1/2037	McDougal Love Eckis Boehmer & Foley Lambert & Rogers, Bankruptcy Receivership	Legal costs related to the enforcement, negotiations, and management of various agreements to protect the Successor Agency's assets. SW Corner (Promenade Square LLC), NW Corner (Priest Development Corp), Smith's DDA, St. Madeleine Sophie's Center, Downtown El Cajon Brewing Company (DECB).	Central Business District/ Amended Area	-	N						\$ -
81	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	Litigation	4/1/2013	10/1/2037	East County Californian, AT&T, SDA Security, SDGE, Helix Water, Sewer, etc.	OPA DECB - Maintenance costs to safeguard and preserve the collateral for DECB's loans while waiting for new owners to take over the business.	Central Business District/ Amended Area	-	N						\$ -
82	RD1202S - Real Property Asset Management	Legal	2/16/1989	10/1/2037	McDougal Love Eckis Boehmer & Foley	Real Property Asset - Legal services for landlord and tenant issues, property maintenance to prevent blight conditions, and preparation of the properties for disposition.	Central Business District/ Amended Area	-	Y						\$ -
83	RD1202S - Real Property Asset Management	Project Management Costs	2/16/1989	10/1/2037	City of El Cajon	Real Property Asset - Project staff costs for landscaping, repairs and maintenance, and ongoing property management for the current tenants and to prevent blight conditions in/around the properties.	Central Business District/ Amended Area	-	Y						\$ -
84	RD1202S - Real Property Asset Management	Property Dispositions	7/1/2013	10/1/2037	Andrew A Smith, Commercial Properties Group, Retail Insite, County of San Diego, Title Company, East County Californian	Real Property Asset Management - Appraisal fees, broker fees, closing costs and misc. costs associated with the disposition of the real properties.	Central Business District/ Amended Area	-	Y						\$ -
85	RDR0703S - Civic Center Complex Revitalization Project	Professional Services	9/15/2010	9/15/2015	Ninyo & Moore	Civic Center Complex - Professional and technical services for ongoing hazardous materials testing and abatement in preparation of the real property for disposition.	Central Business District/ Amended Area	-	N						\$ -
86	RDR0703S - Civic Center Complex Revitalization Project	Legal	6/23/2009	10/1/2037	McDougal Love Eckis Boehmer & Foley	Civic Center Complex - Legal services for maintenance issues, hazardous materials testing/abatement, and preparation of the properties for disposition.	Central Business District/ Amended Area	-	N						\$ -
87	RDR0703S - Civic Center Complex Revitalization Project	Project Management Costs	6/23/2009	10/1/2037	City of El Cajon	Civic Center Plaza - Project staff costs for ongoing property maintenance, landscaping, hazardous materials testing, abatement, and preparation of the real properties for disposition.	Central Business District/ Amended Area	-	N						\$ -
88	RDR0703S - Civic Center Complex Revitalization Project	Property Dispositions	7/1/2013	10/1/2037	General Contractor	Civic Center Plaza Complex - Demolition costs and preparation of the real properties for disposition.	Central Business District/ Amended Area	-	Y						\$ -
89	RDR0703S - Civic Center Complex Revitalization Project	Property Dispositions	7/1/2013	10/1/2037	Andrew A. Smith, Commercial Properties Group, Retail Insite, and various vendors.	Civic Center Plaza - Appraisal fees, broker fees, closing costs, public notices, and misc. costs associated with the disposition of the real property.	Central Business District/ Amended Area	15,000	N				15,000		\$ 15,000
92	HA1501 - Housing Authority Development and Revitalization Activities	Improvement/Infrastructure	7/1/2014	10/1/2037	City of El Cajon	Production, replacement, and/or preservation of affordable housing units	Central Business District/ Amended Area	692,000	N	692,000					\$ 692,000

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A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source					Six-Month Total
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
93	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	Miscellaneous	7/1/2014	10/1/2037	County of San Diego, East County Californian	County recording fees and public notices for termination of various agreements	Central Business District/ Amended Area	-	N						\$ -
94	RD1502S - Fire Station 6 Renovation	Improvement/Infrastructure	7/1/2014	10/1/2037	City of El Cajon	Fire Station 6 Renovation	Central Business District/ Amended Area	1,670,000	N	1,670,000					\$ 1,670,000
95	RD1503S - Ronald Reagan Community Center Plaza	Improvement/Infrastructure	7/1/2014	10/1/2037	City of El Cajon	Ronald Reagan Community Center Renovation	Central Business District/ Amended Area	900,000	N	900,000					\$ 900,000
96	RD1501S - Center City Infrastructure Improvements	Improvement/Infrastructure	7/1/2014	10/1/2037	City of El Cajon	Center City Infrastructure Improvements	Central Business District/ Amended Area	-	Y						\$ -
97	298110 - Housing Authority Administration	Housing Entity Admin Cost	7/1/2014	7/1/2018	El Cajon Housing Authority	Administration of the housing functions of the former El Cajon Redevelopment Agency	Central Business District/ Amended Area		Y						\$ -
98	RD1504S - East Count Performing Arts Center Improvements	Improvement/Infrastructure	7/1/2015	10/1/2037	City of El Cajon	East County Performing Arts Center Improvements	Central Business District/ Amended Area	1,500,000	N	800,000					\$ 800,000

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Cash Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf.

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 14-15A Actuals (07/01/14 - 12/31/14)									
1	Beginning Available Cash Balance (Actual 07/01/14)	5,669,189	-	170,210	735,000	157,927	454,795		
2	Revenue/Income (Actual 12/31/14) RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014	7,381	-	-	-	24,299	4,355,575		
3	Expenditures for ROPS 14-15A Enforceable Obligations (Actual 12/31/14) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	316,943	-	61,302	735,000	19,961	4,391,818		
4	Retention of Available Cash Balance (Actual 12/31/14) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 14-15A RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15A PPA in the Report of PPA, Column S	No entry required						142,260	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 5,359,627	\$ -	\$ 108,908	\$ -	\$ 162,265	\$ 276,292		
ROPS 14-15B Estimate (01/01/15 - 06/30/15)									
7	Beginning Available Cash Balance (Actual 01/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 5,359,627	\$ -	\$ 108,908	\$ -	\$ 162,265	\$ 418,552		
8	Revenue/Income (Estimate 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015	-	-	-	-	39,371	2,539,868		
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 06/30/15)	277,600	-	51,200		52,000	2,051,160		
10	Retention of Available Cash Balance (Estimate 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						765,000		
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ 5,082,027	\$ -	\$ 57,708	\$ -	\$ 149,636	\$ 142,260		

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Prior Period Adjustments
 Reported for the ROPS 14-15A (July 1, 2014 through December 31, 2014) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
 (Report Amounts in Whole Dollars)

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures											Net Difference (M+R)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)			
		\$ 5,339,226	\$ 80,942	\$ 810,000	\$ 796,302	\$ 39,185	\$ 19,961	\$ 4,409,078	\$ 3,805,342	\$ 3,805,342	\$ 3,663,082	\$ 142,260	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ -	\$ 142,260		
1	El Cajon	-	-	20,000	20,000	-	-	630,038	630,038	\$ 630,038	630,038	\$ -	-	-	-	-	-	\$ -		
2	El Cajon	-	-	542,500	542,500	-	-	1,264,453	1,264,453	\$ 1,264,453	1,264,453	\$ -	-	-	-	-	-	\$ -		
3	El Cajon Redevelopment Agency Tax Allocation Bonds, Issue of 2007	-	-	172,500	172,500	-	-	465,847	465,847	\$ 465,847	465,847	\$ -	-	-	-	-	-	\$ -		
4	El Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity Bonds)	-	-	-	-	4,357	4,357	10,643	10,643	\$ 10,643	2,162	\$ 8,481	-	-	-	-	-	\$ 8,481		
5	El Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity Bonds)	-	-	-	-	-	-	5,000	5,000	\$ 5,000	5,000	\$ -	-	-	-	-	-	\$ -		
7	Successor Agency Administration	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -		
8	Successor Agency Administration	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -		
10	RD0801S - 100 Fletcher Parkway (Former Police Station)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -		
11	RD0704S - Hazmat Testing Park/Ballantyne	-	-	-	-	15,000	10,424	10,000	10,000	\$ 10,000	-	\$ 10,000	-	-	-	-	-	\$ 10,000		
12	RD0705S - Hazmat Testing Prescott Promenade	-	-	-	-	-	-	8,000	8,000	\$ 8,000	-	\$ 8,000	-	-	-	-	-	\$ 8,000		

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures										Net Difference (M+R)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin						
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)		
		\$ 5,339,226	\$ 80,942	\$ 810,000	\$ 796,302	\$ 39,185	\$ 19,961	\$ 4,409,078	\$ 3,805,342	\$ 3,805,342	\$ 3,663,082	\$ 142,260	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ -	\$ 142,260	
13	RD0706S - Southwest Corner Environmental Testing	-	-	-	-	-	-	16,000	16,000	\$ 16,000	-	\$ 16,000	-	-	-	-	-	\$ 16,000	
14	RD0706S - Southwest Corner Environmental Testing	-	-	-	-	-	-	3,000	3,000	\$ 3,000	-	\$ 3,000	-	-	-	-	-	\$ 3,000	
15	RD0801S - 100 Fletcher Parkway (Former Police Station)	-	-	-	-	-	-	20,400	20,400	\$ 20,400	13,435	\$ 6,965	-	-	-	-	-	\$ 6,965	
16	RD0801S - 100 Fletcher Parkway (Former Police Station)	-	-	-	-	-	-	840,665	236,929	\$ 236,929	236,929	\$ -	-	-	-	-	-	\$ -	
17	RD1017S - Johnson Avenue Corridor Revitalization Project	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
18	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
19	RD1202S - Real Property Asset Management	-	-	-	-	5,768	-	932	932	\$ 932	-	\$ 932	-	-	-	-	-	\$ 932	
20	RDR0703S - Civic Center Complex Revitalization Project	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
21	RDR0703S - Civic Center Complex Revitalization Project	-	-	-	-	-	-	19,900	19,900	\$ 19,900	11,408	\$ 8,492	-	-	-	-	-	\$ 8,492	
34	LM0707H - Greenovation Acquisition/Rehabilitation/Resale Program	-	-	75,000	61,302	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures											Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)		
		\$ 5,339,226	\$ 80,942	\$ 810,000	\$ 796,302	\$ 39,185	\$ 19,961	\$ 4,409,078	\$ 3,805,342	\$ 3,805,342	\$ 3,663,082	\$ 142,260	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ -	\$ 142,260		
35	LM0707H - Greenovation Acquisition/Rehabilitation/Resale Program	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	-	
59	RD1015S - Alley Improvements Project	50,000	1,020	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	-	
60	RDR0705S - Median Island Improvements Project	1,300,000	24,924	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	-	
61	RD0704S - Hazmat Testing Park/Ballantyne	-	-	-	-	-	-	2,000	2,000	\$ 2,000	-	\$ 2,000	-	-	-	-	-	\$ 2,000	-	
62	RD0704S - Hazmat Testing Park/Ballantyne	-	-	-	-	-	-	700	700	\$ 700	-	\$ 700	-	-	-	-	-	\$ 700	-	
63	RD0704S - Hazmat Testing Park/Ballantyne	-	-	-	-	-	-	2,000	2,000	\$ 2,000	1,292	\$ 708	-	-	-	-	-	\$ 708	-	
64	RD0704S - Hazmat Testing Park/Ballantyne	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	-	
65	RD0704S - Hazmat Testing Park/Ballantyne	-	-	-	-	-	-	2,500	2,500	\$ 2,500	-	\$ 2,500	-	-	-	-	-	\$ 2,500	-	
66	RD0705S - Hazmat Testing Prescott Promenade	-	-	-	-	-	-	1,000	1,000	\$ 1,000	-	\$ 1,000	-	-	-	-	-	\$ 1,000	-	
67	RD0705S - Hazmat Testing Prescott Promenade	-	-	-	-	-	-	2,000	2,000	\$ 2,000	-	\$ 2,000	-	-	-	-	-	\$ 2,000	-	
68	RD0706S - Southwest Corner Environmental Testing	-	-	-	-	-	-	2,000	2,000	\$ 2,000	601	\$ 1,399	-	-	-	-	-	\$ 1,399	-	
69	RD0706S - Southwest Corner Environmental Testing	-	-	-	-	-	-	2,000	2,000	\$ 2,000	-	\$ 2,000	-	-	-	-	-	\$ 2,000	-	

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures												Net Difference (M+R)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin						Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)				
		\$ 5,339,226	\$ 80,942	\$ 810,000	\$ 796,302	\$ 39,185	\$ 19,961	\$ 4,409,078	\$ 3,805,342	\$ 3,805,342	\$ 3,663,082	\$ 142,260	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ -	\$ 142,260			
70	RD0801S - 100 Fletcher Parkway (Former Police Station)	-	-	-	-	-	-	2,500	2,500	\$ 2,500	-	\$ 2,500	-	-	-	-	-	\$ 2,500			
71	RD0801S - 100 Fletcher Parkway (Former Police Station)	-	-	-	-	-	-	10,000	10,000	\$ 10,000	9,156	\$ 844	-	-	-	-	-	\$ 844			
72	RD0801S - 100 Fletcher Parkway (Former Police Station)	-	-	-	-	-	-	500	500	\$ 500	-	\$ 500	-	-	-	-	-	\$ 500			
73	RD0801S - 100 Fletcher Parkway (Former Police Station)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -			
74	RD1017S - Johnson Avenue Corridor Revitalization Project	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -			
75	RD1017S - Johnson Avenue Corridor Revitalization Project	-	-	-	-	2,500	1,040	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -			
76	RD1017S - Johnson Avenue Corridor Revitalization Project	-	-	-	-	4,060	4,055	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -			
77	RD1017S - Johnson Avenue Corridor Revitalization Project	-	-	-	-	5,500	85	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -			
78	RD1017S - Johnson Avenue Corridor Revitalization Project	-	-	-	-	2,000	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -			

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures											Net Difference (M+R)	SA Comments
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin					Admin							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If total actual exceeds total authorized, the total difference is zero)			
		\$ 5,339,226	\$ 80,942	\$ 810,000	\$ 796,302	\$ 39,185	\$ 19,961	\$ 4,409,078	\$ 3,805,342	\$ 3,805,342	\$ 3,663,082	\$ 142,260	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ -	\$ 142,260		
89	RDR0703S - Civic Center Complex Revitalization Project	-	-	-	-	-	-	17,500	17,500	\$ 17,500	3,750	\$ 13,750						\$ 13,750		
90	Promissory Note to City of El Cajon	-	-	-	-	-	-	-		\$ -		\$ -						\$ -		
91	RD0801S - 100 Fletcher Parkway (Former Police Station)	-	-	-	-	-	-	1,008,000	1,008,000	\$ 1,008,000	1,007,914	\$ 86						\$ 86		
92	HA1501 - Housing Authority Development and Revitalization Activities	689,226	-	-	-	-	-	-		\$ -		\$ -						\$ -		
93	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	-	-	-	-	-	-	2,000	2,000	\$ 2,000		\$ 2,000						\$ 2,000		
94	RD1502S - Fire Station 6 Renovation	1,700,000	28,777	-	-	-	-	-		\$ -		\$ -						\$ -		
95	RD1503S - Ronald Reagan Community Center Plaza	900,000	-	-	-	-	-	-		\$ -		\$ -						\$ -		
96	RD1501S - Center City Infrastructure Improvements	700,000	26,221	-	-	-	-	-		\$ -		\$ -						\$ -		
										\$ -		\$ -						\$ -		

Recognized Obligation Payment Schedule (ROPS 15-16A) - Notes

July 1, 2015 through December 30, 2015

Item #	Notes/Comments
11	Remediation costs to install (4) groundwater monitoring wells and to perform additional testing and reporting of contaminants at the site. Based on the sampling events and reports for the period July through December 2014, further testing and monitoring activities may be required by the San Diego County Department of Environmental Health's (DEH).
16	Promissory Note to the City of El Cajon related to the Purchase and Sale Agreement for 100 Fletcher Parkway. The amount includes the balance due on the third installment payment and the fourth installment payment. DOF disallowed a portion of the third installment payment on ROPS 14-15B (January-June 2015) because of AB 1484 provisions that establish the maximum annual loan repayments to the City.
60,94, and 95	Capital improvement projects in the Redevelopment Project Area that include infrastructure improvements and renovations of public facilities. Bond proceeds have been programmed for these projects in previous ROPS and are rolled forward to ROPS 15-16A. These projects are scheduled to begin construction in the first half of 2015.
92	Housing project which has been funded with bond proceeds in prior ROPS and rolled forward to ROPS 15-16A. Housing staff continue to seek and evaluate potential properties and partnership with housing developers to provide affordable housing to low income households.
98	A capital improvement project for major renovations of the East County Performing Arts Center (ECPAC). ECPAC was one of the first ventures of the former El Cajon Redevelopment Agency and, prior to its dissolution in February 2012, the former Agency programmed funds for the improvements of the facility. Bond proceeds will be utilized to fund these improvements that will bring the ECPAC facility in compliance with current codes and provide a first class performing arts center to the community.



CITY OF EL CAJON SUCCESSOR AGENCY

MEMORANDUM

DATE: February 18, 2015

TO: Oversight Board Members

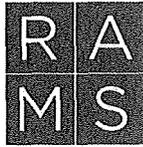
FROM: Director of Finance

SUBJECT: Basic Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2014, and Written Communication Between Auditor and Client

The Basic Financial Statements are prepared annually to present the Successor Agency's financial condition and fiscal year end results of the Agency's activities and to comply with the bonds' continuing disclosure requirement to file an Annual Report that included audited financial statements. The financial statements have been audited by the firm of Rogers, Anderson, Malody & Scott, LLP, whose Independent Auditor's Report states that, in their opinion, the financial statements are presented fairly in all material respects and are in conformance with GAAP.

The Statement on Auditing Standards 114 (SAS114) requires communication between the auditor and client in relation to the audit of financial statements. SAS 114 identifies certain information that must be provided such as qualitative aspects of accounting practices, management representation, and other audit findings or issues, among others. This information is communicated to the Oversight Board in the attached auditor's letter dated November 26, 2014.


Clay Schoen
Director of Finance



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**To the Oversight Board
Successor Agency of the El Cajon Redevelopment Agency**

We have audited the financial statements of the Successor Agency of the El Cajon Redevelopment Agency (Agency) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 30, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative aspects of accounting practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year to June 30, 2014. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Agency's financial statements was:

Depreciation expense is the allocation of capital asset costs over the estimated useful life of a particular asset. The actual life of any single asset may vary significantly based on a variety of unknown factors, such as defects in the quality of manufacturing or materials used in the asset. Assets may last longer or shorter than anticipated resulting in disproportionate allocation of expense to various accounting periods. We evaluated the useful lives employed by the Agency to determine if the lives utilized appeared reasonable based on the asset classes in service.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the dissolution of the former Redevelopment Agency of the City of El Cajon in Note A to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and uncorrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2014.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other audit findings or issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

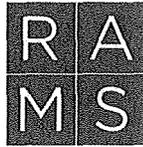
This information is intended solely for the use of Oversight Board and management of Successor Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Rogers Anderson Malochy & Scott, LLP

San Bernardino, CA
November 26, 2014

**Successor Agency to the
El Cajon Redevelopment Agency
Basic Financial Statements
Table of Contents**

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To the Oversight Board
Successor Agency of the El Cajon Redevelopment Agency
El Cajon, California

INDEPENDENT AUDITOR'S REPORT

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Juan Romero, CPA
Ivan Gonzales, CPA, MSA
Brianna Pascoe, CPA

We have audited the accompanying financial statements of the Successor Agency of the El Cajon Redevelopment Agency (the Agency), California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Successor Agency of the El Cajon Redevelopment Agency, California, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on summarized comparative information

We have previously audited the Agency's 2013 financial statements, and our report dated December 4, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other matters

Required supplementary information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Rogers Anderson Matoly & Scott, LLP

San Bernardino, CA
November 26, 2014

**Successor Agency of the
El Cajon Redevelopment Agency
Statement of Fiduciary Net Position
June 30, 2014
(with comparative data for prior year)**

	2014	2013
ASSETS		
Cash and investments	\$ 6,691,228	\$ 6,718,033
Cash and investments with fiscal agent	6,171,719	6,357,881
Receivables:		
Interest	1,695	1,575
Loans	3,265,227	4,527,304
Prepaid bond insurance	140,850	146,974
Assets held for resale	15,210,724	20,445,918
Capital assets:		
Land and nondepreciable capital assets	23,422	1,934,508
Depreciable assets, net	-	5,190,263
	31,504,865	45,322,456
LIABILITIES		
Accounts payable and accrued liabilities	299,445	724,247
Interest payable	817,035	853,857
Deposits payable	2,000	2,000
Current portion of long-term debt	4,138,655	2,181,246
Long-term debt	61,153,565	62,768,606
	66,410,700	66,529,956
NET POSITION (DEFICIT)		
Held in trust for other purposes	\$ (34,905,835)	\$ (21,207,500)

The accompanying notes are an integral part of these financial statements.

**Successor Agency of the
 El Cajon Redevelopment Agency
 Statement of Changes in Fiduciary Net Position
 For the fiscal year ended June 30, 2014
 (with comparative data for prior year)**

	<u>2014</u>	<u>2013</u>
ADDITIONS		
Property taxes	\$ 5,865,233	\$ 7,833,273
Intergovernmental	44,357	1,737,912
Investment earnings	23,452	36,284
Loss from assets held for resale	(56,500)	-
Other	43,098	43,412
	<u>5,919,640</u>	<u>9,650,881</u>
DEDUCTIONS		
Administrative expenses	241,428	253,016
Program/project expenses	2,680,079	2,287,345
Disposition of capital assets	11,480,770	-
Payments to affected taxing entities	2,054,777	3,170,390
Interest and fiscal agency expenses	3,160,921	3,460,346
	<u>19,617,975</u>	<u>9,171,097</u>
Change in net position	(13,698,335)	479,784
Net position (deficit), beginning of the fiscal year	<u>(21,207,500)</u>	<u>(21,687,284)</u>
Net position (deficit), ending of the fiscal year	<u>\$ (34,905,835)</u>	<u>\$ (21,207,500)</u>

The accompanying notes are an integral part of these financial statements.

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note A: Organization and Summary of Significant Accounting Policies

The basic financial statements of the Successor Agency of the El Cajon Redevelopment Agency (the Successor Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Successor Agency's accounting policies are described below.

1. Reporting entity

On January 10, 2012, the City of El Cajon elected to be the successor agency to the former El Cajon Redevelopment Agency (the Agency.) Upon the dissolution of California redevelopment agencies on February 1, 2012, the Successor Agency is tasked with the responsibility of winding down the dissolved redevelopment agency's affairs, continuing to meet the former agency's enforceable obligations, overseeing completion of redevelopment projects, and disposing of the assets and properties of the former redevelopment agency; all as directed and approved by the Oversight Board. Oversight Board members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project area. The Oversight Board of the Successor Agency is comprised of seven members appointed by the:

- County Board of Supervisors (two members)
- Mayor of the City of El Cajon (one member)
- County Superintendent of Education (one member)
- Chancellor of California Community Colleges (one member)
- Largest special district taxing entity (one member); and
- Mayor of City of El Cajon representing the employees of the former redevelopment agency (one member).

City of El Cajon employees perform the necessary day-to-day activities of the Successor Agency to bring existing projects to completion, collect information and perform analysis regarding disposal of agency assets, and provide administrative support to the Oversight Board.

The Successor Agency's assets and activities are accounted for in a fiduciary fund (private-purpose trust fund), since the Successor Agency is not a component unit of the City of El Cajon's financial reporting entity.

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note A: Organization and Summary of Significant Accounting (continued)

2. Basis of accounting and measurement focus

The Successor Agency serves as the custodian of the assets for the dissolved redevelopment agency. Based on the nature of this custodial role, the assets and liabilities of the dissolved redevelopment agency are reported as fiduciary fund (private-purpose trust fund). The private-purpose trust fund financial statements consist of a Statement of Fiduciary Net Position ("balance sheet") and a Statement of Changes in Fiduciary Net Position ("income statement").

Private-purpose trust funds are accounted for using the "economic resources" measurement focus and accrual basis of accounting. Accordingly, all of the Successor Agency's assets and liabilities (both current and noncurrent) are included in the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position presents additions to (revenues) and deductions from (expenses) the total net position. Expenses are recorded in the period in which the liability is incurred while revenues are recognized in the period in which they are earned. Property tax revenues are recognized in the fiscal year for which they are levied.

3. Property Tax

The Successor Agency's primary source of funding is property taxes allocated by the San Diego County-Auditor's Office (CAC) from the Redevelopment Property Tax Trust Fund (RPTTF). The allocation of property taxes is related to the repayment of the former redevelopment agency's enforceable obligations. The Successor Agency prepares a Recognized Obligations Payment Schedule (ROPS) estimating the RPTTF funds required to pay its obligations for each six-month period (January-June and July-December). The ROPS is subject to review and approval of the Oversight Board, CAC, and State Department of Finance (DOF).

The Successor Agency receives allocation of property taxes for its approved ROPS items after payments of the County's administrative costs and pass-through payments to affected taxing entities. In addition to the ROPS payments, the Successor Agency is allocated annually an administrative allowance equal to 3% of the approved RPTTF funding or the minimum amount of \$250,000, whichever is greater.

The County of San Diego (County) assesses, bills, and collects property taxes on behalf of numerous special districts and incorporated cities. The County distributes property taxes collected and deposited in the RPTTF to the successor agencies and the residual balances to other taxing entities in January and June of each year.

The Successor Agency has no power to levy and collect taxes, and any legislative property tax reduction might decrease the amount of tax revenues that would otherwise be available to pay the principal and interest on bonds and other obligations. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions, would increase the amount of tax revenues that would be available to pay enforceable obligations.

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note A: Organization and Summary of Significant Accounting Policies (continued)

4. Annual Budget

Prior to the beginning of the fiscal year, the Oversight Board of the Successor Agency adopts an annual budget for the conduct of necessary activities, including administration, of the former redevelopment agency. Supplemental appropriations required during the period may also be approved by the Board.

5. Cash and investments

The cash and investments held by the Successor Agency are pooled in the City's cash and investments, except for cash held by the fiscal agents and funds invested in a Successor Agency Local Agency Investment Fund (LAIF) account. The Successor Agency's share in this pool is displayed in the accompanying basic financial statements as *cash and investments*. Based on monthly average cash and investment balances, investment income earned by the pooled investments is allocated quarterly to the various City funds, City component units and for certain agencies, including the Successor Agency.

The Successor Agency participates in LAIF, an investment pool managed by the State of California. Investments are reported at fair value and changes in fair value that occur during a fiscal year are reported as *investment earnings* for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

6. Assets held for resale

Assets held for resale, consisting of real property and equipment, are recorded at the lower of acquisition cost or estimated resale value.

7. Capital assets

Capital assets are reported at historical costs where records are available and at an estimated cost, if no historical records exist. Contributed fixed assets are valued at their estimated fair market value at the date of donation. Equipment purchases and capital projects with costs in excess of \$10,000 and estimated useful life in excess of two years are capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset	Useful Life
Infrastructure	20 - 60 years
Buildings and improvements	10 - 50 years
Machinery and equipment	2 - 20 years

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note A: Organization and Summary of Significant Accounting Policies (continued)

8. Liabilities

Liabilities reflect the Successor Agency's financial obligations as of June 30, including the repayment of tax allocation bonds issued by the former redevelopment agency. Bond issuance and discount costs are deferred and amortized over the life of the bonds using the straight-line method. Long-term debt is reported net of bond discount.

9. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the related reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates. Management believes that the estimates are reasonable.

Note B: Cash and Investments

Cash and investments, as of June 30, 2014, are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:	
Cash and investments	\$ 6,691,228
Restricted cash and investments with fiscal agent	<u>6,171,719</u>
Total cash and investments	<u>\$ 12,862,947</u>

Cash and investments, as of June 30, 2014, consist of the following:

Cash on hand and deposits in City pool	\$ 2,366,020
Investments	<u>10,496,927</u>
Total cash and investments	<u>\$ 12,862,947</u>

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note B: Cash and Investments (continued)

Equity in the cash and investment pool of the City of El Cajon

The Successor Agency participates in the cash and investment pool managed by the City of El Cajon. The pool is governed by and under the regulatory oversight of the investment policy adopted by the City Council. The Successor Agency did not adopt an investment policy separate from that of the City of El Cajon. The cash and investment pool, other than debt proceeds held in restricted accounts, may be invested in any instrument authorized by the California Government Code Section 53601 and by the City's investment policy. The list of investment types authorized for the City is provided in the cash and investment notes to the basic financial statements of the City.

The Successor Agency's cash and investment pooled in the City's cash and investment is reported in the accompanying financial statements at fair value amounts based upon the Successor Agency's pro-rata share of the fair value calculated for the entire City portfolio.

Investments authorized by debt agreements

Investment of debt proceeds with fiscal agents is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are authorized for investments with fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
General Obligations of States	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Pre-Refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$50,000,000

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note B: Cash and Investments (continued)

Investment in State investment pool

The Successor Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the investment in this pool is stated at amounts based upon the Successor Agency's pro-rata share of fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio.) The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is \$50,000,000.

Risk Disclosures

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. Exposure to interest rate risk is minimized by purchasing a combination of shorter term and longer term investments and by timing the cash flows from maturities so that a portion of the portfolio is maturing and or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

The Successor Agency's exposure to interest rate risk as a result of its equity in the cash and investment pool of the City is provided by disclosures in the notes to the basic financial statements of the City that show the distribution of the City's investments by maturity.

The sensitivity of the Successor Agency's investments to market interest rate fluctuations is minimized with the following investments maturing at 12 months or less:

Investment Type	Maturity at 12 Months Or Less
State Investment Pool	\$ 4,325,208
Held by fiscal agent:	
Invesco Treasury	1,317,320
State Investment Pool	4,854,399
Total	\$ 10,496,927

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note B: Cash and Investments (continued)

Risk Disclosures (continued)

Credit Risk – This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table is the minimum rating required by (where applicable) the California Government Code, the Successor Agency's investment policy or debt agreements, and the actual rating as of June 30, 2014, for each investment type.

Investment Type	Amount	Minimum Legal Rating	Ratings at June 30, 2014	
			AAA	Not Rated
State Investment Pool	\$ 4,325,208	N/A	\$ -	\$ 4,325,208
Held by fiscal agent:				
Invesco Treasury	1,317,320	AAA	1,317,320	-
State Investment Pool	4,854,399	N/A	-	4,854,399
Total	<u>\$ 10,496,927</u>		<u>\$ 1,317,320</u>	<u>\$ 9,179,607</u>

Custodial Credit Risk – The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or collateral securities that are held by an outside party. As of June 30, 2014, none of the Successor Agency's deposits pooled with the City's deposits was held in uncollateralized accounts. The Successor Agency does not have significant separate certificates of deposit or demand accounts held by the fiscal agent that are subject to custodial credit risk disclosure.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Successor Agency does not have direct investments in securities subject to custodial credit disclosure. For the investments held by the fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note C: Loans Receivable

The Successor Agency is tasked with monitoring the loan agreements entered into by the former El Cajon Redevelopment Agency for financing construction and tenant improvements of businesses in the project area. As of June 30, 2014, the Successor Agency had the following loans receivables:

	<u>Balance at June 30, 2014</u>
<i>Parkway Plaza GP, LLC</i>	
<p>In March 2011, the former Agency entered into an Owner Participation Agreement with Parkway Plaza GP, LLC (Developer) to rehabilitate and renovate the Westfield Parkway Shopping Mall (Site.) The Agency loaned the Developer \$1,972,400 for the construction of façade improvements and landscaping within the shopping center and completion of tenant improvements to accommodate new retail uses. The terms and conditions of the Agency loan are stated in a promissory note. Interest accrues annually on the outstanding principal balance at the LIBOR Rate with accrued interest forgiven first, then principal, in an amount equal to the sales taxes and net property taxes generated from the Site each operating year. In the first operating period 10/01/2012 - 09/30/2013, \$6,653 of accrued interest and \$1,258,168 of principal were forgiven. As of June 30, 2014, the balance outstanding includes principal and accrued interest of \$714,231 and \$996, respectively.</p>	\$ 715,227
<i>JKC Palm Springs Automotive, Inc.</i>	
<p>In March 2011, the former Agency entered into an Owner Participation Agreement with JKC Palm Springs Automotive, Inc. (Developer) to rehabilitate the real property, buildings, and facilities operated as the Team KIA El Cajon motorcar dealership (Site). The Agency loaned the Developer \$650,000 for the Site improvements. The loan was secured by a Deed of Trust with interest accruing annually at 3% starting November 2015. Beginning on November 2016, the Agency shall forgive accrued interest first, then principal, in an amount equal to the sales taxes generated from the Site each operating year. The Developer must pay any balance of outstanding principal and accrued interest to the Agency by November 2022. As of June 30, 2014, the outstanding principal was \$650,000.</p>	650,000

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note C: Loans Receivable (continued)

	<u>Balance at June 30, 2014</u>
<i>Inland Properties (US) Inc.</i>	
In April 2011, the former Agency authorized the sale of the 440 and 542 N. Johnson Avenue property (Site) to Inland Properties (US) Inc. (Developer) for \$2,500,000. The Developer made a down payment of \$600,000 and a promissory note was executed for the remaining \$1,900,000. The note was secured by a Deed of Trust. Repayment begins on July 2019 for a period of ten years, with interest accruing annually at a rate of 3.25% on the outstanding principal loan balance. The Agency shall forgive accrued interest first, then principal, in an amount equal to the sales and use taxes generated from sales occurring on the Site in each year. As of June 30, 2014, the outstanding principal was \$1,900,000.	\$ 1,900,000
Total	\$ 3,265,227

Note D: Capital Assets

At June 30, 2014, the capital assets held by the Successor Agency consisted of the following:

	Beginning balance	Additions	Deletions	Ending balance
Nondepreciable assets:				
Land	\$ 1,934,508	\$ -	\$ 1,911,086	\$ 23,422
Total nondepreciable assets	1,934,508	-	1,911,086	23,422
Depreciable assets:				
Land improvements	5,992,732	-	5,992,732	-
Total depreciable assets	5,992,732	-	5,992,732	-
Less accumulated depreciation:				
Land improvements	(802,469)	(599,273)	(1,401,742)	-
Total accumulated depreciation	(802,469)	(599,273)	(1,401,742)	-
Capital assets, net	\$ 7,124,771	\$ (599,273)	\$ 6,502,076	\$ 23,422

The Successor Agency began implementation of its Long Range Property Management Plan upon receiving approval from the California Department of Finance on February 21, 2014. Deletions of capital assets included those land and land improvements transferred to the City of El Cajon and El Cajon Housing Authority for governmental purposes as approved by the Oversight Board.

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note E: Long-Term Liabilities

The Successor Agency is required to make scheduled payments and perform obligations with respect to the long-term liabilities of the former El Cajon Redevelopment Agency. The following is a schedule of changes in long-term liabilities for the fiscal year ended June 30, 2014:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Bonds:					
2000 Tax allocation refunding bonds	\$ 15,885,000	\$ -	\$ 35,000	\$ 15,850,000	\$ 40,000
2005 Tax allocation refunding bonds	33,760,000	-	1,045,000	32,715,000	1,085,000
2007 Tax allocation Bonds	<u>14,015,000</u>	-	<u>330,000</u>	<u>13,685,000</u>	<u>345,000</u>
Subtotal bonds	63,660,000	-	1,410,000	62,250,000	1,470,000
Less Unamortized Discount	<u>(1,024,106)</u>	-	<u>(44,526)</u>	<u>(979,580)</u>	-
Total bonds	<u>62,635,894</u>	-	<u>1,365,474</u>	<u>61,270,420</u>	<u>1,470,000</u>
Due to the City of El Cajon	<u>2,313,958</u>	<u>1,840,665</u>	<u>132,823</u>	<u>4,021,800</u>	<u>2,668,655</u>
Total long-term debt	<u>\$ 64,949,852</u>	<u>\$ 1,840,665</u>	<u>\$ 1,498,297</u>	<u>\$ 65,292,220</u>	<u>\$ 4,138,655</u>

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note E: Long-Term Liabilities (continued)

2000 Tax allocation refunding bonds

On August 15, 2000, the former Agency issued \$16,000,000 Taxable Tax Allocation Refunding Bonds, Issue of 2000, and (the Bonds) to refund the bank notes payable. The Bonds are being issued on a parity basis with the Agency's Tax Allocation Refunding Bonds, Issue of 1997. The Bonds are term bonds maturing on October 1, 2020, and October 1, 2030, and are subject to mandatory redemption from minimum sinking account payments, in part by lot, by October 1, 2006, and October 1, 2021, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The Bonds are subject to optional redemption prior to maturity, in whole or in part, on any date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 7.6% to 7.7%. The Agency pledged 100% of property tax from the RPTTF as security for the bonds.

The debt service requirements for the 2000 Bonds at June 30, 2014 were as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 40,000	\$ 1,218,555	\$ 1,258,555
2016	50,000	1,215,135	1,265,135
2017	55,000	1,211,145	1,266,145
2018	55,000	1,206,965	1,261,965
2019	55,000	1,202,785	1,257,785
2020 – 2024	1,730,000	5,888,065	7,618,065
2025 – 2029	9,150,000	3,680,600	12,830,600
2030 – 2034	4,715,000	369,793	5,084,793
Totals	\$ 15,850,000	\$ 15,993,043	\$ 31,843,043

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note E: Long-Term Liabilities (continued)

2005 Tax allocation refunding bonds

On October 1, 2005, the former Agency issued \$40,000,000 Tax Allocation Refunding Bonds, Issue of 2005, (the Bonds) to advance refund the 1997 Tax Allocation Refunding Bonds, of which \$29,440,000 were outstanding as of October 1, 2005. As of June 30, 2006, the 1997 bonds had been paid in full. This resulted in a present value cash flow savings of \$1,070,000 and a deferred amount on refunding (difference between the present value of the new debt service payments and the old debt service payments) of \$10,176,549. The Bonds are term bonds maturing on October 1, 2030 and October 1, 2036, and are subject to mandatory redemption from minimum sinking account payments, in part by lot, on October 1, 2023, and October 1, 2031, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 3% to 4.5%. The Agency pledged 100% of property revenues from the RPTTF as security for the bonds. The bonds are presented net of unamortized discount of \$979,580.

The debt service requirements for the 2005 Bonds at June 30, 2014 were as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,085,000	\$ 1,420,849	\$ 2,505,849
2016	1,125,000	1,373,886	2,498,886
2017	1,170,000	1,325,118	2,495,118
2018	1,225,000	1,272,693	2,497,693
2019	1,285,000	1,219,430	2,504,430
2020 – 2024	5,880,000	5,251,503	11,131,503
2025 – 2029	1,000,000	4,600,125	5,600,125
2030 – 2034	9,530,000	3,811,500	13,341,500
2035 – 2038	10,415,000	716,738	11,131,738
	<u>32,715,000</u>	<u>20,991,842</u>	<u>53,706,842</u>
Less Unamortized Discount	(979,580)	-	(979,580)
Totals	<u>\$ 31,735,420</u>	<u>\$ 20,991,842</u>	<u>\$ 52,727,262</u>

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note E: Long-Term Liabilities (continued)

2007 Tax allocation bonds

On October 1, 2006, the former Agency issued \$15,750,000 Tax Allocation Bonds, Issue of 2007, (the Bonds) to finance redevelopment project activities within or for the benefit of the City of El Cajon Redevelopment Project Area of the Agency. The Bonds are being issued on a parity basis with the Agency's Taxable Tax Allocation Refunding Bonds, Issue of 2000, and Tax Allocation Refunding Bonds, Issue of 2005. The Bonds are term bonds maturing October 1, 2030, and October 1, 2037, and are subject to mandatory redemption from mandatory sinking account payments, in part by lot, on October 1, 2023, and October 1, 2031, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The Bonds are subject to optional redemption prior to maturity, in whole or in part, on any date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 3.45% to 4.25%. The Agency pledged 100% of property tax revenues from the RPTTF as security for the bonds.

The debt service requirements for the 2007 Bonds at June 30, 2014 were as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 345,000	\$ 579,362	\$ 924,362
2016	355,000	564,488	919,488
2017	375,000	548,975	923,975
2018	390,000	532,718	922,718
2019	405,000	515,825	920,825
2020 – 2024	2,125,000	2,311,612	4,436,612
2025 – 2029	1,920,000	1,907,343	3,827,343
2030 – 2034	3,435,000	1,373,319	4,808,319
2035 – 2038	4,335,000	419,235	4,754,235
Totals	<u>\$ 13,685,000</u>	<u>\$ 8,752,877</u>	<u>\$ 22,437,877</u>

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note E: Long-Term Liabilities (continued)

The annual requirements to amortize all bonds outstanding at June 30, 2014, including interest payments to maturity, are as follows:

Year Ending at June 30,	Principal	Interest	Total
2015	\$ 1,470,000	\$ 3,218,766	\$ 4,688,766
2016	1,530,000	3,153,509	4,683,509
2017	1,600,000	3,085,238	4,685,238
2018	1,670,000	3,012,376	4,682,376
2019	1,745,000	2,938,040	4,683,040
2020 – 2024	9,735,000	13,451,180	23,186,180
2025 – 2029	12,070,000	10,188,068	22,258,068
2030 – 2034	17,680,000	5,554,612	23,234,612
2035 – 2038	14,750,000	1,135,973	15,885,973
	<u>62,250,000</u>	<u>45,737,762</u>	<u>107,987,762</u>
Less Unamortized Discount	(979,580)	-	(979,580)
Totals	<u>\$ 61,270,420</u>	<u>\$ 45,737,762</u>	<u>\$ 107,008,182</u>

Due to the City of El Cajon, Land Purchase

The former El Cajon Redevelopment Agency entered into an agreement with the City of El Cajon to purchase the property at 100 Fletcher Parkway on June 15, 2011. The property was the site of the former police facility, and was a key parcel within the Project Area for future commercial development. The appraisal was for \$4,850,000, which was the purchase price of the property. The former Agency made a \$1 million down payment and executed a promissory note secured by a Deed of Trust for \$3,850,000 bearing an interest rate of 3% with annual payment of \$840,665 for five years.

On February 11, 2014, the City of El Cajon complied with the State Controller's Office (SCO) order issued in the Asset Transfer Review report and turned over \$1,840,665 of cash assets to the Successor Agency for remittance to the county auditor-controller. The funds returned by the City comprised of the \$1 million down payment and the first installment payment of \$840,665 made by the former Agency for the land purchase. The Successor Agency executed a second promissory note for the \$1 million down payment, which is due to the City in fiscal year 2014-15.

Based on AB1484 requirements, loan payments by the Successor Agency to the City must be recalculated at the LAIF interest rate of 0.26% and repayments cannot begin until fiscal year 2014-15. The total outstanding principal due to the City at June 30, 2014 was \$4,021,800.

**Successor Agency of the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
June 30, 2014**

Note F: Commitments and Contingencies

Some enforceable obligations of the Successor Agency represent agreements, contracts or other commitments for the expenditure of monies. They do not constitute as expense or liability for financial statement purposes because these commitments will be honored in subsequent years.