

RESOLUTION NO. OB-07-13

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY CONDITIONALLY APPROVING A PURCHASE AND SALE AGREEMENT WITH POR FAVOR INC.

WHEREAS, on May 28, 1998, the former El Cajon Redevelopment Agency ("Agency" and "Lessor") entered into a Lease Option Agreement ("Lease Option") with Por Favor Restaurant ("Lessee") for the purpose of acquiring and constructing outdoor dining on a portion of Agency property known as 156 E. Main Street and its adjacent parcel, Assessor's Parcel Numbers 488-083-15 and -16 ("Properties") for Por Favor Restaurant; and

WHEREAS, Lessee has completed all conditions precedent under the Lease Option by recently acquiring the property at 148 E. Main Street effective April 5, 2013, and now desires to acquire the Properties; and

WHEREAS, Sections 34177 (e) and 34181 (a) of the California Health and Safety Code provides that the Successor Agency shall dispose of assets and properties of the former redevelopment agency at the direction of the Oversight Board; and

WHEREAS, Assembly Bill 1484 amended Sections 34177 and 34181, as well as added Chapter 9 (commencing with Section 34191.1) to Part 1.85 of Division 24 of Health and Safety Code; and

WHEREAS, as amended, Section 34177 (e), which required a successor agency to dispose of assets and properties as directed by the Oversight Board, now states that these provisions shall not apply to a successor agency that has been issued a finding of completion by the California Department of Finance ("DOF"), and Section 34191.1 of the newly-added Chapter 9 states that the provisions of that chapter shall apply to a successor agency upon its receipt of a finding of completion; and

WHEREAS, Section 34191.3 provides that the requirements of Sections 34771 (e) and 34181 (a) shall be suspended, except as those provisions apply to transfers for governmental use, until DOF has approved a long-term property management plan pursuant to Section 34191.5 (b); and

WHEREAS, the Successor Agency received its finding of completion from the DOF on April 11, 2013, and resubmitted its approved Long Range Property Management Plan ("LRPMP") that was approved by the Oversight Board on November 21, 2012, to the DOF on April 11, 2013; and

WHEREAS, the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency held a meeting on June 19, 2013, at which time it considered conditionally approving a Purchase and Sale Agreement ("Sale Agreement") under that certain Lease Option Agreement with the Lessee, consistent with the LRPMP, which is pending approval from the DOF; and

WHEREAS, proposed Sale Agreement 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, upon approval of the LRPMP 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 project 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 Agreement would be in the best interest of the taxing entities because it will dispose of properties under enforceable obligations in an expeditious manner, upon approval of the LRPMP by the DOF.
- B. The Oversight Board hereby **CONDITIONALLY APPROVES** the proposed Sale Agreement substantially in the form as presented in **Attachment 1**, with such changes as may be approved by the Executive Director, subject to approval of the LRPMP by the DOF.
- C. The Oversight Board hereby approves execution by the Executive Director of the Successor Agency of such documents as are reasonably necessary and proper to complete the Sale Agreement with Por Favor Inc.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a meeting held this 19th day of June, 2013, by the following vote to wit:

AYES: ABUSHABAN, BUXBAUM, CHADWICK, GRIFFIN, GRIFFITHS,
RANU, TURNER-EMERSON
NOES: NONE
ABSENT: NONE



Debra Turner-Emerson, Chairperson

ATTEST:



Jennifer Ficacci, Oversight Board Acting 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

**POR FAVOR INC.
("Buyer")**

PURCHASE AND SALE AGREEMENT

This Agreement of Purchase and Sale ("Agreement") is made and entered into as of the ____ day of _____, 2013. CITY OF EL CAJON AS SUCCESSOR AGENCY TO THE FORMER EL CAJON REDEVELOPMENT AGENCY, a municipal corporation, ("Seller") agrees to sell to POR FAVOR INC., a California corporation, ("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 the Property two commercially zoned parcels, located at 156 East Main Street, El Cajon, California and its adjacent parcel, identified by Assessor's Parcel Numbers ("APN") 488-083-15 and 488-083-16. The Property, and the improvements located on the Property, (collectively referred to as "Property") is 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,

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 and according to terms and conditions set out in that certain Lease Option Agreement ("Lease Option") executed May 28, 1998 between Buyer and Seller, hereby incorporated as if fully set forth herein, Buyer has agreed to buy, and Seller agreed to sell, the Property, as outlined in the Lease Option, for Thirty-eight Thousand, Two Hundred Fifty Dollars and No Cents (\$38,250.00) (the "Purchase Price"). The Lease Option provides that the Purchase Price is payable through credits of monthly rent installments of Three Thousand, Eight Hundred Twenty-five Dollars and No Cents (\$3,825.00) per year or Three Hundred Eighteen Dollars and Seventy-five Cents (\$318.75) per month, during the term of the Lease Option. Rent in an amount totaling Thirty-eight Thousand, Two Hundred Fifty Dollars and No Cents (\$38,250.00) was fully paid to Seller as of May 2008.

In addition to the payment of the Purchase Price the Lease Option conditions the Buyer's ability to purchase of the Property during the lease term upon the Buyer's compliance with all terms and obligations of the Lease Option, including Buyer's obtaining title to the property known as APN 488-083-14 or 148 East Main Street, El Cajon. Buyer has complied with all terms and obligations of the Lease Option, and completed the acquisition of the property at 148 East Main Street, El Cajon on April 5, 2013. Under the terms of the Lease Option, upon fulfillment of the condition precedent to the purchase of the Property requiring Buyer obtain title

to the property at 148 East Main Street, and the payment of the Purchase Price through the rent payments Buyer paid for the Property pursuant to the Lease Option, Buyer may exercise its option to purchase the Property. Seller will now sell the Property to Buyer at a purchase price of Thirty-eight Thousand Two Hundred Fifty Dollars and No Cents (\$38,250.00), with credit for rent paid of Thirty-eight Thousand Two Hundred Fifty Dollars and No Cents (\$38,250.00).

B. Deposits.

1. Initial Deposit. Upon signing this Agreement, Buyer shall deliver to Escrow Holder FIVE THOUSAND and 00/100 Dollars (\$5,000.00) [or such other amount as deemed appropriate by Escrow Holder] as a good faith deposit ("Initial Deposit"). Such deposit shall be deposited into Escrow and credited against costs chargeable to Buyer at the Close of Escrow.

2. Deposit. The Initial Deposit and any subsequent deposit made by the Buyer (the "Second Deposit") are sometimes referred to herein as the "Deposits." The Deposits shall, if requested by Buyer, be deposited by Escrow Holder in an interest-bearing bank or savings and loan association account and the accrued interest shall become part of the Deposits. If there is no Second Deposit, "Deposits" means the Initial Deposit. All Deposits shall be made by cash, check or wired funds.

C. Buyer's Entry onto Property. While this Agreement is in effect, Buyer, its agents, contractors and subcontractors shall have the right to enter upon the Property, at reasonable times during ordinary business hours and upon prior written notice to Seller, to make any and all inspections and tests as Buyer reasonably deems desirable and which may be accomplished without causing any material alteration or damage to the Property. Buyer agrees to indemnify, defend and hold Seller and the Property harmless from any and all costs, loss, liability, damages or expenses, of any kind or nature, arising solely out of or resulting from such entry.

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 ten (10) 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 any 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 ten (10) 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, 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.
- c. All matters which would be disclosed by an inspection or survey of the Property.

2. Title. Within ten (10) Business Days of the date of this Agreement, Buyer shall obtain at Buyer's expense a preliminary report for the Property ("Preliminary Report") issued by _____ ("Title Company"), together with copies of all exceptions and the documents supporting the exceptions ("Exceptions") in the Preliminary Report. Within ten (10) Business Days after receipt, Buyer shall review the Preliminary Report and approve or disapprove of the conditions of the title reflected in the report ("Conditions of Title"). 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, except that the above-referenced ten-day periods shall be reduced to five (5) days, and (ii) if necessary, the Close of Escrow shall be extended to the extent necessary to accommodate the foregoing procedures.

Seller 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 (i) the Lease Option; (ii) 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 Completion of the Sale, Buyer shall have received evidence that Title Company is ready, willing, and able to issue, upon payment of Title Company's regularly scheduled premium, 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. Physical Condition of the Property. Within five (5) Business Days of the date of this Agreement, Buyer shall review and approve or disapprove of the physical condition of the Property. Seller shall not cause the physical condition of the Property to deteriorate or change after the date of the inspection, normal wear and tear excepted, without the prior written consent of Buyer.

5. Property Documents. Within ten (10) Business Days of this Agreement, Seller shall deliver to Buyer copies of all permits, soils reports, licenses, maintenance contracts, utility contracts, operating contracts, management contracts, service contracts, and other contracts pertaining to the Property, together with any amendments or modifications (collectively, "Property Documents"). Within ten (10) Business Days after receipt of each Property Document from Seller, Buyer shall review and approve or disapprove each Property Document. 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.

6. [Reserved]

7. [Reserved]

8. [Reserved]

9. [Reserved.]

10. Warranty Bill of Sale. [Intentionally Omitted]

11. 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; 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").

C. Title Policy. Title shall be evidenced by the willingness of the Title Company to issue its standard coverage CLTA Owner's Form Policy of Title Insurance ("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 or before thirty (30) business days after the Execution Date (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 Completion of Sale:

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. The Property is in good condition and free from any defects, including without limitation, erosion, drainage or soil problems, 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. OB-06-13. Seller has also received approval of the Long Range Property Management Plan, as it relates to Site 1 and 2 for the Property (the "LRPMP"), pursuant to communication from the California Department of Finance dated _____.

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 Property Documents.

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 Completion of Sale (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 State laws, 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. No toxic or hazardous chemicals, waste, or substances of any kind have ever been spilled, disposed of, or stored on, under, or at the Property, whether by accident, burying, drainage, or storage in containers, tanks or holding areas, or by any other means.

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

IV. Seller's Covenants.

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 Completion of Sale. Seller will discharge all of Seller's obligations and liabilities under the Property Documents and any related documents arising prior to the Completion of Sale.

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 Completion of Sale, (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 five (5) 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. Deposits by Buyer. At least three (3) days 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 the signed Natural Hazards Disclosure Statement if provided by Seller.

V. Costs and Expenses.

A. The cost and expense of the Title Policy shall be paid by Buyer, including 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 paid by Buyer. Buyer shall pay all documentary transfer taxes payable in connection with the recordation of the Grant Deed. Buyer shall pay the Escrow Holder's customary charges for document drafting, recording and miscellaneous charges. If, as a result of no fault of Buyer or Seller, Escrow fails to close, Buyer shall be responsible for all of Escrow Holder's and Title Company's fees and charges.

B. Prorations. Except for current and delinquent (if any) possessory interest taxes, which remain the responsibility of the Buyer, 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 failure to pay such taxes and assessments.

Buyer agrees to pay all real property transfer taxes payable upon recordation of the Deed; and any sales and use taxes connected with the completion of sale.

C. 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.

D. Seller's Representations and Warranties. BUYER ACKNOWLEDGES AND AGREES THAT EXCEPT AS SET FORTH HEREIN 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: Assuming the approval of the its LRPMP on the part of the DOF, 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.

E. 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 (item 5 below, being a covenant running with the land, which may be included in the Grant Deed):

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 herein, 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 herein or in related 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.") 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. 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 herein, 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. 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. Buyer agrees that said Property is to continue to be used solely for purposes of an outdoor dining and a public thoroughfare as provided in the approved Site Plan for Conditional Use Permit 1745.

6. Intentionally Omitted.

7. Intentionally Omitted.

8. Intentionally Omitted.

9. 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.

10. 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 10 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 to the extent and as provided below.

11. 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 11 shall survive Close of Escrow or termination of this Agreement for a period of one year. Neither the foregoing nor any other provision of this Agreement shall limit the rights and remedies available to Buyer at law or in equity, whether by statute or otherwise, and all such rights and remedies shall be cumulative and non-exclusive.

12. 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.

13. 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, Second Deposit (if made), 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: Por Favor Inc.
182 E. Main Street
El Cajon, CA 92020
Attention: Gabe Marrujo

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

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. Brokers. Buyer and Seller each represents and warrants to the other that there will be no brokers' or finders' fees payable in respect of this transaction based upon any statement, representation or agreement made by Buyer or Seller, respectively. Any commission shall be paid by Seller upon Close of Escrow. If any claims for brokers' or finders' fees for the consummation of this Agreement arise, then Buyer hereby agrees to indemnify, save harmless and defend Seller from and against such claims if they shall be based upon any statement or representation or agreement by Buyer, and Seller hereby agrees to indemnify, save harmless and defend Buyer if such claims shall be based upon any statement, representation or agreement made by Seller.

C. 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.

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

E. Other Fees and Assessments. [Intentionally Omitted]

F. 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.

G. 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.

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

I. 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.

J. 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.

K. 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.

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

M. 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.

N. 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.

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

P. 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.

Q. 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.

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

S. 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.

T. 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.

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

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"

POR FAVOR INC.
a California corporation

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

By: _____
Its: _____

By: _____
Print Name: _____
Print Title: _____

By: _____

Date: _____

Date: _____

ATTEST:

APPROVED AS TO LEGALITY AND
FORM:

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: _____, 2013

OAK TREE ESCROWS, INC.

By: _____

Name: Bobbi Pearson

Title: Owner/Escrow Officer

EXHIBIT A

(Description of Property)

EXHIBIT B

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DOCUMENTARY TRANSFER TAX \$ _____

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

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

Signature of Declarant or Agent determining tax - Firm Name

APN: 488-083-15
488-083-16

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 POR FAVOR INC., a California corporation

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:

Property shall be used solely for purposes of an outdoor dining and public thoroughfare. The foregoing covenant
shall run with the land.

Dated: _____

By: _____

its

By: _____

Its: _____

State of California)
County of _____)

On _____, 2013 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)