



RANCHO SANTA FE FIRE PROTECTION DISTRICT BOARD OF DIRECTORS MEETING AGENDA

Rancho Santa Fe FPD
Board/Community Room – 16936 El Fuego
Rancho Santa Fe, California 92067

April 21, 2010
Regular Session 2:00 pm

RULES FOR ADDRESSING BOARD OF DIRECTORS

Members of the audience who wish to address the Board of Directors are requested to complete a form near the entrance of the meeting room and submit it to the Board Clerk.

Any person may address the Board on any item of Board business or Board concern. The Board cannot take action on any matter presented during Public Comment, but can refer it to the Administrative Officer for review and possible discussion at a future meeting. As permitted by State Law, the Board may take action on matters of an urgent nature or which require immediate attention. The maximum time allotted for each presentation is FIVE (5) MINUTES.

Pledge of Allegiance

1. Roll Call
2. Public Comment

All items listed on the Consent Calendar are considered routine and will be enacted by one motion without discussion unless Board Members, Staff or the public requests removal of an item for separate discussion and action. The Board of Directors has the option of considering items removed from the Consent Calendar immediately or under Unfinished Business.

3. Consent Calendar

a. Board of Directors Minutes

- i) Board of Directors minutes of March 10, 2010
- ii) Board of Directors minutes of April 8, 2010

ACTION REQUESTED: **Approve**

b. Receive and File

- i) Monthly/Quarterly Reports – ACTION REQUESTED: **INFORMATION**
(1) List of Demands

Check 20334 thru 20432 for the period March 1 – 31, 2010 totaling:	\$ 303,593.91
Payroll for the period March 1 – 31, 2010	\$ 430,291.27
TOTAL DISTRIBUTION	\$ 733,885.18

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a meeting, please contact the Secretary at 858-756-5971. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to assure accessibility to the meeting.

(2) Activity Reports – March 2010

- Fire Prevention
- Operations
- Training

(3) District Articles – March 2010

(4) Correspondence - letters/cards were received from the following members of the public:

- None

4. Old Business

- a. None

5. New Business

a. Purchase of Real Property

To discuss and/or approve the purchase of real property located at 18029 Calle Ambiente, Rancho Santa Fe, (APN 265-493-09-00 and 265-451-55-00)

ACTION REQUESTED: **Discuss and approve purchase of real property**

b. Standby Charge Rate

A presentation by Habib Isaac, Willdan Financial Services will be made to review the authority to increase the existing standby charge from its current levy and determine the rate for FY 11. [Staff Report 10-04](#)

ACTION REQUESTED: **Provide direction to staff and determine rate for FY11.**

c. Ad Hoc Committee Appointment - Audit

To discuss the auditor's required communication to the Board of Directors and appoint two board members to serve on the District's FY10 Audit Ad hoc Committee.

ACTION REQUESTED: **Appoint ad hoc committee**

6. Oral Reports

a. Fire Chief – Pavone

- i) Fairbanks Ranch Replacement Fire Station – Update
- ii) Cooperative Management Services Agreement – Update
- iii) District Activities

b. Operations – Deputy Chief Michel

c. Training – Battalion Chief Davidson

d. Fire Prevention - Fire Marshal Hunter

e. Administrative Manager – Rannals

- i) Health Benefits Committee - Update

f. Board of Directors

- i) North County Dispatch JPA – Update
- ii) County Service Area – 17 – Update
- iii) Comments

7. Closed Session

- a. With respect to every item of business to be discussed in closed session pursuant to Section 54956.8
 - i) Conference with negotiators for the following real property **(NOTE: time certain 2:15 pm)**
18029 Calle Ambiente, Rancho Santa Fe
Negotiating Parties: James Ashcraft, Director; John Tanner, Director; Nick Pavone, Fire Chief
Under Negotiation: Both Price and Terms of Payment
- b. With respect to every item of business to be discussed in closed session pursuant to Section 54957:
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Fire Chief

8. Adjournment



RANCHO SANTA FE FIRE PROTECTION DISTRICT
Board of Directors Regular Meeting – Agenda
Wednesday, April 21, 2010 2:00 pm PST

CERTIFICATION OF POSTING

I certify that on April 14, 2010 a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Rancho Santa Fe Fire Protection District, said time being at least 72 hours in advance of the meeting of the Board of Directors (Government Code Section 54954.2)

Executed at Rancho Santa Fe, California on April 15, 2010

Karlana Rannals

Karlana Rannals
Board Clerk



**RANCHO SANTA FE FIRE PROTECTION DISTRICT
REGULAR BOARD OF DIRECTORS MEETING
MINUTES – March 10, 2010**

President Ashcraft called to order the regular session of the Rancho Santa Fe Fire Protection District Board of Directors at 1:00 pm.

Pledge of Allegiance

Battalion Chief Mike Gibbs led the assembly in the *Pledge of Allegiance*.

1. Roll Call

Directors Present: Ashcraft, Hickerson, Hillgren, Malin, Tanner

Directors Absent: None

Staff Present: Nick Pavone, Fire Chief; Tony Michel, Deputy Chief; Cliff Hunter, Fire Marshal; Mike Gibbs, Battalion Chief; and Karlana Rannals, Board Clerk

2. Public Comment

No one requested to speak to the Board.

3. Consent Calendar

MOTION BY DIRECTOR HICKERSON, SECOND BY DIRECTOR TANNER, CARRIED 5 AYES; 0 NOES; 0 ABSENT to approve the Consent Calendar as submitted.

a. Board of Directors Minutes

i) MOTION BY DIRECTOR HICKERSON, SECOND BY DIRECTOR TANNER, CARRIED 5 AYES; 0 NOES; 0 ABSENT; 0 ABSTAIN to approve the Board of Directors minutes of February 10, 2010.

b. *Receive and File*

MOTION BY DIRECTOR HICKERSON, SECOND BY DIRECTOR TANNER, CARRIED 5 AYES; 0 NOES; 0 ABSENT; 0 ABSTAIN to receive and file:

i) Monthly/Quarterly Reports

(1) List of Demands

Check 20240 thru 20333 for the period February 1 – 28, 2010 totaling:	\$ 346,129.97
Payroll for the period February 1 – 28, 2010	<u>\$ 434,923.71</u>
TOTAL DISTRIBUTION	\$ 781,053.68

(2) Activity Reports – February 2010

- Fire Prevention
- Operations
- Training

(4) District Articles– February 2010

(5) Correspondence

- County of San Diego
- Mac Pohn
- Red Rose Society American Red Cross

4. Old Business

a. Budget Meeting Schedule

Chief Pavone requested to confirm the board members availability to participate in the FY11 budget discussions and approve the timeline for the regular Board of Directors meetings scheduled for June and September. He reminded the board members that the preliminary budget must be approved by June 30 and the final budget must be approved by October 1. After review of the calendar, it was agreed to reschedule the following regular meetings:

- June 9, 2010 will be changed to June 21, 2010 starting at 1pm; and
- September 8, 2010 will be changed to September 22, 2010 starting at 1pm.

MOTION BY DIRECTOR HILLGREN, SECOND BY DIRECTOR MALIN, CARRIED 5 AYES; 0 NOES; 0 ABSENT; 0 ABSTAIN to move and calendar the June and September meetings as agreed with no change in the meeting time.

Ms. Rannals reminded the board members that the meeting scheduled for April 21 would begin at **2pm**.

5. Closed Session

Pursuant to the following Government Code Section, the Board of Directors convened in Closed Session from 1:14 – 1:34 pm for discussions on the following:

- a. Conference with negotiators for the following real property, pursuant to Government Code Section 54956.8

18029 Calle Ambiente, Rancho Santa Fe

Negotiating Parties: James Ashcraft, Director; John Tanner, Director; Nick Pavone, Fire Chief

Under Negotiation: Both Price and Terms of Payment

NOTE: All members of the Board and staff listed attended the Closed Session

Upon reconvening, President Ashcraft reported that an update was provided and direction was provided to staff and negotiators regarding a lease price and price in the pursuit of real property.

6. New Business

- a. Purchase of Real Property

MOTION BY DIRECTOR HICKERSON, SECOND BY DIRECTOR HILLGREN, CARRIED 5 AYES; 0 NOES; 0 ABSENT; 0 ABSTAIN to table the agenda item since negotiations have not concluded on the purchase of the real property located at 18029 Calle Ambiente, Rancho Santa Fe.

7. Oral Reports

- a. Fire Chief – Pavone

He reported on the following topics:

- Fairbanks Ranch Replacement Fire Station – Update
 - Building Permit – previously reported on the design issues involving ADA access to the new station. The solution was to redesign the access, and the County’s initial review of the design

was determined to be acceptable. The 100% plan submittal review was submitted to the County. Staff is working to prepare the specification and plan package. He anticipates that the bid requests will be available within two weeks. He is also working with County staff to seek a waiver of the Traffic Impact Fee or at least significantly reduce the fee. The current estimate is \$41,000.

- Management Services Contract – The leadership task force continues to meet to discuss additional opportunities. The Training Chief for the City of Encinitas has announced his retirement effective June 30.
- District Activities
 - He met with Rancho Santa Fe Association and Rancho Santa Fe Community Services District staff to develop a plan to bring back personnel after hours to assist with “down trees” during bad weather.
 - Appreciation Dinner: scheduled for April 30 at *The Inn at Rancho Santa Fe*
 - Retirement Party: scheduled for April 24 for Captain Lutz and Firefighter Foster

b. Operations – Deputy Chief Michel

He reported on the following topics:

- Call activity:
 - Structure fire in the City of Encinitas
 - Tsunami warning resulting from the earthquake in Chile

c. Training – Battalion Chief Davidson

Chief Gibbs summarized the monthly training activity, which included:

- RSF Personnel participated in:
 - Elevator rescue class
 - EMT Recertification

d. Fire Prevention – Fire Marshal Hunter

- New construction statistics are 128,000 square feet for the previous month. Ralphs is adding a “Fresh and Easy” store in the 4S Ranch area.
- The State of California approved adding mandatory residential sprinklers as a part of the building code beginning July 1, 2010.
- Met with Chief Pavone and representatives from CalFire regarding the areas of the Fire District those are under consideration for a reclassification from state responsibility area (SRA) to local responsibility area (LRA). What this means is that the district may bear costs instead of the State for major incidents.

e. Administration – Administrative Manager Rannals

- Reimbursement of State Mandated Costs – she reported that the District qualifies for reimbursement of costs associated with the “open meeting” laws. A request for reimbursement, from 2005-2009 was made for approximately \$7,500.

f. Board of Directors

- North County Dispatch JPA – Update – Director Ashcraft: actions from the meeting held February 25, 2010 include acceptance of the FY09 audit and a space needs assessment. The next meeting is scheduled for May 25.
- County Service Area 17 – Update – Director Hickerson: nothing to report.
- Comments:
 - Malin: commented on the various media reports on the public service pensions.
 - Tanner: inquired about the Merriam Mountain development. Fire Marshal Hunter informed Mr. Tanner that he has done presentations to interested parties about shelter in place communities.
 - Hillgren: announced her husband Greg has agreed to serve on the Board of Directors for the Burn Institute.

8. Adjournment

Meeting adjourned at 2:47 pm.

Karlena Rannals
Secretary

James H Ashcraft
President



**RANCHO SANTA FE FIRE PROTECTION DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING
MINUTES – April 8, 2010**

President Ashcraft called to order the special meeting of the Rancho Santa Fe Fire Protection District Board of Directors at 8:30 am.

Pledge of Allegiance

Director Hickerson led the assembly in the *Pledge of Allegiance*.

1. Roll Call

Directors Present: Ashcraft, Hickerson, Hillgren, Malin, Tanner

Directors Absent: None

Staff Present: Nick Pavone, Fire Chief; Tony Michel, Deputy Chief; and Karlana Rannals, Board Clerk.

2. Public Comment

No one requested to speak to the Board.

3. Motion waiving reading in full all Resolutions/Ordinances

MOTION BY DIRECTOR MALIN, SECOND BY DIRECTOR HICKERSON, CARRIED 5 AYES; 0 NOES; 0 ABSENT; 0 ABSTAIN to waive reading in full of all resolutions/ordinances.

4. Resolutions/Ordinances

a. *Resolution No. 2010-01*

Chief Pavone informed the Board that the District must update its resolution annually to participate in the Fire Mitigation Fee Fund program administered by the County of San Diego. He reported that the fee set by the County of San Diego Board of Supervisors would remain the same for next fiscal year, 46 cents per square foot for new construction.

MOTION BY DIRECTOR MALIN, SECOND BY DIRECTOR HICKERSON, and ADOPTED Resolution No. 2010-01 entitled a *Resolution of the Board of Directors of the Rancho Santa Fe Fire Protection District to participate in the San Diego County Fire Mitigation Fee Program* on the following roll call vote:

AYES: Ashcraft, Hickerson, Hillgren, Malin, Tanner
NOES: None
ABSENT: None
ABSTAIN: None

5. Adjournment

Meeting adjourned at 8:33 am.

Karlana Rannals
Secretary

James H Ashcraft
President

RANCHO SANTA FE FIRE PROTECTION DISTRICT

List of Demands - March 2010

Check	Amount	Vendor	Purpose
20334	\$399.00	A to Z Plumbing Inc	Station Maintenance
20335	\$629.20	Accme Janitorial Service Inc	Building - Admin
20336	\$29,877.00	American Wrecking Inc	FBR #3 Replacement
20337	\$181.66	AT&T Calnet 2	Telephone
20338	\$2,464.50	County of SD/RCS	800 MHz Network Admin Fees
20339	\$2,725.96	Guardian Life Insurance Co	Dental Insurance
20340	\$59,441.85	Health Net	Medical Insurance
20341	\$417.03	North County EVS Inc	Apparatus Tools/Equipment Repair
20342	\$690.55	Olivenhain Municipal Water District	Water
20343	\$675.00	On-Call Computer Services	Consulting Services
20344	\$509.82	R J Safety Supply Co Inc	Calibration/Maintenance
20345	\$50,000.00	Rancho Santa Fe Fire P D	Interfund Transfer
20346	\$25.00	RSFPFA	Firefighters Assn.
20347	\$51.00	Terminix International	Building - Monthly Service
20348	\$1,683.22	The SoCo Group Inc	Gasoline & Diesel Fuel
20349	\$632.37	Waste Management Inc	Trash Disposal
20350	\$282.68	Willis, Erwin L.	Computer Equipment/Parts Reimbursement
20351	\$295.00	Advanced Communications Systems	Radio (Mobile Repair)
20352	\$440.81	AT&T Calnet 2	Telephone
20354	\$395.00	Bennett, Luke D.	CSA-17 - Supplies
20355	\$676.99	Blend	Outside Printing & Binding
20357	\$688.80	Cnty of SD Dept.of Public Work	FBR #3 Replacement
20358	\$1,748.36	Complete Office of California Inc	Office Supplies
20359	\$130.00	Danner Chris	CSA-17 - Supplies
20360	\$2,807.00	Design Space Modular Buildings Inc	FBR #3 Replacement
20361	\$1,317.03	Direct Energy Business - Dallas	Elec/Gas/Propane
20362	\$315.00	DOSH - ERT Unit	Permits - County/City
20363	\$50.03	ECMS	Alterations
20364	\$538.52	Fire ETC Inc	Safety Clothing
20365	\$350.00	Focus Psychological Service	Critical Incident Debrief
20366	\$901.05	Galls Retail	Uniform - Safety Personnel

RANCHO SANTA FE FIRE PROTECTION DISTRICT

List of Demands - March 2010

Check	Amount	Vendor	Purpose
			Station Maintenance/Janitorial/FBR #3
20367	\$593.82	Home Depot, Inc	Replacement/Apparatus tool/Equipment Replacement
20368	\$370.00	Jauregui & Culver Inc	Refuel Facility Repair
20369	\$465.00	McQuead, David C	School Education/Training Reimbursement
20370	\$192.60	Metro Fire & Safety Inc	Extinguishers
20371	\$20.00	Mosby, Dale	Suppression Local Conf/Seminars
20372	\$12,381.16	North County EVS Inc	Apparatus Repair/Scheduled Maintenance
20373	\$3,486.00	Palomar College	In-Service Taining Program
20374	\$1,122.28	Parkhouse Tire, Inc.	Tires & Tubes
20375	\$239.74	Rannals, Karlena	Meetings/Meal Expenses/Mileage/Medical Reimbursement
20376	\$75.00	RSFPFA	CSA-17 - Supplies
20377	\$352.95	San Diego Gas & Electric	Elec/Gas/Propane
20378	\$700.00	Santa Fe Irrigation District	Vehicle Site Rental
20379	\$13.90	Shore, Stuart W.	Meetings/Meal Expenses Reimbursement
20380	\$250.00	Smith, Grant	School Education/Training/Mileage Reimbursement
20381	\$119.63	TSI Inc	Fit Testing Supplies
20382	\$58.48	U P S	Shipping Service
20383	\$630.20	Verizon Wireless	Telephone - Cellular
20384	\$5,100.00	WinTech Computer Services	Consulting Services
20385	\$418.00	A to Z Plumbing Inc	Building - Repair/Maintenance
20386	\$916.66	AT&T Calnet 2	Telephone
20389	\$2,870.26	Blend	Outside Printing & Binding
20391	\$5,000.00	Cnty of SD Dept.of Public Work	FBR #3 Replacement
20392	\$29.05	Daniels Tire Service Inc	Vehicle Scheduled Maintenance
20393	\$59.99	Directv	FBR #3 Replacement
20394	\$269.50	Door Service & Repair Inc	Station Maintenance
20395	\$882.35	Fire ETC Inc	Safety Clothing
20396	\$320.04	Galls Retail	Uniform - Safety Personnel
20397	\$62.50	Geocon Inc	FBR #3 Replacement
20398	\$2,725.96	Guardian Life Insurance Co	Dental Insurance
20399	\$59,441.85	Health Net	Medical Insurance

RANCHO SANTA FE FIRE PROTECTION DISTRICT

List of Demands - March 2010

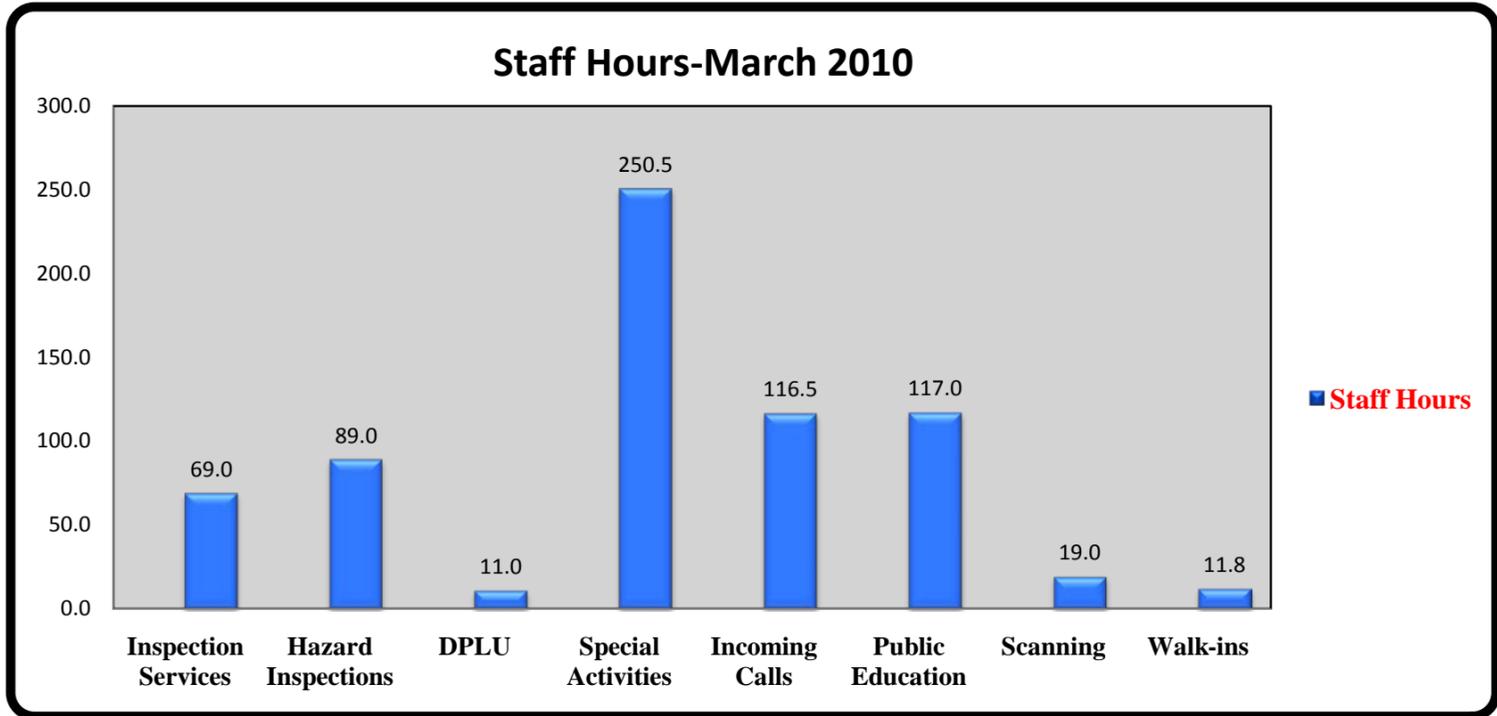
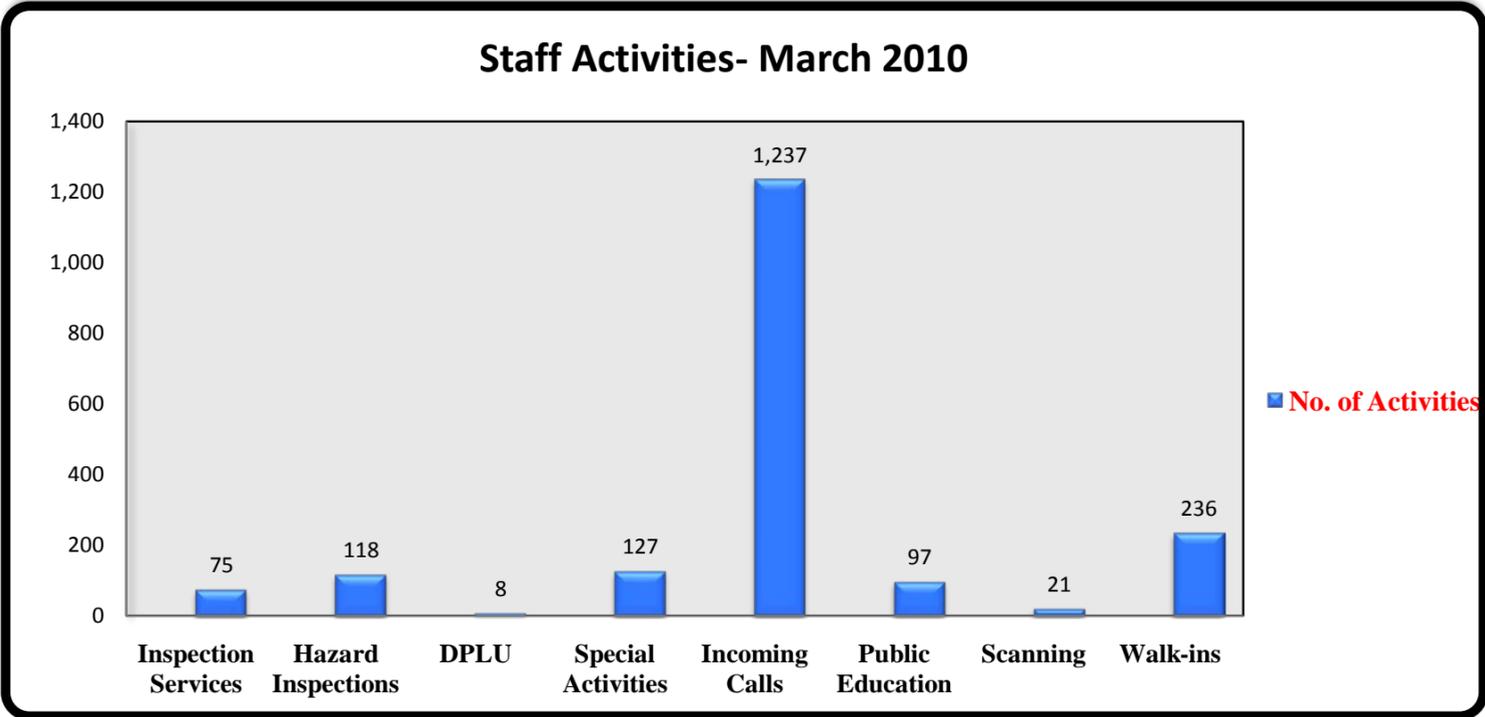
Check	Amount	Vendor	Purpose
20400	\$288.85	HSBC Business Solutions	Janitorial Supplies
20401	\$810.00	Jeff Katz Architecture	FBR #3 Replacement
20402	\$58.50	Olson's Hand Car Wash Inc	Car Wash
20403	\$306.00	Roadone	Towing
20404	\$25.00	RSFPFA	Firefighters Assn.
20405	\$5,136.07	San Diego Gas & Electric	Elec/Gas/Propane
20406	\$850.00	Santa Fe Irrigation District	FBR #3 Replacement
20407	\$225.00	SDCFCA - FPO Section	Prevention - Local Conference/Seminars
20408	\$11,722.00	Shapouri Engineering Company Inc	FBR #3 Replacement
20409	\$235.59	So Cal Sanitation LLC	FBR #3 Replacement
20410	\$358.84	Sturtevant, James F.	Station Replacement - Reimbursement
20411	\$30.76	The Lincoln National Life Ins Co	Disability/Life Insurance
20412	\$3,163.08	The SoCo Group Inc	Gasoline & Diesel Fuel
20413	\$16.74	TSI Inc	Fit Testing Supplies
20414	\$22.00	U P S	Shipping Service
20416	\$156.26	AT&T	Telephone
20418	\$17.00	Bennett, Luke D.	Certification
20419	\$136.50	C.A.P.F.	Disability/Life Insurance
20420	\$245.02	Cnty of SD DPLU	FBR #3 Replacement
20422	\$1,560.33	Direct Energy Business - Dallas	Elec/Gas/Propane
20423	\$231.00	Jerome, John	Dental Insurance
20424	\$239.00	New Earth Enterprises Inc	Landscaping Maintenance Service
20425	\$100.57	Rannals, Karlena	Admin-Meal/Lodging/Travel
20426	\$745.00	Rose Business Solutions Inc	Consulting Services
20427	\$158.50	Terminix International	Building - Monthly Service
20428	\$22.00	U P S	Shipping Service
20429	\$185.00	U S Postal Service	Bulk Rate/Business Reply Permit Cellular Phones New/Replacement/Cell Service/MDT
20430	\$2,474.34	Verizon Wireless	Broadband + ATN Line
20431	\$121.83	Willis, Erwin L.	Computer Equipment/Parts Reimbursement
20432	\$6,781.90	U S Bank Corporate Payment System	Cal-Card./IMPAC program

RANCHO SANTA FE FIRE PROTECTION DISTRICT

List of Demands - March 2010

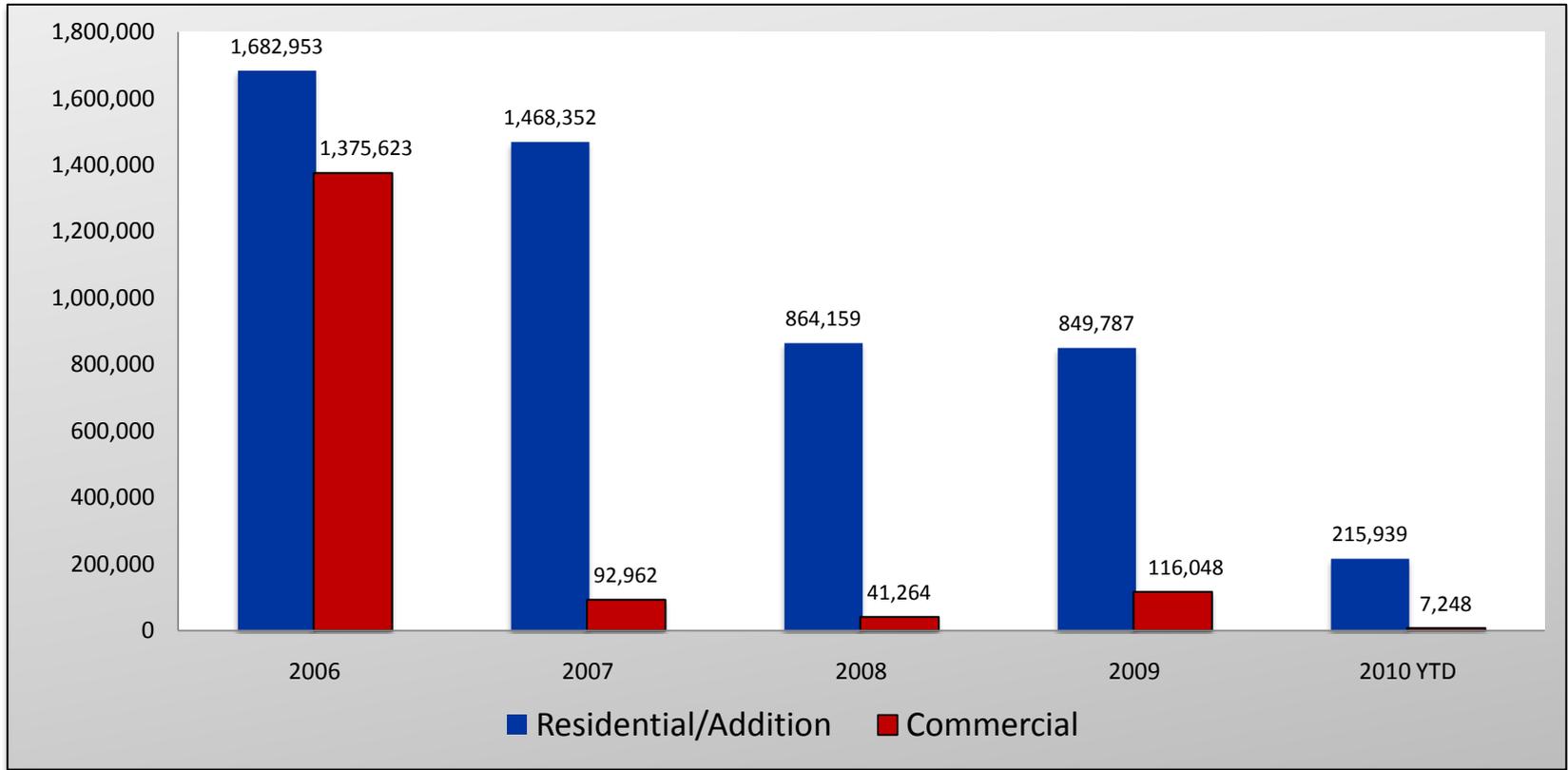
Check	Amount	Vendor	Purpose
Various	\$6,664.88	Various	Medical Reimbursement
Sub-total	<u>\$303,593.91</u>		
3/15/2010	\$239,740.97	Rancho Santa Fe Fire PD	Payroll
3/30/2010	\$2,434.80	Rancho Santa Fe Fire PD	Payroll
3/31/2010	\$188,115.50	Rancho Santa Fe Fire PD	Payroll
Sub-total	<u>\$430,291.27</u>		
TOTAL	<u><u>\$733,885.18</u></u>		

Prepared by Connie P. Balignasay



2010 Total Monthly Hours/Activities

2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<i>Activities</i>			1919									
<i>Hours</i>			683.8									



Year	Res/Add	Comm	Total
2006	1,682,953	1,375,623	3,058,576
2007	1,468,352	92,962	1,561,314
2008	864,159	41,264	905,423
2009	849,787	116,048	965,835
2010 YTD	215,939	7,248	223,187

Comparison 2009/2010 Total Square Footage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	68,294	65,561	47,061	62,307	171,971	53,878	148,534	68,269	117,324	7,950	42,794	111,892
2010	64,770	128,133	30,284									

PLAN REVIEW

RESIDENTIAL PLAN REVIEWS	Number of Structures	Sq Footage
TOTAL	5	18,479
RESIDENTIAL ADDITIONS	Original Sq Footage	Added Sq Footage
TOTAL	38,705	11,805
COMMERCIAL PLAN REVIEWS	Number of Structures	Sq Footage
TOTAL	0	0
TOTAL NEW CONSTRUCTION		Sq Footage
Based on permitted Sq footage	Total Added	30,284
FIRE SPRINKLER REVIEWS	Commercial	Residential
TOTAL	1	10
TENANT IMPROVEMENTS	Number of Structures	Sq Footage
TOTAL	322,561	167,131
LANDSCAPE REVIEWS	Number of Reviews	Staff Hours
TOTAL	24	21.0

SERVICES PROVIDED- FIRE PREVENTION

DPLU -All Staff	Number	Staff Hours
Use Permits	1	2.0
Zaps	1	1.0
Administrative Review	1	1.0
Approval Letters	5	7.0
TOTAL	8	11.0
INSPECTION SERVICES- All Staff	Number of Inspections	Staff Hours
Hydros (Fire Sprinklers)	23	23.0
Finals (Structure)	21	23.0
Landscape	4	4.0
Reinspections	7	4.0
Tents/Canopy	2	2.0
Department of Social Services Licensing	1	1.0
Knox/Strobe (Fire Access)	2	2.0
Code Enforcement	4	4.0
Engine Company Follow Up	11	6.0
TOTAL	75	69.0
HAZARD INSPECTIONS - All Staff	Number of Inspections	Staff Hours
Weed Abatement Inspection	41	27.0
Weed Abatement Reinspection	34	25.0
1st Notice	17	8.0
2nd Notice	8	3.0
Final Notice	3	2.0
Forced Abatement	1	1.0
Annual Mailers	1	10.0
Homeowner Meeting	11	11.0
WUI	2	2.0
TOTAL	118	89.0
GRADING -All Staff	Number of Inspections	Staff Hours
Plan Review	7	8.0
Site Inspection	1	1.0
TOTAL	8	9.0

ADMINISTRATIVE SERVICES- FIRE PREVENTION

SPECIAL ACTIVITIES/EDUCATION-All Staff	Number	Staff Hours
Fire Protection Review	2	7.0
Hazmat	2	3.0
Emergency Response/Support	8	3.0
Training Classes	10	33.0
Confrences	9	80.0
Meetings	54	72.5
Scanning	21	19.0
Other	1	8.0
Supervison	20	25.0
TOTAL	127	250.5
FIRE PREVENTION -All Staff	Number	Staff Hours
Incoming Phone Calls	1,237	116.5
Consultations	13	13.5
General Office	12	13.0
TOTAL	1,262	143.0
PUBLIC EDUCATION - PRC	Number	Staff Hours
<i>Website/Internet:</i>		
Update existing info & documents	2	3.0
Compile & write new information	2	3.0
Website Hits	2,087.0	
Social Media (Facebook, Twitter)	153.0	2.0
<i>Publications:</i>		
Design/Write Brochures , Flyers, etc.	1.0	1.0
Fire Wire (Quarterly)	1	2.0
<i>Media Relations:</i>		
Press Releases	1.0	3.0
Other Articles/Stories/Interviews	1	1.0
<i>Educational Prorgams/Presentations:</i>		
Childrens Programs	5	11.0
Child Safety Seat Installations	16	19.0
Adult Programs	1	2.0
<i>Events:</i>		
<i>Clerical :</i>		
Prevention Related	65	65.0
Meeting Minutes	2	5.0
TOTAL	97	117.0

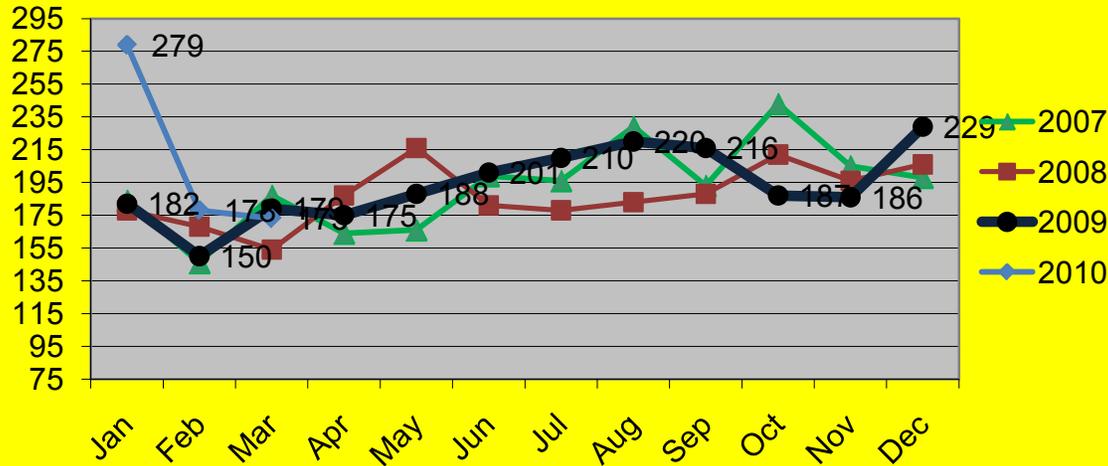
ADMINISTRATIVE SERVICES- OFFICE SUPPORT

OFFICE COORDINATOR-PREVENTION	Number	Staff Hours
Phone Calls (All Administrative Staff)	910	45.5
Walk in/Counter (All Administrative Staff)	236	11.8
Knox Application Request	7	0.6
UPS Outgoing Shipments	3	0.3
Plan Accepted/Routed	44	7.3
Formatting Policies	18	20.0
Deposits	8	8.0
Bank Run & Mail	21	13.0
Special Projects:	10	19.0
Scanning Documents	18	18.0
Meetings: Shift meeting, motivational speaker conf	2	4.0
Training Classes: Extinguisher Class	1	1.0
TOTAL	1,278	148

Rancho Santa Fe Fire Protection District Incident Response Report

April 2010 Board Report

Four Year Monthly Response Comparison

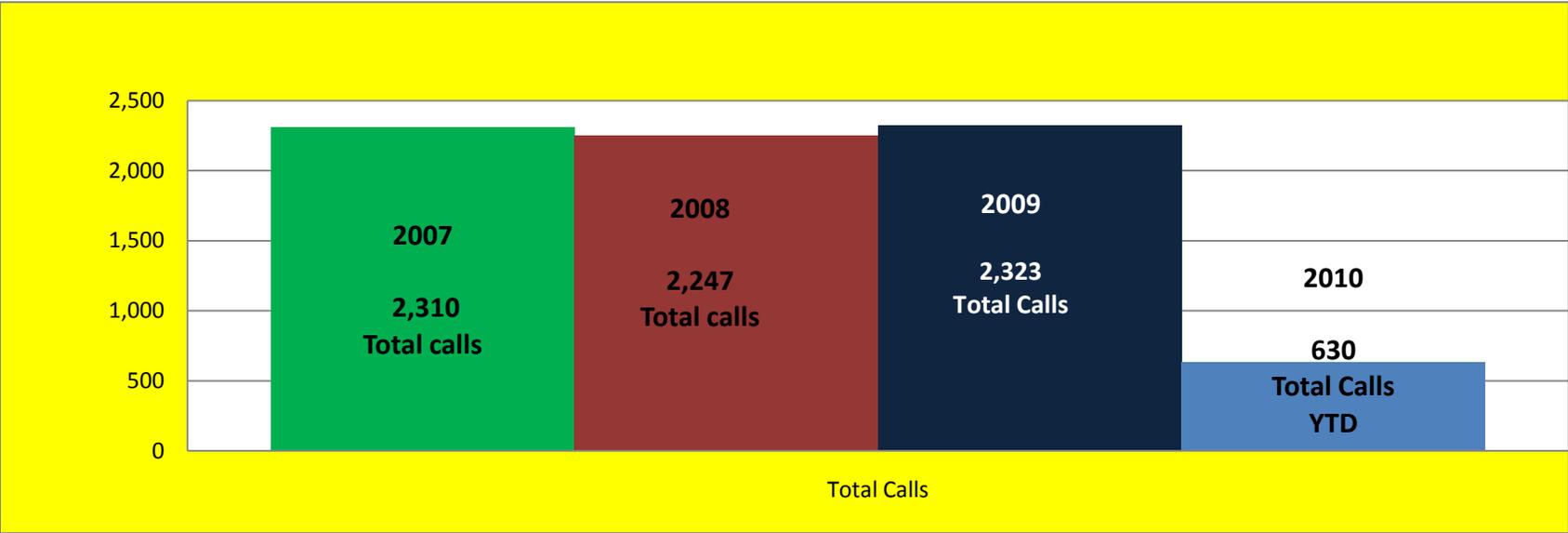


2007	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Responses
Responses	184	146	187	164	166	199	196	229	193	243	205	198	2,310
YTD	184	330	517	681	847	1,046	1,242	1,471	1,664	1,907	2,112	2,310	21% increase

2008	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Responses
Responses	178	168	154	187	216	181	178	183	188	212	196	206	2,247
YTD	178	346	500	687	903	1,084	1,262	1,445	1,633	1,845	2,041	2,247	2.7% decrease

2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Responses
Responses	182	150	179	175	188	201	210	220	216	187	186	229	2,323
YTD	182	332	511	686	874	1,075	1,285	1,505	1,721	1,908	2,094	2,323	3.4% increase

2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Responses
Responses	279	178	173										630
YTD	279	457	630	630	630	630	630	630	630	630	630	630	630



Incident Summary by Incident Type

Date Range: From 03/01/2010 To 03/31/2010

Incident Type(s) Selected: All

Incident Type	Incident Count	Used in Ave. Resp.	Average Response Time hh:mm:ss	Total Loss	Total Value
Fire	5	5	00:04:18	\$1,200.00	\$1,450.00
EMS/Rescue	82	80	00:05:52	\$0.00	\$0.00
Hazardous Condition	4	4	00:04:15	\$0.00	\$0.00
Service Call	24	13	00:06:27	\$0.00	\$0.00
Good Intent	45	9	00:05:42	\$0.00	\$0.00
False Call	13	12	00:06:06	\$0.00	\$0.00
Blank or Invalid	2	0		\$0.00	\$0.00
Totals	175	123		\$1,200.00	\$1,450.00

Note: The incident count used in averages does not include the following:

Not Completed incidents, Mutual Aid Given, Other Aid Given, Cancelled in Route, Not Priority, Fill-In Standby, No Arrival and Invalid Dates/Times.

March 2010

March 2010						April 2010							
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
7	8	9	10	11	12	13	4	5	6	7	8	9	10
14	15	16	17	18	19	20	11	12	13	14	15	16	17
21	22	23	24	25	26	27	18	19	20	21	22	23	24
28	29	30	31				25	26	27	28	29	30	

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Feb 28 - Mar 6	Feb 28	Mar 1	2	3	4	5	6
		Fire House World 2010; San Diego Convention Center				Fire Prevention	
Mar 7 - 13	7	8	9	10	11	12	13
		9:00am B Shift Meetir 1:30pm Admin Shift M	9:30am Shift Meeting	SOL, DMR multi comp	Fire Prevention	Fire Prevention 1:30pm Career Day fc 3:30pm Station Tour;	
Mar 14 - 20	14	15	16	17	18	19	20
		9:00am Trench Rescu 1:30pm Trench Rescu	9:00am Trench Rescu 1:30pm Trench Rescu	9:00am Trench Rescu 1:30pm Trench Rescu	8:30am Windows 7 Tr 9:00am SCBA Fit Test	8:30am Windows 7 Tr 9:00am North Zone R	8:30am Windows 7 Tr 9:00am SCBA Fit Test
Mar 21 - 27	21	22	23	24	25	26	27
	3:00pm Review New F	9:00am Leadership Tr 1:30pm Leadership Tr	9:00am Trench Rescu 1:30pm Trench Rescu 1:30pm Review New F	9:00am Captain's Mer 1:30pm Trench Rescu	9:00am Trench Rescu 1:30pm Trench Rescu	Fire Prevention	8:00am Elfin Forest H
Mar 28 - Apr 3	28	29	30	31	Apr 1	2	3
	9:00am Leadership Tr 1:30pm Leadership Tr	9:00am Leadership Tr 12:15pm 2613 - Pizza F 1:30pm Leadership Tr	Fire Prevention 9:00am Regal Fire PIA 1:00pm Pizza Party; M	9:00am Carranza 1st (

**REAL PROPERTY PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS**

THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT

(this “Agreement”) is entered into as of April ____, 2010 (the “Effective Date”), by and between CIELO VILLAGE, LLC, a California limited liability company (the “Seller”), and RANCHO SANTA FE FIRE PROTECTION DISTRICT, a special district organized under the laws of the State of California (the “Buyer”). In consideration of the mutual covenants and agreements contained in this Agreement, Buyer and Seller agree as follows:

1. BASIC TERMS

1.1 Property. The “Property” is defined in Section 2.1 below.

1.2 Purchase Price. The “Purchase Price” is One Million Four Hundred Eighty-Two Thousand Four Hundred Eighty Dollars (\$1,482,480).

1.3 Escrow. Promptly after the date this Agreement is executed, an escrow (the “Escrow”) shall be opened with First American Title Insurance Company, with an address of 3281 East Guasti Road, Suite 490, Ontario, California 91761, Attention: Janette DeLap, Senior Commercial Escrow Officer, Telephone: 909.510.6206, Facsimile: 909.363.7356, Email: jdelap@firstam.com (the “Escrow Holder”). This Agreement shall constitute both an agreement between Seller and Buyer and escrow instructions for Escrow Holder. Seller and Buyer shall promptly execute and deliver to Escrow Holder any additional escrow instructions requested by Escrow Holder which are consistent with the terms of this Agreement. Any additional instructions shall not modify or amend the provisions of this Agreement unless expressly agreed in writing by Buyer and Seller.

1.4 Review Periods. Buyer shall have until the 60th day after the Effective Date (the “Decision Date”) to complete its reviews of the property all in accordance with Section 3. Should Seller be delayed in the delivery of the items required under Sections 3.1.1 and 3.1.2 beyond the times specified therein then the Decision Date shall be extended one day for each day of delay in delivery by Seller.

1.5 Closing Date. Escrow shall close upon issuance of a Certificate of Occupancy for the Property (the “Closing Date”). “Closing” means the date the Grant Deed conveying the Property to Buyer (the “Deed”) is recorded in the Official Records of San Diego County, California. The Deed shall be in the form of, and upon the terms contained in, Exhibit E attached hereto.

1.6 Title. The title company shall be First American Title Insurance Company (the “Title Company”), with an address of 3281 East Guasti Road, Suite 490, Ontario, California 91761, Attention: David Hughes, Title Officer, Telephone: 909.510.6207, Facsimile: 909.363.7356, Email: dhughes@firstam.com.

1.7 Seller's Address for Notices. All notices to be provided to Seller shall be sent to the following addresses:

Cielo Village, LLC
8775 Aero Drive, Suite 335
San Diego, California 92123
Attention: Mort McCarthy
Telephone: (858) 277-4305 ext. 223
Email: mort@packard-1.com

With a copy to:

Lamb & Kawakami LLP
333 South Grand Avenue, Suite 4200
Los Angeles, California 90071
Attention: Ronald L. Rodgers, Esq.
Telephone: (213) 630-5575
Email: rrodgers@lamb-kawakami.com

1.8 Buyer's Address for Notices. All notices to be provided to Buyer shall be sent to the following addresses:

Rancho Santa Fe Fire Protection District
16936 El Fuego
Rancho Santa Fe, California 92067
Attention: Nicholas Pavone, Fire Chief
Telephone: (858) 756-5971
Email: Pavone@RSF-Fire.org

With a copy to:

Fitch Law Firm
3465 Camino Del Rio South, Ste. 250
San Diego, California 92108
Attention: Stephen J. Fitch, Esq.
Telephone: (619)282-8100
Email: steve@fitchlawfirm.com

2. PURCHASE AND SALE

2.1 Agreement to Buy and Sell. Subject to all of the terms and conditions of this Agreement, Seller agrees to sell and convey to Buyer, and Buyer agrees to acquire and purchase from Seller, the following (collectively, the "Property"): that certain improved real property described in Exhibit A, commonly known as Building 1 of Cielo Village, located at 18027 Calle Ambiente, Rancho Santa Fe, California 92067; all of Seller's right, title and interest in and to (i) all structures (including an approximate 6,177 square foot building), improvements and fixtures situate on such parcel, together with all the rights, signage, access and other easements

and appurtenances pertaining thereto, and other easements, and privileges appurtenant to the Property including, without limitation, any right, title and interest of Seller (if any) in and to adjacent streets and rights-of-way, strips and gores, and alleys, whether public or private and all other rights relating thereto, and (ii) all intangible property relating to the Real Property, including, without limitation, engineering studies and reports, soils reports, improvement and landscape plans, governmental permits and approvals, architectural, site and other permits, applications, approvals, authorizations and other entitlements and other contract rights, all studies, reports, test results, environmental assessments, as-built plans and specifications, and all warranties and utility contracts. Said easements shall also include easements for twenty (20) parking spaces. These twenty (20) parking spaces shall at all times be dedicated to the exclusive use of Buyer. The location of such dedicated parking spaces are depicted on Exhibit B. In addition, the ECC&Rs (defined in Section 3.3.3) shall provide that when Buyer reasonably determines additional exclusive spaces are necessary, Seller (or the Association) shall designate up to six (6) additional tandem parking spaces to be located as indicated on Exhibit B. Any other parking spaces shall be on a non-exclusive basis including the 1-hour visitor parking spaces.

2.2 Build To Suit. The 6,177 square foot building (the "Building") being purchased by Buyer, as part of the Property, shall be improved by Seller prior to Closing to meet Buyer's specifications. Exhibit B attached hereto, entitled "Preliminary Planning #3" and dated November 16, 2009, is a preliminary floor plan for the proposed improvements. Buyer and Seller agree that the building shall be delivered in a "turnkey" ready-to-occupy state. Detailed specifications shall be developed between Seller and Buyer in accordance with the "Work Letter" attached hereto as Exhibit C.

2.3 Payment of Purchase Price. The Purchase Price shall be payable as follows:

2.3.1 Initial Deposit. Within three (3) business days of Escrow Holder's notification that this Agreement has been duly executed by the parties, Buyer shall deposit One Hundred Thousand Dollars (\$100,000) (the "Initial Deposit") into Escrow, by certified check or wire transfer of federal funds or in other immediately available funds. Except as otherwise stated in this Agreement, the Initial Deposit shall be non-refundable to Buyer after the Decision Date. The Initial Deposit shall be held in an interest-bearing escrow account by Escrow Holder in an institution as directed by Purchaser. The Initial Deposit and all interest accrued thereon while in Escrow shall be applied to the Purchase Price at Closing.

2.3.2 Second Deposit. Within three (3) business days of the completion of (i) the detailed specifications for the Building as contemplated by Section 2.2 of this Agreement and (ii) the Cost Estimate (as defined in the Work Letter), any amount necessary to complete the improvements in excess of the Allowance set forth in the Work Letter (\$137,428) shall be deposited into Escrow (the "Second Deposit") by certified check or wire transfer of federal funds or in other immediately available funds prior to the commencement of any work of improvement in the Building. In no event shall the requirement to make the Second Deposit occur prior to the Decision Date. The Second Deposit shall be released to Seller immediately upon the commencement of the work and shall be strictly non-refundable to Buyer except as provided herein. The Second Deposit shall not be applied to the Purchase Price.

2.3.3 Balance of Purchase Price. At least one (1) business day prior to the Closing Date, Buyer shall deposit into Escrow the balance of the Purchase Price, subject to

adjustment by reason of any applicable prorations and the allocation of closing costs described below. The deposit required by this paragraph shall be made by cashier's check, wire transfer of federal funds or another immediately available form.

2.4 Title Matters.

2.4.1 General. If this Agreement is not terminated prior to Closing in accordance with the terms hereof, Seller shall convey fee title to the Property to Buyer by the Deed, subject only to the "Permitted Exceptions" (defined below).

2.4.2 Title Insurance. At the close of Escrow, Seller shall cause the Title Company to issue and deliver to Buyer a CLTA standard coverage form policy of title insurance, with liability and limits in the amount of the Purchase Price, insuring title to the Property as vested in Buyer in fee simple absolute, subject only to the Permitted Exceptions (the "Owner's Policy"). Buyer may, at its option, require that the Owner's Policy be an ALTA extended coverage policy instead of a CLTA standard coverage policy so long as that does not cause a delay to the Closing and Buyer pays the additional cost therefor (including the cost of any survey required by the Title Company).

2.5 Seller's Conditions. Seller shall have received written confirmation from the County of San Diego that the sale of the Property to Buyer is exempt from the requirements of the Subdivision Map Act. If Seller has not received said written confirmation from the County of San Diego on or before the Decision Date, Seller may terminate this Agreement in accordance with Section 3.5. Seller's failure to terminate on or before the Decision Date shall constitute Seller's waiver of this condition.

3. FEASIBILITY REVIEW PERIOD

3.1 Deliveries by Seller.

3.1.1 Within five (5) days after the Effective Date, Seller shall use it's best efforts to cause the Title Company to deliver to Buyer a copy of a current standard coverage preliminary title report issued by the Title Company showing the condition of title to the Property, accompanied by copies of all documents referred to in the report (collectively, the "PTR").

3.1.2 Within five (5) days after the Effective Date, Seller shall make available to Buyer all documents and materials in Seller's possession or control which relate to the Property, including, without limitation, all leases, maps, conditions of approval, plans, development agreements, specific plans, cost estimates, title reports, toxic studies reports, grading plans, surveys, and environmental reports.

3.1.3 Upon receipt of Buyer's written request, Seller shall promptly provide or make available to Buyer copies of other non-privileged documents and materials that materially relate to the Property that are in Seller's possession.

3.2 Buyer's Review of Title.

3.2.1 Buyer shall have twenty (20) days following the Effective Date within which to deliver to Seller written notice of Buyer's approval or conditional approval of title as shown on the PTR (the "Disapproved Exceptions"). Buyer's failure to provide the written notice on or before such date shall constitute Buyer's disapproval of the condition of title as shown on the PTR.

3.2.2 If Buyer timely notifies Seller of its Disapproved Exceptions, Seller shall notify Buyer in writing on or before the twenty fifth (25th) day after the Effective Date that: (a) Seller has removed the Disapproved Exceptions from title (or met Buyer's conditions for approval of a title exception); or (b) Seller is covenanting to do so as of or before Closing; or (c) Seller will not remove (or meet the conditions of approval of) specified Disapproved Exceptions. Failure to address Disapproved Exceptions in any notice, or failure to give such a notice, shall constitute Seller's statement that it will not remove or otherwise address the Disapproved Exceptions.

3.2.3 If Seller does not remove or covenant to remove (or meet or covenant to meet the conditions of approval of) any Disapproved Exceptions, Buyer shall have the right to terminate this Agreement on or before the Decision Date or to waive its objection to the Disapproved Exceptions in question and proceed to Closing as Buyer's sole and exclusive remedy. Buyer's failure to provide written notice of termination on or before the Decision Date shall constitute Buyer's waiver of its disapproval of the Disapproved Exceptions. In the case of Buyer's waiver (or deemed waiver) of Disapproved Exceptions, Seller shall have no obligation to remove or otherwise address the Disapproved Exceptions from title and such waived Disapproved Exceptions shall be deemed approved. If Buyer elects to terminate this Agreement, the provisions of Section 3.4 shall apply.

3.2.4 In the event that Title Company, after the delivery of the PTR, but prior to the Closing Date, issues and delivers to Seller a supplement ("Supplement") to the PTR or the Survey containing additional material title exceptions or survey matters, Seller shall promptly deliver to Buyer a copy of the Supplement. Buyer shall have twenty (20) days following delivery of the Supplement within which to deliver to Seller written notice of Buyer's approval or conditional approval of title as shown on the Supplement (the "Supplement Disapproved Exceptions"). Buyer's failure to provide the written notice on or before such date shall constitute Buyer's disapproval of the condition of title as shown on the Supplement.

3.2.5 If Buyer timely notifies Seller of its Supplement Disapproved Exceptions, Seller shall notify Buyer in writing on or before the twenty fifth (25th) day after the delivery of the Supplement that: (a) Seller has removed the Supplement Disapproved Exceptions from title (or met Buyer's conditions for approval of a title exception); or (b) Seller is covenanting to do so as of or before Closing; or (c) Seller will not remove (or meet the conditions of approval of) specified Supplement Disapproved Exceptions. Failure to address Supplement Disapproved Exceptions in any notice, or failure to give such a notice, shall constitute Seller's statement that it will not remove or otherwise address the Supplement Disapproved Exceptions.

3.2.6 If Seller does not remove or covenant to remove (or meet or covenant to meet the conditions of approval of) any Supplement Disapproved Exceptions, Buyer shall have the right to terminate this Agreement or to waive its objection to the Supplement Disapproved Exceptions in question and proceed to Closing as Buyer's sole and exclusive remedy. In the case of Buyer's waiver of Supplement Disapproved Exceptions, Seller shall have no obligation to

remove or otherwise address the Supplement Disapproved Exceptions from title and such waived Supplement Disapproved Exceptions shall be deemed approved. If Buyer elects to terminate this Agreement as provided herein, Buyer shall give Seller and Escrow Holder written notice that Buyer elects to terminate this Agreement. In the event Buyer elects to terminate this Agreement pursuant to this Sub-Section, the Escrow Holder or Seller as the case may be shall return to Buyer the Initial Deposit and Second Deposit (with any interest accruing thereon) and Buyer shall deliver to Seller a duly executed and acknowledged quitclaim deed as described in Section 6.13 below; Buyer and Seller shall equally pay all title and escrow charges; and neither party shall thereafter have any further rights or obligations under this Agreement unless expressly provided otherwise in this Agreement.

3.2.7 In this Agreement, the term “Permitted Exceptions” means:

(a) installments of general and special real property taxes and assessments not then delinquent; (b) any encumbrance arising from the acts or omissions of Buyer; and (c) any other exception showing on the PTR other than the Disapproved Exceptions that Seller removes or covenants to remove.

3.2.8 At the Closing, Title Company shall be irrevocably committed to issue to Buyer an extended coverage ALTA owner’s policy of title insurance in the amount of the Purchase Price, showing title to the Real Property vested in Buyer, and containing no exceptions to title other than as set forth in subsections A. and B. below (“Title Policy”):

A. The printed exceptions to title and exclusions from coverage contained in Title Company’s standard policy of title insurance (ALTA extended coverage); and

B. Permitted Exceptions, specifically excluding any Monetary Liens (which Seller shall remove, or cause to be removed, from title on or before the Closing Date). As used herein Monetary Liens shall mean all monetary liens and encumbrances against the Property, excluding real property taxes and assessments not yet due and payable, unless said lien or encumbrance was caused by Buyer.

3.3 Buyer’s Review of the Property and Agreements.

3.3.1 Review. On or before the Decision Date, Buyer shall have caused the (a) review of the documents and other materials delivered pursuant to Section 3.1.2 and 3.1.3; and (b) preparation of, obtained, reviewed (or shall have chosen not to have reviewed) and approved, among other things, all reports of investigations of the Property, including such structural, mechanical, soils, geological, engineering and environmental tests and reports and other inspections of the Property as Buyer shall deem necessary in order to determine whether the Property is suitable for Buyer’s intended use, as well as investigated all applicable zoning requirements, federal, state and local laws, ordinances, rules, regulations, permits, licenses, approvals and orders. If, on the basis of such review, Buyer reasonably determines that the Property is not suitable for Buyer’s intended use, then on or before the Decision Date, Buyer may terminate this Agreement in accordance with Section 3.4. Buyer’s failure to provide such notice on or before the Decision Date shall constitute Buyer’s approval of the items described in this paragraph and of the condition of the Property.

3.3.2 Physical Testing. If Buyer wishes to conduct any physical testing, boring, sampling, surveys (including, without limitation, an ALTA survey of the Property), or removal

of any portion of the Property (collectively, “Physical Testing”), Buyer shall submit a work plan to Seller for Seller’s prior written approval, which Seller may modify, limit or disapprove in its reasonable discretion. Prior to commencing any such Physical Testing, Buyer shall provide Seller with evidence of insurance insuring Buyer and Seller against any and all liability arising out of Buyer’s or Buyer’s agents’ entry upon the Property, including without limitation any loss or damage to the Property, with coverage in the amount not less than \$1,000,000 per occurrence. Buyer shall be returned to the same condition that existed prior to Buyer’s or Buyer’s Agents’ entry. Buyer shall promptly provide Seller with a copy of any and all information, materials and data that Buyer and/or Buyer’s agents discover, obtain or generate.

3.3.3 Easements, Covenants, Conditions and Restrictions. Seller and Buyer shall on or before the Decision Date agree upon the form and language of Easements, Covenants, Conditions and Restrictions (“ECC&Rs”). Said ECC&Rs shall be recorded against the entire Cielo Village project (the “Project”). Seller shall cause all encumbrances and exceptions for the Project to be subordinated to the ECC&Rs. Said ECC&Rs shall also contain certain use restrictions on the Project. Buyer’s failure to provide written notice of approval of the ECC&Rs on or before the Decision Date shall constitute Buyer’s disapproval of the items described in this paragraph.

3.3.4 Natural Hazards Disclosures. Buyer and Seller hereby instruct the Escrow Holder, or an affiliate thereof (who, in such capacity, is called the “Natural Hazard Expert”), at Buyer’s expense, to examine the maps and other information specifically made available to the public by government agencies for the purposes of enabling Seller to fulfill its disclosure obligations, if and to the extent such obligations exist, with respect to the natural hazards referred to in California Civil Code Section 1103 et seq. and to report the result of its examination to Buyer and Seller in writing.

3.4 Buyer’s Termination. If Buyer elects to terminate this Agreement (or is deemed to elect by disapproval under 3.2.1, 3.2.2, 3.3.1 and 3.3.2) as provided herein, Buyer shall give Seller and Escrow Holder written notice that Buyer elects to terminate this Agreement by the Decision Date. In the event Buyer elects to terminate this Agreement pursuant to this Section, the Escrow Holder shall return to Buyer the Initial Deposit and Second Deposit (with any interest accruing thereon) and Buyer shall deliver to Seller a duly executed and acknowledged quitclaim deed as described in Section 6.13 below; Buyer and Seller shall equally pay all title and escrow charges; and neither party shall thereafter have any further rights or obligations under this Agreement unless expressly provided otherwise in this Agreement.

3.5 Seller’s Termination. If Seller elects to terminate this Agreement as a result of a material breach of Buyer’s obligations hereunder, then within ten (10) business days after the date of the material breach, Seller shall give Buyer and Escrow Holder written notice that Seller elects to terminate this Agreement. In the event Seller elects to terminate this Agreement pursuant to this Section, subject to Section 5.6, the Escrow Holder shall return to the depositor thereof any funds and interest thereon accrued while in Escrow and materials previously placed in Escrow and remaining in Escrow; subject to Section 5.6, Buyer shall deliver to Seller a duly executed and acknowledged quitclaim deed as described in Section 6.13 below; Buyer and Seller shall equally pay all title and escrow charges; and neither party shall thereafter have any further rights or obligations under this Agreement unless expressly provided otherwise in this Agreement.

4. ADDITIONAL AGREEMENTS OF THE PARTIES

4.1 Representations and Warranties.

4.1.1 Buyer's Representations and Warranties. Buyer represents, warrants and covenants to and agrees with Seller as follows:

(a) Buyer's Investigation; "As Is" Purchase. Except as otherwise expressly provided in this Agreement:

(i) There are no representations or warranties of any kind whatsoever, express or implied, made by Seller in connection with this Agreement, the purchase of the Property by Buyer, the physical condition of the Property, the financial performance of the Property, the status of zoning or whether the Property is appropriate for Buyer's intended use;

(ii) On or before the Decision Date, Buyer will have (or will have chosen not to have) fully investigated the Property and all matters pertaining thereto;

(iii) Buyer, in entering into this Agreement and in completing its purchase of the Property, is relying entirely on its own investigation of the Property;

(iv) On or before the Decision Date, Buyer will be aware (or will have chosen not to be aware) of all title matters; zoning regulations; other governmental requirements; site and physical conditions; status of entitlements or the ability to obtain entitlements for Buyer's intended use; potential costs and procedures for operating the Property; potential costs and procedures for developing the Property and constructing Buyer's intended improvements thereon; the past and potential future financial performance of the Property; structural, mechanical or other physical conditions of the Property; soils conditions; status of permits or licenses for the Property; termites or other pests; condition of leases or other contracts relating to the Property; the suitability of the Property for Buyer's intended use; other matters affecting the use and condition of the Property; and any other contingency or other matter whatsoever; and

(v) Buyer shall purchase the Property in its "as is" condition as of the date of Closing. Any and all representations and/or warranties that may be made by Seller in connection with this Agreement or the purchase of the Property shall terminate on the Closing Date and shall not survive Closing.

(b) Authority. Buyer has the power and authority to own the Property and to consummate the transactions contemplated by this Agreement. This Agreement and all instruments, documents and agreements to be executed by Buyer in connection with this Agreement are or when delivered shall be duly authorized, executed and delivered by Buyer and are valid, binding and enforceable obligations of Buyer. Each individual executing this Agreement on behalf of Buyer represents and warrants to Seller that he or she is duly authorized to do so.

4.1.2 Seller's Representations and Warranties. Seller represents, warrants and covenants to and agrees with Buyer as follows:

(a) Authority. Seller has the power and authority to own the Property and to consummate the transactions contemplated by this Agreement. This Agreement and all instruments, documents and agreements to be executed by Seller in connection with this Agreement are or when delivered shall be duly authorized, executed and delivered by Seller and are valid, binding and enforceable obligations of Seller. Each individual executing this Agreement on behalf of Seller represents and warrants to Buyer that he or she is duly authorized to do so.

(b) Requisite Action. All requisite action (corporate, partnership, court or otherwise) has been taken by Seller in connection with the entering into of this Agreement, the execution and delivery of the instruments referenced herein, and the consummation of the transactions contemplated hereby. This Agreement does not violate any provision of any agreement or judicial order to which Seller is a party or to which Seller is subject.

(c) Authority. The individuals executing this Agreement and the instruments referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(d) Documentation. To the actual knowledge of Seller, any and all documents delivered pursuant to Section 3.1.2 and 3.1.3 to Buyer or to be inspected by Buyer are in all material respects true, accurate and complete.

(e) No Default. The execution and delivery of this Agreement, and consummation of the transaction described in this Agreement, will not constitute a default under any contract, lease, or agreement to which Seller is a party and relating to the Property.

(f) No Suits. There is no action, suit or proceeding pending against Seller and relating to or arising out of the ownership, management or operation of the Subject Property, in any court or before or by and federal, state, or municipal department, commission, board, bureau or agency or other governmental instrumentality.

(g) No Taking. There is no pending condemnation, expropriation, requisition or similar proceeding against the Property or any portion thereof. Seller has received no written notice from any governmental authority that any such proceeding is contemplated.

(h) Bankruptcy or Debt of Seller. Seller (a) is not in receivership or dissolution; (b) has not made any assignment for the benefit of creditors; (c) has not admitted in writing its inability to pay its debts as they mature; (d) has not been adjudicated a bankrupt; (e) has not filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the Federal Bankruptcy Law or any other similar law or statute of the United States or any state, or (f) does not have any such petition described in Subparagraph (e) above filed against Seller.

(i) Notices. To Seller's actual knowledge, Seller has not received any written notice from any Governmental Authority or Person (as hereinafter defined) claiming that

(i) the Property, or any part thereof, is in violation of any Hazardous Waste Law, or (ii) the condition or operation of the Property, or any part thereof, is in violation of any law, statute, code, ordinance, rule or regulation, which violation would have a material adverse effect on Buyer's intended development of the Property.

(j) Assessment. Seller represents to Buyer that, to Seller's actual knowledge, (a) there are no outstanding unpaid municipal assessment notices against the Subject Property, (b) Except as disclosed to Buyer, all municipal improvements that were completed between the date of Seller's acquisition of title to the Premises and the date hereof and with respect to which the Property can be assessed have been paid in full and (c) it has not received any written notice from any public authority concerning the existence of any presently uncorrected material violation of any ordinance, public regulation or statute of any municipal, state or federal government or agency with respect to the Subject Property.

(k) OFAC. To the best of Seller's knowledge, Seller is not a "foreign person" within the meaning of Section 1445 of the Federal Internal Revenue Code. Seller, and no individual or entity owning directly or indirectly any interest in the Seller, is an individual or entity whose property or interests are subject to being blocked under any of the OFAC Laws and Regulations or is otherwise in violation of any of the OFAC Laws and Regulations. "*OFAC Laws and Regulations*" means Executive Order 13224 issued by the President of the United State of America, the Terrorism Sanctions Regulations (Title 31 Part 595 of the U.S. Code of Federal Regulations), the Terrorism List Governments Sanctions Regulations (Title 31 Part 596 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions and Regulations (Title 31 Part 597 of the U.S. Code of Federal Regulations), and the Cuban Assets Control Regulations (Title 31 Part 515 of the U.S. Code of Federal Regulations), and all other present and future federal, state and local laws, ordinances, regulations, policies, lists (including, without limitation, the Specially Designated Nationals and Blocked Persons List) and any other requirements of any Governmental Authority (including, without limitation, the United States Department of the Treasury Office of Foreign Assets Control) addressing, relating to, or attempting to eliminate, terrorist acts and acts of war, each as hereafter supplemented, amended or modified from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing, or under similar laws, ordinances, regulations, policies, or requirements of other states of localities.

(l) No Action. From and after the date of this Agreement, Seller shall take no action to encumber the Property with any easement or other title matter which would prevent Seller from conveying clear title to Buyer at close of escrow, except as specifically authorized in this Agreement.

(m) No Hazardous Substance. Except as otherwise disclosed in the Title Report, or Survey, to the actual knowledge of Seller: (a) the Property has not been used for the storage or disposal of any toxic or hazardous waste, material or substance; (b) Seller has received no notice from any governmental authority concerning the removal of any toxic or hazardous waste, material or substance from the Property, or concerning any restrictions on the use or development of the Property on account of the presence of any toxic or hazardous waste, material or substance on the Property or on any other real property within the "border zone" of the Property; and (c) there are no underground storage tanks located upon the Property and to

Seller's actual knowledge; no underground storage tanks were previously located upon the Property.

(n) Lease. There are no leases, licenses or possessory rights to be given, granted or claim by any party to the Property that will survive the Closing.

For purposes of this Agreement, the following terms shall have the following meanings:

“Governmental Authority” shall mean any local, regional, state or federal governmental entity, agency, court, judicial or quasi-judicial body, or legislative or quasi-legislative body.

“Hazardous Substance” means any substance, waste, matter or material which (a) has been or is at any time determined by any state or federal court in a reported decision to be a waste, pollutant, contaminant, hazardous waste, hazardous material, or hazardous substance (or similar designation), (b) has been or is determined by any Governmental Authority to be a waste, pollutant, contaminant, hazardous waste, hazardous substance or hazardous material (or similar designation), (c) is described as, or has been or is determined to be a waste, pollutant, contaminant, hazardous waste, hazardous substance, or hazardous material (or similar designation) under any Hazardous Waste Law, or (d) is regulated under any Hazardous Waste Law.

“Hazardous Waste Law” means any law, statute, ordinance, code, rule, regulation, decree, resolution or requirement promulgated by any Governmental Authority with respect to Hazardous Substance, including, without limitation, the following: (a) the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq.; (b) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq.; (c) the Clean Water Act, 33 U.S.C. Section 1251 et seq.; (d) the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; (e) the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq.; (f) the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq.; (g) the Clean Air Act, 42 U.S.C. Section 7401 et seq.; (h) the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 et seq.; (i) the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et seq.; (j) the California Hazardous Waste Control Law, California Health and Safety Code Section 25100 et seq.; (k) the Hazardous Substance Account Act, California Health & Safety Code Section 25300 et seq.; (l) the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq.; (m) the Porter-Cologne Water Quality Control Act, California Water Code Section 13000 et seq.; and (n) the California Air Resources Law, California Health and Safety Code Section 39000 et seq.

“Contracts” shall mean all leases, contracts and other agreements (including, without limitation, service contracts and space leases) relating to the occupancy, use, operation, maintenance, provisioning and/or equipping of the Property (or any portion thereof).

“Laws” shall mean all Federal, state and local laws, statutes, ordinances, codes, rules, regulations, decrees, decisions, resolutions and requirements.

“Person” shall mean an individual, partnership, corporation, Limited Liability Company, business trust, joint stock company trust, unincorporated association, joint venture, Governmental Authority, or other entity of whatever nature.

For purposes herein, whenever a representation or warranty is made to the best of Seller’s knowledge, all such references shall be construed and interpreted as meaning the current actual knowledge of Seller and its executors, officers, employees, agents, and trustees after reasonable investigation.

The foregoing warranties and representations are true as of the date of execution of the Agreement by Seller and shall be deemed re-stated as of Closing. All warranties and representations shall not be merged with the deed and shall survive Closing for a period of two (2) year. If, before the Closing, Seller discovers that any representation or warranty is untrue or misleading in any material respect that would materially adversely impact Seller’s use and enjoyment of the Property, Seller shall notify Buyer and (subject to Seller’s right to cure as provided below) Buyer shall have the right to terminate this Agreement by giving notice to Seller and Escrow Holder whereupon Seller or Escrow Holder, as the case may be, shall promptly release and return the Initial Deposit (together with all interest accruing thereon during the time that the Initial Deposit is in Escrow) to Buyer; Seller shall return to Buyer the Second Deposit, and neither Seller nor Buyer shall have any further obligations to one another under this Agreement, except that Buyer and Seller shall equally pay the expenses of canceling Escrow. As used in the preceding sentence, a fact or condition shall be deemed “material” if it is reasonably likely to decrease the value of the Property by more than \$50,000.00. Notwithstanding Buyer’s right to terminate this Agreement as provided above, Seller may, within five (5) days after receipt of Buyer’s notice of termination (but in any event before the Closing Date, give Buyer and Escrow Holder a written notice of its election to cure the matter which gave rise to Buyer’s right to terminate (“Cure Notice”). If Seller elects to cure, Seller shall complete such cure on or before the earlier to occur of (a) the date that is thirty (30) days after Buyer’s receipt of the Cure Notice, or (b) the Closing Date. If Seller elects to cure and, thereafter, fails to do so within the allotted time period, then Buyer may immediately terminate this Agreement, whereupon Escrow Holder or Seller shall promptly release and return the Initial Deposit (together with any interest accrued thereon) to Buyer and neither Seller nor Buyer shall have any further obligations to one another under this Agreement, except that Buyer and Seller shall equally pay the expenses of canceling Escrow and title charges incurred relating to this Agreement. If Seller timely completes such cure (the sufficiency of which shall be subject to the reasonable judgment of Buyer), Buyer shall have no right to terminate this Agreement or to recover damages on account of the cured matter.

4.2 Reaffirmation. The representations and warranties of Buyer and Seller in Section 4.1 are true and correct as of the date of this Agreement and shall be true and correct as of the Closing. The Closing shall constitute Buyer’s and Seller’s reaffirmation of those representations and warranties as of the Closing. Seller shall be entitled to rely upon Buyer’s representations and warranties in Section 4.1.1(a), notwithstanding any inspection or investigation of the Property that was made or could have been made by Buyer.

4.3 Condemnation. If, prior to Closing, any portion of the Property is condemned or becomes the subject of any pending or threatened condemnation action, Seller shall promptly notify Buyer thereof. This Agreement shall remain in full force and effect, regardless of the

condemnation or threatened or pending action, and if any condemnation award is received by Seller prior to Closing, the amount of the award shall be applied as a credit against the Purchase Price. Any condemnation awards received by Seller on or after Closing shall be promptly delivered by Seller to Buyer.

4.4 Damage or Destruction. In the event of any damage to or destruction of the Property prior to the Closing, the Closing shall nevertheless occur as otherwise provided for in this Agreement except Seller shall assign to Buyer upon the Closing all insurance proceeds payable to Seller in connection with such occurrences. Seller shall have no obligation to repair the damage or destruction. If the damage or destruction to the Property is not covered by Seller's insurance, and the damage or destruction has resulted in a reduction in excess of fifty percent (50%) of the total square footage of the improvements located on the Property, then Seller shall promptly notify Buyer and within three (3) business days after receipt of the notice, Buyer shall deliver written notice to Seller and Escrow Holder, electing either: (a) to proceed with this transaction and Closing in accordance with this Agreement notwithstanding such damage or destruction; or (b) to terminate this Agreement in accordance with the terms of Section 3.4. Buyer's failure to deliver either notice to Seller and Escrow Holder within such three (3) business day period shall constitute Buyer's election to proceed to Closing under clause (a).

4.5 Indemnity by Buyer. Buyer shall hold harmless, indemnify and defend Seller and its members, employees, trustees, attorneys, agents and contractors, and their respective successors and assigns ("Seller Indemnitees") from and against (a) any and all Claims (other than matters arising from any act, conduct or omission of the Seller Indemnitees) in any way related to the Property and occurring after the Closing, or in any way related to or arising from any act, conduct, omission, contract or commitment of Buyer and/or Buyer's agents, contractors and/or invitees; (b) any loss or damage to Seller resulting from any inaccuracy in or breach of any representation or warranty of Buyer or resulting from any breach or default by Buyer under this Agreement; and (c) all costs and expenses, including reasonable attorneys' fees, related to any actions, suits or judgments incident to any of the foregoing.

4.6 Indemnity by Seller. Seller shall hold harmless, indemnify and defend Buyer and its directors, employees, attorneys, agents and contractors, and their respective successors and assigns ("Buyer Indemnitees") from and against (a) any and all Claims (other than matters arising from any act, conduct or omission of the Buyer Indemnitees) in any way related to the Property and occurring prior to the Closing, or in any way related to or arising from any act, conduct, omission, contract or commitment of Seller and/or Seller's agents, contractors and/or invitees; (b) any loss or damage to Buyer resulting from any inaccuracy in or breach of any representation or warranty of Seller or resulting from any breach or default by Seller under this Agreement; and (c) all costs and expenses, including reasonable attorneys' fees, related to any actions, suits or judgments incident to any of the foregoing.

4.7 Parcelization, Owner's Association, CC&Rs and Reciprocal Easements. Buyer acknowledges that Seller is in the process of creating separate legal parcels for the entire Cielo Village project (the "Project"). Each separate building (including, at minimum, the surrounding ten (10) feet of land) within the Project, including the Building, will become a separate legal parcel. The parking lot and other common areas will be conveyed to a property owners association comprised of the constituent owners (the "Association"). In addition to creating separate legal parcels and the Association, Seller shall also prepare appropriate covenants, conditions and restrictions, reciprocal easements between the parcel owners and other

agreements regarding such parcelization and sharing of common area maintenance costs and the like. Said Parcelization shall in no manner affect the rights of Buyer under this Agreement.

4.8 Tax-Deferred Exchange. Either Seller or Buyer, or both, may, at its option, elect to have the Property transferred as part of a tax-deferred exchange pursuant to U.S. Internal Revenue Code Section 1031 (the “Code”). The completion of the exchange is not a condition to the Closing. In order to facilitate the exchange, each party shall cooperate with the other, at the requesting party’s sole cost and expense, and shall execute, acknowledge and deliver any and all documents that the requesting party may reasonably request to any intermediary that the requesting party may direct; provided, however, that neither party shall have any obligation whatsoever to (a) incur any escrow, title, brokerage or any other costs, expenses or any liability whatsoever, directly or indirectly, in connection with or arising out of the other party’s exchange, or (b) take title to any property. Each party shall indemnify, defend and hold the other harmless from any and all costs, expenses, liability and all other claims, whatever the nature thereof, that the other party may incur or be subject to as a result of participating in the requesting party’s exchange. In no event shall the Closing be delayed as a result of the exchange. It shall be each party’s sole responsibility to determine whether the property exchanged qualifies as “like-kind” within the meaning of the Code. Each party shall be solely responsible for the tax consequences of its own exchange and neither party shall have any obligation or liability to the other party in connection the other party’s exchange.

5. CLOSING

5.1 Deposits Into Escrow.

5.1.1 Seller’s Deposits. At least one (1) business day prior to the Closing Date, Seller shall deposit into Escrow:

- (a) The Deed, subject to the Permitted Exceptions.
- (b) The ECC&Rs
- (c) An affidavit or qualifying statement, which satisfies the requirements of Section 1445 of the Internal Revenue Code of 1986, as amended, and the related regulations (the “Non-Foreign Affidavit”).
- (d) A Withholding Exemption Certificate, Form 593-C, or in the event that Seller is a non-California resident, a certificate issued by the California Franchise Tax Board, pursuant to the Revenue and Taxation Code Sections 18805 and 26131, stating either the amount of withholding required from Seller’s proceeds or that Seller is exempt from the withholding.
- (e) General Assignment, attached hereto as Exhibit D (the “General Assignment”).

5.1.2 Buyer’s Deposits. At least one (1) business day prior to the Closing Date, Buyer shall deposit Funds in accordance with the Section 2.2 into Escrow:

5.1.3 Additional Deposits. Seller and Buyer shall each deposit such other instruments and funds as are reasonably required by Escrow Holder or otherwise required to close Escrow and consummate the sale of the Property in accordance with the terms of this Agreement.

5.2 Prorations. The following prorations shall be made as of 12:01 a.m. on the day the Closing occurs on the basis of a 365-day year. At least five (5) business days prior to the Closing Date, Escrow Holder shall deliver to Seller and Buyer a tentative proration schedule setting forth a preliminary determination.

5.2.1 All utility charges, costs of maintenance, and other items of expense shall be prorated as of the Closing on the basis of schedules prepared by Seller for that purpose with post-closing adjustments made between Seller and Buyer by cash payment upon demand to the party entitled thereto.

5.3 Payment of Closing Costs.

5.3.1 Closing Costs Borne by Seller. Seller shall bear and Escrow Holder shall discharge on Seller's behalf out of the sums payable to Seller the portion of the costs associated with the standard coverage premium for the Owner's Policy, equal to the premium on a CLTA owner's policy of title insurance in the amount of the Purchase Price, the documentary transfer tax and the sums necessary to obtain and the cost of recording any reconveyance required, the recording fees required in connection with the transfer of the Property to Buyer, one-half of Escrow Holder's base fee, and any additional costs and charges customarily charged to sellers in accordance with common escrow practices in Southern California.

5.3.2 Closing Costs Borne by Buyer. Buyer shall deposit with Escrow Holder for disbursement by Escrow Holder one half of Escrow Holder's base fee, all costs and expenses of the Owner's Policy in excess of the premium to be borne by Seller (including any additional premium charged for any extended coverage policy or endorsements requested by Buyer and the cost of any survey which may be required by the Title Company), all sales and use taxes required in connection with the transfer of the Property to Buyer, and any additional charges customarily charged to buyers in accordance with common escrow practices in Southern California.

5.4 Closing of Escrow.

5.4.1 Escrow Holder shall hold the Closing on the Closing Date if: (i) it has received in a timely manner all the funds and materials required to be delivered into Escrow by Buyer and Seller; and (ii) it has received assurances satisfactory to it that, effective as of the Closing, the Title Company will issue the Owner's Policy to Buyer.

5.4.2 To close the Escrow, Escrow Holder shall:

(a) Cause the Deed and ECC&Rs to be recorded and then mailed to Buyer, and deliver the Owner's Policy, Non-Foreign Affidavit, Withholding Certificate and General Assignment to Buyer; and

(b) Deliver to Seller by wire transfer of federal funds, funds in the amount of the Purchase Price plus or less any net debit or credit to Seller by reason of the prorations and allocations of closing costs provided for in this Agreement.

5.4.3 Pursuant to Section 6045 of the Internal Revenue Code, Escrow Holder shall be designated the closing agent hereunder and shall be solely responsible for complying with the tax reform act of 1986 with regard to reporting all settlement information to the Internal Revenue Service.

5.5 Failure to Close; Cancellation. If the Escrow Holder is not in a position to close the Escrow on the Closing Date, then, except as provided in Section 5.6, Escrow Holder shall return to the depositor thereof any funds or other materials previously placed in Escrow. No such return shall relieve either party of liability for any failure to comply with the terms of this Agreement.

5.6 LIQUIDATED DAMAGES. THE PARTIES HAVE DETERMINED THAT IF BUYER BREACHES THIS AGREEMENT AND FAILS TO PURCHASE THE PROPERTY AS CONTEMPLATED HEREIN, THE DAMAGE TO SELLER WILL BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, SUCH DAMAGE INCLUDING COSTS OF NEGOTIATING AND DRAFTING THIS AGREEMENT, COSTS OF COOPERATING IN SATISFYING CONDITIONS TO CLOSING, COSTS OF SEEKING ANOTHER BUYER UPON BUYER'S DEFAULT, OPPORTUNITY COSTS IN KEEPING THE PROPERTY OUT OF THE MARKETPLACE, COSTS EXPENDED IN IMPROVING THE BUILDING AND OTHER COSTS INCURRED IN CONNECTION HERewith. IN ADDITION, BUYER WISHES TO LIMIT ITS LIABILITY IN EVENT OF ITS BREACH OF THIS AGREEMENT AND FAILURE TO PURCHASE THE PROPERTY AS CONTEMPLATED IN THIS AGREEMENT, AND SELLER HAS AGREED TO SUCH A LIMITATION. THE PARTIES THUS AGREE THAT SHOULD THIS AGREEMENT FAIL TO CLOSE DUE TO BUYER'S BREACH OF THIS AGREEMENT OR ITS WRONGFUL REFUSAL OR FAILURE TO PURCHASE THE PROPERTY CONTEMPLATED IN THIS AGREEMENT, THE SOLE AND EXCLUSIVE REMEDY OF SELLER (EXCEPT FOR ANY DAMAGES, COSTS AND EXPENSES INCURRED IN CONNECTION WITH OR RESULTING FROM BUYER'S BREACH OF ITS OBLIGATIONS UNDER SECTIONS 6.13 AND 6.17 BELOW) SHALL BE TO RECOVER THE INITIAL DEPOSIT AND THE SECOND DEPOSIT AND ALL ACCRUED INTEREST THEREON FROM BUYER TOGETHER WITH ALL SUMS EXPENDED BY SELLER TO IMPROVE THE BUILDING; ALL OTHER CLAIMS FOR DAMAGES OR CAUSES OF ACTION ARE HEREBY EXPRESSLY WAIVED BY SELLER. SAID AMOUNT WILL BE THE FULL, AGREED AND LIQUIDATED DAMAGES FOR THE BREACH OF THIS AGREEMENT BY BUYER. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

Initials of Buyer

Initials of Seller

5.7 Possession. Possession of the Property shall be delivered to Buyer upon Closing.

5.8 Default by Seller. In the event of default by Seller hereunder, Buyer, at its option, may as its sole and exclusive remedy (a) terminate this Agreement by written notice to Seller, whereupon Escrow Holder or Seller, as applicable, shall immediately release and return the Initial Deposit (together with any interest accrued thereon) to Buyer. Notwithstanding Buyer's right to terminate this Agreement as provided above, Seller may, within five (5) days after receipt of Buyer's notice of termination (but in any event before the Closing Date, give Buyer and Escrow Holder a written notice of its election to cure the matter which gave rise to Buyer's right to terminate (the "Cure Notice"). If Seller elects to cure, Seller shall complete such cure on or before the earlier to occur of (a) the date that is thirty (30) days after Buyer's receipt of the Cure Notice, or (b) the Closing Date. If Seller elects to cure and, thereafter, fails to do so within the allotted time period, then Buyer may immediately terminate this Agreement, whereupon Escrow Holder or Seller shall promptly release and return the Initial Deposit (together with any interest accrued thereon) to Buyer and neither Seller nor Buyer shall have any further obligations to one another under this Agreement, except that Buyer and Seller shall equally pay the expenses of canceling Escrow and title charges incurred relating to this Agreement. If Seller timely completes such cure (the sufficiency of which shall be subject to the reasonable judgment of Buyer), Buyer shall have no right to terminate this Agreement or to recover damages on account of the cured matter or (b) enforce the terms of this Agreement by the filing of an eminent domain action in which case Seller agrees that the Purchase Price constitutes full and adequate consideration for said taking.

6. GENERAL PROVISIONS

6.1 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

6.2 Entire Agreement. This Agreement contains the entire integrated agreement between the parties respecting the subject matter of this Agreement and supersedes all prior understandings and agreements, whether oral or in writing, between the parties respecting the subject matter of this Agreement. There are no representations, agreements, arrangements or understandings, oral or in writing, between or among the parties to this Agreement relating to the subject matter of this Agreement that are not fully expressed in this Agreement. The terms of this Agreement are intended by the parties as a final expression of their agreement with respect to those terms and they may not be contradicted by evidence of any prior agreement or of any contemporaneous agreement. The parties further intend that this Agreement constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceeding involving this Agreement.

6.3 Legal Advice; Headings. Each party has received independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions hereof. Headings used in this Agreement are for convenience of reference only and shall not be used in construing this Agreement.

6.4 Choice of Law; Jurisdiction; Venue. This Agreement shall be governed by the laws of the State of California. The parties to this Agreement irrevocably agree to the

jurisdiction of the Superior Court of the State of California situated in the County in which the Property is located, or of the United States District Court situated in such County, and the parties agree that venue in such County is the correct and appropriate venue, for any action or other proceeding involving the rights, obligations and remedies of the parties under this Agreement.

6.5 Severability. If any term, covenant, condition or provision of this Agreement, or its application to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

6.6 Waiver of Covenants, Conditions or Remedies. The waiver by one party of the performance of any covenant, condition or promise under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by it of any other covenant, condition or promise under this Agreement. The waiver by either or both parties of the time for performing any act under this Agreement shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time. The exercise of any remedy provided in this Agreement shall not be a waiver of any consistent remedy provided by law, and the provision in this Agreement for any remedy shall not exclude other consistent remedies unless they are expressly excluded.

6.7 Exhibits. All exhibits to which reference is made in this Agreement are deemed incorporated in this Agreement, whether or not actually attached.

6.8 Amendments. This Agreement may be amended at any time by the written agreement of Buyer and Seller. All amendments, changes, revisions and discharges of this Agreement, in whole or in part, and from time to time, shall be binding upon the parties despite any lack of legal consideration, so long as the same shall be in writing and executed by the parties hereto.

6.9 Relationship of Parties. The parties agree that their relationship is that of seller and buyer, and that nothing contained herein shall constitute either party the agent or legal representative of the other for any purpose whatsoever, nor shall this Agreement be deemed to create any form of business organization between the parties hereto, nor is either party granted any right or authority to assume or create any obligation or responsibility on behalf of the other party, nor shall either party be in any way liable for any debt of the other.

6.10 No Third Party Benefit. This Agreement is intended to benefit only the parties hereto and no other person or entity has or shall acquire any rights hereunder.

6.11 Time of the Essence. Time shall be of the essence as to all dates and times of performance, whether contained herein or contained in any escrow instructions to be executed pursuant to this Agreement, and all escrow instructions shall contain a provision to this effect.

6.12 Further Acts. Each party agrees to perform any further acts and to execute, acknowledge and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.

6.13 Recordation; Actions to Clear Title. Buyer shall not record this Agreement, any memorandum of this Agreement, any assignment of this Agreement or any other document which would cause a cloud on the title to the Property. If Buyer fails to complete its purchase of the Property for any reason, or if this Agreement shall terminate for any reason not solely due to Seller's default hereunder, then Buyer shall, at no cost to Seller, promptly execute, acknowledge and deliver to Seller, all within three (3) days after written request from Seller, a quitclaim deed, in recordable form, in favor of Seller and any other documents requested by Seller to remove the cloud on title to the Property that may exist as the result of the existence of this Agreement or any escrow relating to this Agreement. In the event Buyer fails to so execute and deliver any such document, in addition to any liquidated damages payable to Seller pursuant to this Agreement, Buyer shall pay all losses, damages, costs and expenses, including but not limited to Seller's reasonable attorneys' fees, incurred in connection with Buyer's breach of its obligations under this Section 6.13 or the clearing of any such cloud on title.

6.14 Assignment. Buyer shall not assign its rights or delegate its obligations hereunder without the prior written consent of Seller in each instance, which consent Seller may withhold in Seller's sole and absolute discretion. If Buyer assigns its rights or delegates its obligations hereunder in violation of this Section, Seller shall have the right to terminate this Agreement pursuant to Section 3.5 above. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties to this Agreement.

6.15 Attorneys' Fees. In the event of any litigation involving the parties to this Agreement to enforce any provision of this Agreement, to enforce any remedy available upon default under this Agreement, or seeking a declaration of the rights of either party under this Agreement, the prevailing party shall be entitled to recover from the other such attorneys' fees and costs as may be reasonably incurred, including the costs of reasonable investigation, preparation and professional or expert consultation incurred by reason of such litigation. All other attorneys' fees and costs relating to this Agreement and the transactions contemplated hereby shall be borne by the party incurring the same.

6.16 Brokers. Buyer and Seller each represent and warrant to the other that with the sole exception of Cushman & Wakefield, who shall be paid a commission pursuant to a separate agreement, (a) they have not dealt with any brokers or finders in connection with the purchase and sale of the Property, and (b) insofar as such party knows, no broker or other person is entitled to any commission or finder's fee in connection with the purchase and sale of the Property. Seller and Buyer each agree to indemnify and hold harmless the other against any loss, liability, damage, cost, claim or expense incurred by reason of any brokerage fee, commission or finder's fee, which is payable or alleged to be payable to any broker or finder because of any agreement, act, omission or statement of the indemnifying party.

6.17 Manner of Giving Notice. All notices and demands which either party is required or desires to give to the other shall be given in writing by personal delivery, express courier service or by telecopy followed by next day delivery of a hard copy to the address or facsimile number set forth in Sections 1.7 and 1.8 above for the respective party, provided that if any party gives notice of a change of name, address or telecopy number, notices to that party shall thereafter be given as demanded in that notice. All notices and demands so given shall be effective upon receipt by the party to whom notice or a demand is being given.

6.18 Survival. The provisions of Sections 4.1 (Representations and Warranties), 4.2 (Reaffirmation), 4.3 (Damage or Destruction), 4.5 and 4.6 (Indemnity), 5.2 (Prorations), 5.3 (Payment of Closing Costs), 5.6 (Liquidated Damages), 5.7 (Possession) and Article 6 (General Provisions) shall survive the Closing and the consummation of the transactions contemplated by this Agreement or the termination of this Agreement for any reason without the conveyance of the Property to Buyer.

6.19 Eminent Domain. The Parties acknowledge that the sale contemplated by this Agreement is under imminence of, and in lieu of, eminent domain.

6.20 Interpretation. The terms of this Agreement have been negotiated by the parties hereto and the language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or any portion thereof to be drafted, or in favor of the party receiving a particular benefit under the Agreement. No rule of strict construction will be applied against any person.

6.21 Signatures. In order to expedite the transaction contemplated herein, telecopied signatures may be used in place of original signatures on this Agreement or any document delivered pursuant hereto (other than the Deed and ECC&Rs, the notarized originals of which shall be required prior to Closing). Seller and Purchaser intend to be bound by the signatures on the telecopied document, are aware that the other party will rely on the telecopied signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the form of signature. Following any facsimile transmittal, the party shall promptly deliver the original instrument by reputable overnight courier in accordance with the notice provisions of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Effective Date.

SELLER

CIELO VILLAGE, LLC,
a California limited liability company

By _____

Name _____

Its _____

BUYER

RANCHO SANTA FE FIRE PROTECTION
DISTRICT, a special district organized under
the laws of the State of California

By _____

Name _____

Its _____

Exhibit A

Legal Description of the Property

EXHIBIT "A"
LEGAL DESCRIPTION

BEING A PORTION OF PARCEL 'A' PER PLAT NO.B/C 06-0002 ACCORDING TO CERTIFICATE OF COMPLIANCE RECORDED MAY 10, 2006 AS DOCUMENT NO. 2006-0330444 IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.

SAID LAND WAS FORMERLY DESCRIBED AS A PORTION OF LOT 128 OF COUNTY OF SAN DIEGO TRACT NO. 4227-2 ACCORDING TO SECOND AMENDED MAP THEREOF NO. 14015 ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA RECORDED AUGUST 4, 2000 OF OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT ON THE WESTERLY LINE OF SAID PARCEL 'A', SAID POINT BEING THE TERMINUS OF A LINE WHICH BEARS NORTH 13°43'52" EAST, 66.16 FEET; THENCE SOUTHERLY ALONG SAID WESTERLY LINE

SOUTH 13°43'52" WEST	25.04 FEET;	THENCE LEAVING SAID WESTERLY LINE
SOUTH 76°16'08" EAST	91.29 FEET	TO THE TRUE POINT OF BEGINNING , SAID POINT ALSO BEING A POINT OF NON-TANGENCY WITH A 297.00 FOOT RADIUS CURVE CONCAVE EASTERLY, A RADIAL BEARING TO SAID POINT BEARS SOUTH 88°06'57" WEST; THENCE ALONG THE ARC OF SAID CURVE
NORTHERLY	84.14 FEET	THROUGH A CENTRAL ANGLE OF 16°13'53"; THENCE
NORTH 14°20'50" EAST	43.07 FEET;	THENCE
SOUTH 77°31'52" EAST	52.04 FEET;	THENCE
SOUTH 66°53'41" EAST	18.98 FEET;	THENCE
SOUTH 23°17'56" WEST	10.00 FEET;	THENCE
SOUTH 66°54'10" EAST	48.34 FEET;	THENCE
SOUTH 23°00'15" WEST	89.01 FEET;	THENCE
NORTH 87°45'34" WEST	93.85 FEET	TO THE TRUE POINT OF BEGINNING .

ALL AS SHOWN ON EXHIBIT "B" ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF.

CONTAINS 0.276 ACRES MORE OR LESS.

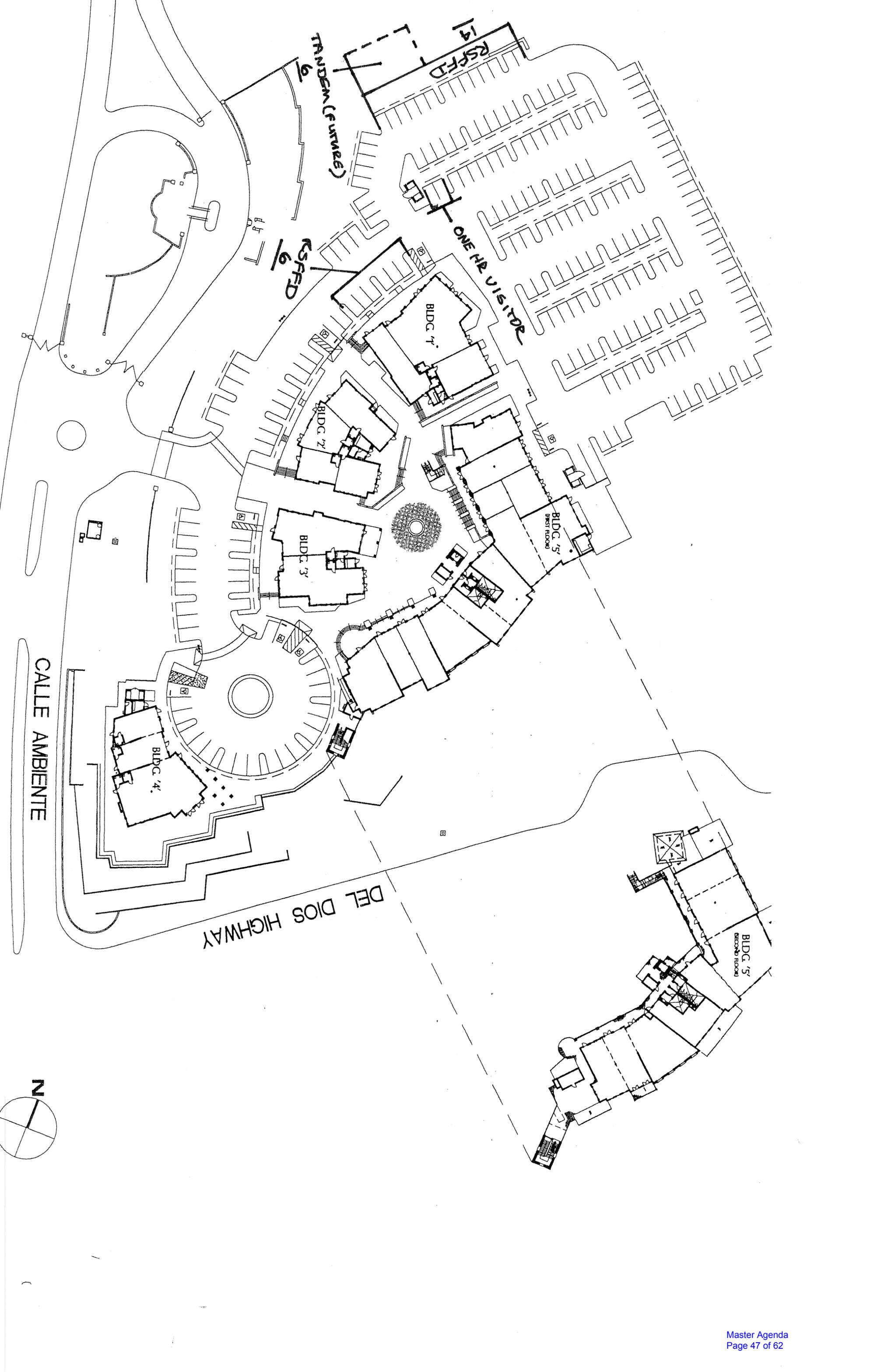

C. JOHN EARDENSOHN L.S. 5278
Registration Expires 12-31-2011

12/31/11
DATE



Exhibit B

Preliminary Plan



CALLE AMBIENTE

DEL DIOS HIGHWAY

TANDEM (CURVES)

ONE HR. VISITOR

BLDG. 1

BLDG. 2

BLDG. 3

BLDG. 4

BLDG. 5
FIRST FLOOR

BLDG. 5
SECOND FLOOR

RSRFD

RSRFD

N

Exhibit C

Work Letter

WORK LETTER

This Work Letter (the "Work Letter") is being entered into as of April ___, 2010, by and between CIELO VILLAGE, LLC, a California limited liability company (the "Seller"), and RANCHO SANTA FE FIRE PROTECTION DISTRICT, a special district organized under the laws of the State of California (the "Buyer"), in connection with the execution of the Real Property Purchase and Sale Agreement and Escrow Agreement between Seller and Buyer dated April ___, 2010 (the "PSA"), who hereby agree as follows:

1. INTRODUCTION

1.1. Incorporation of PSA. Except as otherwise defined in this Work Letter, all terms used in this Work Letter shall have the same meaning as the terms defined in the PSA. All of the provisions of the PSA are incorporated into this Work Letter by reference.

1.2. Improvement Allowance. Seller shall pay for the design and installation of all of the improvements that are approved pursuant to this Work Letter (the "Improvements") (including, without limitation, all space planning, working drawings, engineering, construction and installation costs, building permits, etc.), up to a total cost of \$20.00 per rentable square foot (i.e., \$123,540.00) (the "Allowance"). Seller shall provide project management related to the Improvements. If the cost of the Improvements exceeds the Allowance, Buyer shall deposit any such excess amount into Escrow in accordance with Section 2.3.2 of the PSA. If the cost of the foregoing is less than the Allowance, Buyer shall not be entitled to any payment or credit for the unused portion of the Allowance.

1.3. Buyer Representative. Buyer hereby designates _____ as the one individual representative of Buyer with decision making authority who will work with Seller's representative throughout the period of construction of all Improvements to the Building. Mort McCarthy shall be Seller's representative for such purposes.

1.4. Contractor. Buyer agrees that the Improvements shall be installed and constructed by a contractor selected by Seller (the "Contractor").

2. PREPARATION OF PLANS

2.1. Buyer Information. Within three (3) business days after Seller and Buyer have executed the PSA, Seller shall select a space planner/interior designer (the "Designer") who is familiar with the Building, and Buyer shall supply such Designer with all information (the "Information") necessary to enable such Designer to prepare a space plan and plans and specifications for the installation of all Improvements in the Building. The Information shall include and specify the occupancy requirements for the Building and the

proposed locations of all offices and storage, secretarial and conference areas. Such Designer's fee shall be included in the items paid by the Allowance.

2.2. Construction Documents. Within five (5) business days after receipt of the Information from Buyer, Seller shall cause the Designer to prepare and deliver to Buyer for Buyer's review and approval a space plan (the "Plan"). Within three (3) business days after receipt of the Plan, Buyer shall review, approve, make reasonable minor revisions to, and deliver the Plan to Seller for Seller's approval. Seller shall approve the Plan within five (5) business days after Seller receives said Plan or disapprove for reasonable reasons and return the Plan to Buyer. After the Plan is ultimately approved by Seller, Seller shall cause the Designer to prepare, within fourteen (14) business days, final plans and specifications for completion of the Improvements (the "Final Plans") and shall deliver the Final Plans to Buyer. Buyer shall then have three (3) business days to review, approve, make reasonable minor revisions to, and deliver the Final Plans to Seller for approval. The Final Plans when ultimately approved by Seller are referred to as the "Construction Documents." All deliveries of the Information, the Plan, and the Final Plans shall be delivered by messenger service or by personal hand delivery. While Seller has the right to approve the Information, Plan, and Final Plans, Seller's sole interest in doing so is to protect the Building and Seller's interests. Accordingly, Buyer shall not rely upon Seller's approvals and Seller shall incur no liability of any kind by reason of granting such approvals.

2.3. Delays Caused By Buyer. Buyer shall pay all costs and expenses incurred by Seller that result from Delays Caused by Buyer including, without limitation, any costs of and expenses attributable to increases in the cost of labor or materials. The term "Delays Caused By Buyer" shall mean any delay that Seller may encounter in the performance of Seller's obligations under this Work Letter because of any act or omission of any nature by Buyer or Buyer's agents, including but not limited to the following:

- (a) delays resulting from Buyer's election to have non-standard improvements constructed and installed in the Building,
- (b) delays due to changes in or additions to the Plan, Final Plans, the Construction Documents or the Improvements requested by Buyer,
- (c) delays by Buyer in the submission of Information required by Section 2.1 above or giving authorizations or approvals required by Section 2.2 above,
- (d) delays due to the postponement of any Improvements at the request of Buyer,
- (e) delays due to the failure of Seller to approve, for reasonable reasons, the Information, the Plan or Final Plans,
- (f) delays caused in any other way by Buyer,
- (g) delays due to the failure of Buyer to pay, when due, the amounts required by Buyer pursuant to this Work Letter, or
- (h) delays attributable to the fact that with respect to Improvements,
- (i) materials and supplies necessary to perform any non-standard improvements required by

Buyer are not readily available in the San Diego area at the time of installation, (ii) laborers and artisans necessary for the installation of such non-standard improvements are not readily available in the San Diego area when the Improvements are to be performed, or (iii) the nature of the Improvements is such that the approvals by Seller with respect to the Improvements cannot be reasonably delivered to Buyer by Seller on or before the dates required in this Work Letter for that delivery.

3. COSTS. The cost of all Improvements, including, but not limited to, the costs of all materials, labor and construction related to the installation of the Improvements, shall be paid from the Allowance, and any such costs exceeding the Allowance shall be borne solely by Buyer and paid by Buyer to Seller. At the time of Seller's approval of the plans and specifications for the Improvements, the Contractor shall supply Buyer with an estimate (the "Cost Estimate") of the costs required to complete the Improvements. If the Cost Estimate exceeds the Allowance, Buyer may modify the plans and specifications to reduce the costs below the Allowance, or Buyer may authorize the construction based on such Cost Estimate. If Buyer authorizes the construction based on a Cost Estimate that exceeds the Allowance, Buyer shall deliver to Seller a check in the amount of such excess at the time Buyer delivers its approval of the Cost Estimate. Any delay in the commencement of the construction of the Improvements caused by Buyer's failure to authorize Seller to enter into a contract with the Contractor pursuant to this Work Letter shall be included within Delays Caused by Buyer.

4. CONSTRUCTION. Upon final approval of the Construction Documents and Buyer's final approval of the Cost Estimate, Seller shall cause the Contractor to construct the Improvements in accordance with the Final Plans.

5. CHANGE ORDERS. If Buyer requests any change, addition or alteration (the "Change Order(s)") to the Construction Documents, Seller shall give Buyer a written estimate of the maximum cost to prepare revised Construction Documents in accordance with such Change Order(s). If Buyer approves such estimate in writing, Seller shall have revised Construction Documents prepared and Buyer shall promptly reimburse Seller for the cost of the revised Construction Documents not in excess of such estimate, within three (3) business days of receipt of an invoice from Seller. Within seven (7) business days of the completion of such revised Construction Documents, Seller or the Contractor shall notify Buyer of the additional cost that will be chargeable to Buyer by reason of the work specified by such Change Order(s). Buyer shall, within three (3) business days after receipt of said notice, notify Seller and the Contractor regarding whether Buyer desires to proceed with the work specified by such Change Order(s). If Buyer approves the cost of the work specified by the Change Order(s), Buyer's approval notice to Seller shall be accompanied by Buyer's check payable to Seller in the full amount of said additional cost. If Buyer does not deliver to Seller such notice within the three (3) business day period, together with Buyer's check, the work described in the Change Order(s) will not be performed.

6. READY FOR OCCUPANCY. Notwithstanding any provision of the PSA or this Work Letter to the contrary, the parties agree that the Closing will occur on the earlier of the date that the Building is Ready For Occupancy (as defined below), or would have been Ready For Occupancy except for Delays Caused By Buyer, or the date Buyer, or any person occupying any of the Building with Buyer's permission, commences business operations from the Building. The term "Ready For Occupancy" means that (i) Seller has substantially completed the Improvements and the other work that Seller is obligated to perform pursuant to this Work

Letter; and that the work shall be deemed substantially complete notwithstanding the fact that minor details of construction, mechanical adjustments or decorations which do not materially interfere with Buyer's use of the Building remain to be performed (items normally referred to as "punch-list" items); (ii) Seller has obtained a Certificate of Occupancy or Temporary Certificate of Occupancy or equivalent governmental approval for the Building or the portion of the Building where the Building is located; (iii) the Building's sanitary, electrical, elevator, heating, ventilating and air conditioning systems are operational to the extent necessary to provide reasonably adequate services to the Building; and (iv) access to the Building is available to Buyer. The Building shall be deemed Ready For Occupancy even though Buyer's furniture, telephones, telecopiers, photocopy machines, computers and other business machines or equipment have not been installed, the purchase and installation of which shall be Buyer's sole responsibility.

IN WITNESS WHEREOF, the parties have executed this Work Letter as of the date first above written.

SELLER

BUYER

CIELO VILLAGE, LLC,
a California limited liability company

RANCHO SANTA FE FIRE PROTECTION
DISTRICT, a special district organized under
the laws of the State of California

By _____
Name _____
Its _____

By _____
Name _____
Its _____

Exhibit D

General Assignment

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this “Assignment”) is made as of April __, 2010, by and between CIELO VILLAGE, LLC, a California limited liability company (“Assignor”), and RANCHO SANTA FE FIRE PROTECTION DISTRICT, a special district organized under the laws of the State of California (“Assignee”), delivered and effective on the “Effective Date” (as defined below).

WHEREAS, Assignor and Assignee entered into that certain Real Property Purchase and Sale Agreement and Escrow Instructions dated as of April __, 2010, (the “Agreement”) respecting the sale of certain real property (as defined in the Agreement as the “Property”).

WHEREAS, under the Agreement, Assignor is obligated to assign to Assignee any and all of its right, title and interest in and to any and all tenant leases, service contracts, maintenance agreements, construction contracts, architect’s agreements, leasing brokerage agreements, parking agreements, consultant agreements, warranties, guaranties, management contracts, bonds and all other contracts and agreement relating to the Property which continue in full force and effect beyond the Effective Date (as defined below), together with all supplements, amendment and modifications thereto (collectively, “Contracts”).

NOW, THEREFORE, as of the “Closing” (as defined in the Agreement) (the “Effective Date”) for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns, sells, transfers, sets over and delivers unto Assignee all of Assignor’s right, title and interest in and to the Contracts.

1. Assignor hereby covenants that Assignor will, at no cost or liability to Assignor, and at any time and from time to time, upon written request therefor, execute and deliver to Assignee, Assignee’s successors, nominees and assigns any new or confirmatory instruments which Assignee, Assignee’s successors, nominees and assigns may reasonably request in order to fully confirm and vest in Assignee, or Assignee’s successors, nominees and assigns any and all of Assignor’s interests in and to the Contracts, and to protect Assignee’s or Assignee’s successors, nominees and assigns right, title and interest therein.

2. Assignee hereby accepts such Assignment and agrees to be bound by all of the terms and provisions of the Contracts, and assumes any and all liabilities and agrees to perform, pay and discharge in full when due all of Assignor’s liabilities and obligations associated with, or related to the performance by Assignor of any of the terms, covenants and conditions imposed upon Assignor under the Contracts.

3. Assignee hereby agrees to protect, hold harmless, indemnify, defend and release Assignor from and against any claims, expenses (including, without limitation,

reasonable attorneys' fees and litigation costs), liabilities or obligations of Assignor which relate to, arise, or have arisen, under any of the Contracts.

4. In the event of the bringing of any action or suit by a party hereto against another party hereunder by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, then in that event the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including reasonable attorneys' fees.

5. This Assignment shall be binding upon and inure to the benefit of the successors, assignees, personal representatives, heirs and legatees of all the respective parties hereto.

6. This Assignment shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of California.

7. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the day and year first above written.

ASSIGNOR

ASSIGNEE

CIELO VILLAGE, LLC,
a California limited liability company

RANCHO SANTA FE FIRE PROTECTION
DISTRICT, a special district organized under
the laws of the State of California

By _____
Name _____
Its _____

By _____
Name _____
Its _____

Exhibit E

Grant Deed

RECORDED AT REQUEST OF:

FIRST AMERICAN TITLE COMPANY
Order No. _____

AND WHEN RECORDED MAIL TO:

Rancho Santa Fe Fire Department
Attn: Nicholas G. Pavone
PO Box 410
Rancho Santa Fe, CA 92067

APN: _____

*Documentary Transfer Tax \$ -0-
Exempt: Rev. & Tax Code §11922

GRANT DEED

For a valuable consideration, receipt of which is hereby acknowledged, **CIELO VILLAGE, LLC.**, a California limited liability company, grants to **RANCHO SANTA FE FIRE PROTECTION DISTRICT**, a special district organized under the laws of the State of California, the described real property in the County of San Diego, State of California, described in Exhibit A attached hereto and made a part hereof.

This Grant Deed may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same document.

DATE: _____

CIELO VILLAGE, LLC,
a California limited liability company

By _____

Name _____

Its _____

Exhibit A

Legal Description of the Property

STAFF REPORT

NO. 10-04

TO: BOARD OF DIRECTORS
FROM: NICHOLAS PAVONE, FIRE CHIEF
SUBJECT: STANDBY CHARGE INCREASE
DATE: APRIL 14, 2010



BACKGROUND

The attached memorandum from Willdan Financial Services provides a history and their professional opinion on the District's ability to increase the standby charge.

CURRENT SITUATION

Each year in April/May, the Board agenda includes a discussion and adoption of a resolution to set the benefit/standby charge. Many years ago, the content of the discussion was to consider discontinuing or maintaining the charge. In recent years, the discussion has been the consideration of raising the fee, but at a minimum to continue the charge at the current rate. The attached document helps to clarify the option of the Board to raise the fee to the maximum for which the fee was originally identified in the ballot measure.

For many years, the District experienced stable property tax revenue, which included double-digit growth in property tax revenue. Most recently, that property tax revenue has taken a sharp decline in growth and for the most part has been flat. In addition to the reduction in growth, the District is also experiencing an increase in property tax refunds, which is an indication of reassessments or over paid property tax payments due to sale of properties. The 5-year average for refunds is approximately \$30,000. Last year the refunds totaled \$43,600 and this year with only nine of 13 tax distributions, the refund amount is up to \$117,000. This trend for increased refunds coupled with no growth in property tax revenue is starting to erode away the most significant revenue source for the District.

RECOMMENDATION

The professional opinion of Willdan Financial Services is that the District is within compliance of proposition 218 to increase the benefit/standby charge to the maximum of what was originally stipulated in the ballot measure approved in 1980. Staff has analyzed the option, and determined that if the charge were increased to \$10.00/benefit unit, the District would increase revenue by approximately 6% (\$731,000). With the increased instability of property tax revenue, the most logical readily available revenue source is from the established benefit assessment charge. Staff recommends that the Board consider raising the charge to \$10.00/benefit unit for the upcoming fiscal year. In future years, the Board would have the option to continue to assess at the maximum charge, or to consider the option of readjusting the fee to a lower rate per benefit unit.

Memorandum

TO: Rancho Santa Fe Fire Protection District
FROM: Habib Isaac, Willdan Financial Services
DATE: April 1, 2010
SUBJECT: Standby Charge Increase

This memorandum concludes the work that Willdan Financial Services (WFS) has completed in order to provide the Rancho Santa Fe Fire Protection District (the "District") with an independent analysis of its existing standby charge. The primary objective of this review is to evaluate the validity of the District increasing the existing standby charge from the current levy amount of \$2.50 per benefit unit, to the established maximum amount of \$10.00 per benefit unit, without triggering the need for compliance with the noticing requirements of Proposition 218. Over the past fifteen years, WFS has established numerous assessments, special taxes, and standby charges in compliance with applicable laws and Proposition 218 for public agencies throughout California, to fund a wide range of public improvements and services. As such, our findings, on behalf of the District, and presented here, are based on our specialized expertise and practical experience as a special tax consultant and assessment engineer.

This memorandum is divided into three parts. The first section provides background information related to the origin of Proposition H and the purpose for which it was established. The second section is a review of the backup documentation, some of which was provided directly by the District and some of which was obtained separately by WFS - to ensure that the standby charge that was imposed through the approval of Proposition H was enacted through the proper proceedings. The third and final section of this memorandum provides our opinion regarding the District's desire to increase the existing standby charge from the current \$2.50 per benefit unit to the maximum amount allowed under Proposition H, equal to \$10.00 per benefit unit.

Proposition H

When Proposition 13 was enacted in 1978, special districts, such as the Rancho Santa Fe Fire Protection District, experienced significant losses in property tax revenues. In order to offset the impacts caused by the passage of Proposition 13, the State used a portion of its budget surplus to provide financial assistance to special districts. Through Senate Bill 154, each special district, including the District, received financial assistance from the State in FY 1978-1979 to mitigate the negative impact special districts would experience through the loss of property tax revenue. This State assistance is commonly referred to as the "Bailout" amount.

As a means to diversify the District's revenues and to establish a local dedicated revenue stream, independent from State and County control for the purpose of funding fire suppression services within the District's boundaries, the District conducted proceedings for the implementation of Proposition H. This proposition was approved by the District's electorate on April 8 1980. The arguments "for" the measure were provided by the District Board of the time and stated that the proposed Standby Charge that would be enacted through approval of Proposition H would only be levied if, and to the extent necessary, State Bailout monies were withheld or reduced.

Since State Bailout money was distributed as anticipated to special districts during the early 1980s, it was not necessary for the District to levy the \$10.00 per benefit unit maximum authorized amount. Instead, the District levied a reduced amount of \$2.50 per benefit unit. Since inception of the Standby Charge, the District has never increased the actual levied rate above \$2.50 per benefit unit, even though significant changes have occurred in the State’s legislation related to State Bailout assistance to special districts. In the years following 1980, the legislature enacted Assembly Bill 8 which added section 98.6 to the Revenue and Taxation Code and created the Special District Augmentation Fund (the “SDAF”). As an attempted long term solution to property tax revenue distribution to special districts, the basic premise to the SDAF was to continue financial assistance to special districts in subsequent years following the passage of Proposition 13 by *redistributing special district revenues* to fix funding inequities without the assistance of the State Bailouts.

However, the redistribution of special district revenues through the creation of the SDAF resulted in certain fire districts receiving an amount from the SDAF that was less than what was shifted away from them. In addition, in the early 90’s, new legislation was enacted which shifted a portion of the financial responsibility for funding education to local governments, including independent fire districts through the creation of the Education Revenue Augmentation Fund (“ERAF”). One consequence of ERAF was the elimination of the SDAF, in which, the amount previously shifted to the SDAF would now be redirected to ERAF. As a result of these reductions in District revenues, which were the direct result of the loss of State Bailout funds, increasing the Standby Charge up to the maximum amount of \$10.00 per benefit unit would be in-line with the District’s promise to its constituents that the Standby Charge would only be levied up to the maximum as necessary to offset any reductions in Bailout funding from the State. Furthermore, a cost of living adjustment (“COLA”) was not incorporated as part of Proposition H, although the cost of providing the specified services has significantly increased through the years.

Documentation

The District provided the original resolutions that were adopted to conduct a special election on Proposition H as well as the ordinance which was adopted to enact the District’s Standby Charge. In addition, Willdan obtained the election results from the San Diego County Registrar of Voters, which reflected a 72.2% approval by the District’s electorate. Table 1 provides a breakdown of how each precinct within the District’s boundaries voted on the measure.

TABLE 1
Rancho Fire Protection District
Proposition H Election Results

Rancho Santa Fe Fire Protection District				
Proposition H				
Precinct	Total Votes Cast	Registered Voters	Yes	No
Olivehain 43390	276	1397	180	83
Olivehain 43394	141	720	89	48
Olivehain 43399	263	836	118	138
Rancho S. Fe 43640	341	1126	295	36
Rancho S. Fe 43670	383	1247	283	72
Rancho S. Fe 43690	240	1227	180	55
Declared Absentee		31	62	32
Absentee	98			
TOTAL	1742	6584	1207	464
Percentage	26.5%		72.2%	27.8%

Source: San Diego County Registrar of Voters; Willdan Financial Services

Although Proposition H was identified as a Standby or Availability Charge back in 1980, it is now considered a special tax for purposes of compliance with California law, pursuant to Government Code Section 53973:

The proceedings of any local agency which has, prior to the effective date of this section, adopted by ordinance or resolution, and received voter approval of, a standby or availability charge pursuant to statutes repealed by the act which enacted this section, shall be deemed to be in compliance with the provisions of Section 53978. The local agency may levy such assessment pursuant to the provisions of such ordinance or resolution for all fiscal years following the effective date of this section pursuant to Section 53973.

More specifically, Section 53978(b) provides further justification in the validity of the Standby Charge (which pursuant to GC Section 53973 is referred to as a special tax), since the Standby Charge ordinance was submitted to district’s electorate and received the necessary two-thirds super majority voter approval. Furthermore, GC Section 53978 provides information and guidance as to what the standby Charge may fund:

...for the purpose of obtaining, furnishing, operating, and maintaining fire suppression protection equipment or apparatus, for paying the salaries and benefits to firefighting personnel, and for such other necessary fire protection and prevention expenses,

Government Code Section 53978(b) further states that a local agency is in compliance with this section as long as an ordinance established a means to determine the maximum amount of tax to be levied on each affected parcel:

An ordinance which sets a maximum amount of the tax to be levied on a parcel, class of improvement to property, or use of property basis, or a combination thereof, and which permits the local agency proposing the tax to determine the amount to be levied, annually, within the maximum amount, shall satisfy the requirements of this section. However, in no case shall the amount of the tax to be levied exceed the maximum amount established by the ordinance without the approval of the voters

To ensure equity amongst parcels within the District, the Standby Charge was assessed based on an equivalent benefit unit (EBU) methodology. This type of methodology is still commonly used and applied to assessments and taxes that have or may have a wide range of land use classifications (both residential and non-residential use) or have properties in various stages of development or potential development (i.e. existing developments, planned developments, vacant land, partially developed or underutilized properties). The EBU methodology utilized by the District establishes a benefit relationship between the different property types to be assessed and the services rendered by the District. The District’s ordinance provides a means to determine each parcel’s assessment by providing a schedule for the assignment of benefit units (Table 2) and identifying the maximum rate per benefit unit, equal to \$10.00 per benefit unit, which may be levied. As such, the District is in compliance with the provisions of Government Code Section 53978(b).

TABLE 2
Rancho Fire Protection District
Schedule of Benefit Unit Assignments

Land Use	Benefit Units
Unimproved, Irrigated Crops	2 units per acre and/or portion of acre up to 20 units per parcel
Residential	5 units per dwelling unit on less than 1 acre 10 units per dwelling unit on 1 acre or more
Commercial	15 units per ½ acre and/or portion of ½ acre
Industrial	20 units per ½ acre and/or portion of ½ acre

Conclusion

Based on our review of the District's backup documentation related to the Standby Charge; our independent research and expertise with the implementation of local dedicated revenue streams, such as assessments, special taxes, and standby charges; and consultations with one of our Prop. 218 attorneys, Willdan's professional opinion regarding the District's ability to increase the existing standby charge up to the maximum amount is that the District is in complete compliance with Proposition 218 and is also utilizing the Standby charge for the purposes that were originally outlined in Proposition H. Below is a summary of our finding to substantiate the District's intention to increase its existing Standby Charge:

- Proposition H was approved by at least two-thirds of the District's electorate
- Since inception, the District has never levied the maximum amount. The District originally levied a reduced amount equal to \$2.50 since the District was receiving State Bailout revenue and the arguments for Proposition H indicated that the District would only levy up to the maximum - to the extent necessary – if State Bailout revenues were withheld or reduced.
- Since the enactment of the Standby charge, legislation reduced the amount of Bailout revenue available through the creation of the SDAF. Furthermore, the SDAF was eliminated as a result of the enactment of ERAF. Collectively, the District's Bailout funding from the State was eradicated. As such, increasing the Standby Charge conforms to the spirit and purpose of Proposition H.
- Government Code Section 53973 validates the proceedings conducted by the District and ensures the "standby charge or availability charge" is considered to be a special tax for purposes of complying with existing statutes.
- Government Code Section 53978(b) confirms that the District satisfy the requirements of this section since the District provided a means for each parcel to determine its maximum charge.

Therefore, the District may increase its standby charge since the Standby Charge is considered to be a special tax that was approved pursuant to Proposition 13 by a two-thirds vote and; therefore, complies with Proposition 218. More specifically, [Section 3\(2\) of Article 13D of the State Constitution](#) ~~Section 3(2)~~.

[Although tax increases are a sensitive issue, especially in these economic times, the District is not actually increasing the special tax above the amount originally approved by its registered voters. Therefore, Willdan recommends that the District identify the amount of revenue necessary to meet the service demands placed on the District, and levy a rate that will generate sufficient revenue to meet those demands. If the required revenue is greater than or equal to \\$975,000, then the District would need to levy the \\$10.00 maximum amount per benefit unit. In addition, as part of our review, we calculated the average ad valorem general tax for developed single family residences within the District's service area to determine the effect of levying the maximum amount. The average percentage increase to a residential property's tax bill would be less than one-half of one percent \(< 0.5% or 0.005\). Whatever rate the District determines to be appropriate, we recommend that the District Board adopt a resolution identifying the amount of revenue proposed to be generated by the special tax and the rate per benefit to levy for Fiscal Year 2010-2011. 0](#)

Exhibit A

Consolidated Special Election Results for Proposition H

RANCHO SANTA FE FIRE PROTECTION DISTRICT
APRIL 8, 1980

PROPOSITION H															
PRECINCT	TOTAL VOTES CAST	REGISTERED VOTERS		YES	NO										
OLIVENHAIN	43390	276	1397	180	83										
OLIVENHAIN	43394	141	720	89	48										
OLIVENHAIN	43399	263	836	118	138										
RANCHO S. FE	43640	341	1126	295	36										
RANCHO S. FE	43670	383	1247	283	72										
RANCHO S. FE	43690	240	1227	180	55										
Declared Absentee			31												
Absentee		98		62	32										
TOTAL		1742	6584	1207	464										
PERCENTAGE		26.5%		72.2%	27.8%										