



DATE: January 23, 2008

TO: Honorable Mayor and City Councilmembers

FROM: Economic and Community Development Department

SUBJECT: **APPROVAL OF A PROPERTY EXCHANGE AGREEMENT WITH IVEY RANCH DEVELOPMENT COMPANY, LLC, TO EXCHANGE A PORTION OF THE EL CORAZON PROPERTY FOR ADJACENT REAL PROPERTY AND OTHER CONSIDERATION**

SYNOPSIS

Staff recommends that the City Council approves a Property Exchange Agreement with Ivey Ranch Development Company, LLC, for the exchange of a portion of the El Corazon property for adjacent real property and other considerations; authorize the Mayor to execute the agreement; and authorize the City Clerk to accept the grant deeds.

BACKGROUND

In 1994, approximately 465 acres of vacant property was donated to the City of Oceanside from the U.S. Silica Company. This property became known as "El Corazon". Beginning in 1995, the City of Oceanside developed a long-range plan for the development of El Corazon, culminating in the approval of the El Corazon Land Use Master Plan Project Report in 2005 ("El Corazon Plan"). As part of the El Corazon Plan, land uses and roadway improvements were proposed for specific areas and locations for El Corazon.

In the late 1990s Ivey Ranch Development Company, LLC ("IRDC"), developed the industrial park subdivision known as "Ocean Ranch" in the City of Oceanside. As part of the subdivision, a finished parcel of land consisting of 3.10 acres, Lot 1 of Map No. 15185, Ocean Ranch Subdivision, was developed by IRDC ("IRDC Property"). The IRDC Property is located westerly of Rancho del Oro Drive where it intersects with Ocean Ranch Boulevard and is adjacent to El Corazon.

The use of the IRDC Property was considered in the El Corazon Plan. Per the El Corazon Plan, the use of the IRDC Property is an important element in the roadway improvement design for El Corazon. IRDC, desirous of maximizing the development potential for the IRDC Property yet working within the scope of the El Corazon Plan, approached the City about the possibility of exchanging portions of each party's

respective properties. Together with other considerations, an exchange of property or portions thereof was proposed.

ANALYSIS

The Property Exchange Agreement ("Agreement") not only proposes an exchange of property but also the construction of certain roadway and related improvements. The Agreement would require that the City grant to IRDC a portion of El Corazon in exchange for IRDC granting to the City a portion of the IRDC Property. This would be done through a property line adjustment application. In addition, IRDC will also commit to the construction of a portion of the roadway improvements that are a part of the El Corazon Plan. See attachment for a depiction of the properties to be conveyed.

The essential terms of the Agreement are generally described as follows:

1. The City will end up with an approximate 1.25-acre improved parcel.
2. IRDC will end up with a 7.25-acre unimproved parcel.
3. IRDC will agree to construct, on behalf of the City, roadway and related improvements having an approximate value of \$1,450,000.
4. The parties shall effect a property line adjustment application to create legal parcels of land for the exchange.
5. IRDC shall develop the IRDC Property and the property that it will acquire from the City in accordance with the approved Specific Plan for El Corazon.
6. IRDC will complete the related roadway and other improvements no later than 5 years from the close of escrow.
7. IRDC shall pay for the costs to complete property line adjustment.
8. The due diligence period is 45 days; with escrow to close within 60 days thereafter. Both the due diligence period and the close of escrow may get extended based on the timing of the approval of the El Corazon Specific Plan and the recordation of the property line adjustment.

The El Corazon acreage to be conveyed by the City is significantly greater in size than the portion of the IRDC Property to be conveyed to the City. In order to establish somewhat equal value to be exchanged between the parties, IRDC agreed to provide additional consideration. The parties agreed that certain roadway and related improvements associated with El Corazon, in addition to the improvements required for the development proposed by IRDC, was approximately equal in value to the real property conveyed by the City.

As an indirect benefit, by entering into the Agreement with IRDC the City has the opportunity to begin the development of El Corazon sooner than anticipated. The completion of the roadway and other related improvements at one of the major entrances to El Corazon can provide a significant impetus towards actualization of the

El Corazon Plan. In addition, the development proposed by IRDC for the balance of the IRDC Property and the property to be conveyed by the City potentially enhances the development activity at El Corazon.

FISCAL IMPACT

Taking into consideration the respective values of the properties to be exchanged, together with the roadway and related improvements to be constructed by IRDC, the City has received adequate direct fiscal consideration. The value allocated to the properties and the proposed improvements are as follows:

- Approx. value allocated to unimproved 7.25 acres to IRDC \$2,526,000
(based on \$8.00 PSF for unimproved land)

- Approx. value allocated to improved 1.25 acres to City \$1,089,000
(based on \$20.00 PSF for improved land)

- Value of City improvements to be constructed by IRDC \$1,450,000
\$2,539,000

Other than normal escrow and title closing costs associated with a property transaction there is no direct fiscal impact to the City. It should be noted that there will be a positive fiscal impact to the City as a result of the future development of the portion of El Corazon conveyed to IRDC. The proposed development will include a hotel and a retail center with an estimate of TOT and sale tax revenue of \$350,000 - \$400,000 annually.

INSURANCE REQUIREMENTS

The City's standard insurance requirements will be satisfied.

COMMISSION OR COMMITTEE REPORT

The El Corazon Oversight Committee has recommended approval of the proposed exchange of properties and other consideration.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

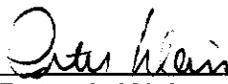
Staff recommends that the City Council approves a Property Exchange Agreement with Ivey Ranch Development Company, LLC, for the exchange of a portion of the El Corazon property for adjacent real property and other considerations; authorize the Mayor to execute the agreement; and authorize the City Clerk to accept the grant deeds.

PREPARED BY:



Douglas E. Eddow
Real Property Manager

SUBMITTED BY:



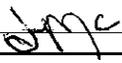
Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Jane McVey, Economic & Community Development Director



PROPERTY EXCHANGE AGREEMENT

This PROPERTY EXCHANGE AGREEMENT ("Agreement") is made and entered into as of January 23, 2008 ("Effective Date") by and between the City of Oceanside, a California municipal corporation, ("City") and Ivey Ranch Development Company, LLC ("IRDC"). The Effective Date shall be the date this Agreement is approved by the Oceanside City Council.

RECITALS

WHEREAS, City is the owner of a fee interest in that certain real property commonly referred to as El Corazon situated in the City of Oceanside, County of San Diego, State of California, as more particularly shown on Exhibit "A" attached hereto and incorporated herein by reference (the "El Corazon Property");

WHEREAS, IRDC is the owner of a fee interest in that certain real property adjacent to the El Corazon Property situated in the City of Oceanside, County of San Diego, State of California, as more particularly shown on Exhibit "B" attached hereto and incorporated herein by reference (the "IRDC Lot 13 Property");

WHEREAS, the IRDC's Lot 13 Property, consisting of 3.10 acres, has been developed as Lot 1 of Map No. 15185, Ocean Ranch Subdivision and IRDC is desirous of further developing said property;

WHEREAS, the City is desirous of utilizing a portion of the IRDC's Lot 13 Property consisting of 2.15 acres as part of the development of El Corazon as more particularly shown on Exhibit "C" attached hereto and incorporated herein by reference (the "IRDC Property");

WHEREAS IRDC, in furtherance of its development of IRDC's Lot 13 Property, is desirous of utilizing a portion of the City Property that is adjacent to IRDC's Lot 13 Property consisting of 6.30 acres as more particularly shown on Exhibit "D" attached hereto and incorporated herein by reference (the "City Property"); and providing other valuable consideration to the City so as to provide equal value;

WHEREAS, the City and IRDC are desirous of effectuating a trade of the IRDC Property for the City Property and for other valuable consideration so that each respective party can further develop the respective El Corazon project and the IRDC Lot 13 Property;

WHEREAS, the City has determined that an exchange of the respective properties and other valuable consideration is in the best interest of the public;

NOW THEREFORE, in consideration of the mutual covenants hereinafter contained and for other valuable consideration, the parties hereto agree as follows:

AGREEMENT

ARTICLE 1. PURPOSE

1.1. Purpose of Agreement. City and IRDC respectively desire to exchange the City Property for the IRDC Property and other valuable consideration on the terms and conditions in this Agreement.

1.2. Status and Powers of City. City is a California municipal corporation organized and existing pursuant to the Constitution and statutes of the State of California and is authorized to acquire the IRDC Property from IRDC and perform the conditions and covenants as more particularly described in this Agreement.

1.3. Status and Powers of IRDC. IRDC is a limited liability company organized under and existing pursuant of the laws of the State of California, authorized to conduct business in California and to acquire the City Property from City and perform the conditions and covenants as more particularly described in this Agreement.

1.4. Public Benefit. This Agreement is for the benefit of the public and is in the furtherance of the public purposes of the City.

ARTICLE 2.

~~DEFINITIONS AND GENERAL PROVISIONS~~

2.1. Agreement. For good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as set forth herein.

2.2. Definitions in General. The terms defined in Exhibit "E" attached hereto and by this reference incorporated herein, as used and capitalized herein, shall, for all purposes of this Agreement, have the meanings ascribed to them in said Exhibit "E", unless the context clearly requires some other meaning. In addition, the term "Agreement" as used herein means this Property Exchange Agreement.

2.3. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement.

ARTICLE 3.

EXCHANGE OF PROPERTY

3.1. Exchange of Property. City agrees to convey the City Property to IRDC and in exchange IRDC agrees to convey the IRDC Property to City on the terms and conditions set forth in this Agreement.

3.2. Additional Consideration. The parties agree that the consideration for each respective property is the exchange of the other respective property and other valuable services and improvements in connection therewith. Other valuable services and improvements to be performed by IRDC are more particularly described on Exhibit "F", attached hereto and incorporated herein by this reference ("IRDC Improvements"). The IRDC Improvements shall complete the satisfaction of all improvements required for the development of the City Property and the IRDC Lot 13, Property by IRDC relating to public rights-of-way and other offsite improvements benefiting the public. No additional conditions will be made part of this agreement. Other valuable services and improvements to be performed by City are more particularly set forth in Section 9.5 below.

ARTICLE 4. CONDITIONS PRECEDENT

4.1. Conditions Precedent to Closing. Each party's obligation to convey its respective property to the other party is subject to the following conditions precedent set forth in Sections 4.2 through 4.10 inclusive ("Conditions Precedent"). Subject to the other party's rights under Article VII "ESCROW", if any of the Conditions Precedent have not been fulfilled within the applicable time periods or if the other party disapproves, pursuant to this Article IV, a matter for which the other party's approval is required, each respective party may:

(a) Waive the condition or disapproval and close escrow with respect to the applicable property in accordance with this Agreement, without adjustment or rebate in the consideration; or

(b) Cure the failure of the condition or representation and adjust the consideration by the amount equal to the cost to cure; or

(c) Terminate this Agreement by written notice to the other party.

4.2. Title. Unless otherwise specified in this Agreement, the City and IRDC shall convey title to their respective property to the other party, by grant deed, subject to the following: each party will provide to the other party access to all documents in its possession regarding each party's property, but makes no representations or warranties as to the accuracy or reliability thereof. Either party makes no representations or warranties, expressed or otherwise, regarding the condition of title to their respective property or the condition of the property. Each party is obligated to investigate, inspect and analyze the condition of the other property and the condition of title to the other property to its own satisfaction and expressly agrees that in entering into this Agreement, it is relying on its own investigation as to the condition of the property to be conveyed and condition of title to the property to be conveyed, except as expressly provided herein.

4.3. Preliminary Title Report. Upon ordering the escrow, each party shall request a preliminary title report for their respective property ("Preliminary Report") issued by Fidelity National Title Insurance Company or another title insurance company mutually approved by the parties ("Title Company") containing such exceptions as the Title Company would specify in a California Land Title Association ("CLTA") standard policy of title insurance (or, provided the

other party so requests in writing, as the Title Company would specify in an American Land Title Association ("ALTA") extended owner's policy of title insurance), together with copies of all exceptions and plotted easements and the documents supporting the exceptions (hereinafter collectively called "Supporting Documents").

Within fifteen (15) days after receipt of legible copies of the Preliminary Report and Supporting Documents, each party shall give written notice to the other party of its approval or disapproval of the Preliminary Report, any part thereof, or of any exceptions, or of the condition of title reflected in the Preliminary Report or the Supporting Documents. If either party gives written notice of disapproval as provided in this paragraph, this Agreement shall be terminated and shall be of no force or effect. Provided, however, either party may elect, at its sole cost and expense, to remove or cure any disapproved item or items by delivering written notice thereof to the other party within ten (10) days following the date of written notification of the disapproval.

Although it is recognized that City is a tax-exempt governmental agency, City shall be obligated to pay any property taxes and assessments to the date of close of escrow levied against the City Property. The parties recognize that certain encumbrances such as existing deeds of trust, tax liens, certain assessment liens, and the like will be discharged through escrow as provided in this Agreement. Notwithstanding the giving of any notice or any failure to give any notice with respect to these items, they shall be discharged through escrow as provided in this Agreement.

From and after the effective date of the Preliminary Report, each party shall not alter the condition of title of their respective property without the express written consent of the other party.

4.4. Title Policies. On or before the close of escrow, each party shall have received evidence that Title Company is ready, willing, and able to issue, upon payment of the Title Company's regularly scheduled premium a California Land Title Association (CLTA) standard policy of title insurance, or, if requested by the other party, an American Land Title Association (ALTA) extended owner's policy of title insurance in the face amount directed by each party (with respect to the property such party is acquiring hereunder) showing title to each respective property vested in the applicable party subject only to:

(a) Non-delinquent general, special, and supplemental property taxes or assessments constituting a lien at close of escrow, if applicable; and

(b) The matters described in the printed form portion of the Policy of Title Insurance to the extent that such matters do not conflict with the provisions of this Agreement; and

(c) Covenants, conditions, reservations, restrictions, easements or other matters appearing as exceptions in the Preliminary Report as approved by each respective party pursuant to this Agreement; and

(d) Any lien voluntarily imposed by each party with respect to the property to be conveyed by the other party as of the close of escrow.

4.5. Physical Condition of the City Property. IRDC accepts the physical condition of the City Property. IRDC agrees that the City Property is being exchanged in an “As-Is” and “Where-Is” condition, except as expressly provided for elsewhere herein. City shall not cause the physical condition of the City Property to deteriorate or change after the date of the inspection, normal wear and tear excepted, without the prior written consent of IRDC.

4.6. Physical Condition of the IRDC Property. City accepts the physical condition of the IRDC Property. City agrees that the IRDC Property is being exchanged in an “As-Is” and “Where-Is” condition, except as expressly provided for elsewhere herein. IRDC shall not cause the physical condition of the IRDC Property to deteriorate or change after the date of the inspection, normal wear and tear excepted, without the prior written consent of the City.

4.7. Property Documents. Within ten (10) working days after the date of this Agreement, each party shall make available for inspection by the other party current copies of all permits, soils tests, hazardous or toxic waste reports, geological studies, environmental impact studies, topographical maps, licenses, maintenance contracts, utility contracts, operating contracts, leases, maintenance contracts, service contracts, and other documents pertaining to the Property (“Property Documents”). Prior to the close of the Feasibility Period pursuant to Section 8.1 herein, each respective party shall review and approve or disapprove each respective set of Property Documents. On or before the close of escrow, where applicable, each respective party shall assign to the other party all of their rights and remedies under the Property Documents, to the extent assignable, pursuant to an assignment of contracts, warranties, guarantees, and other intangible property in form and substance satisfactory to the other party. ~~At the request of each respective party, the assignment of contracts shall exclude the other party’s rights under any Property Documents as designated by said respective party.~~ At the request of the other party, each respective party shall use its best good faith efforts to obtain the consent to assignment of any other parties to the Property Documents as specified by the other party. At the request of the respective party, the other party shall terminate any Property Documents designated by said respective party (as authorized by the Property Documents), by delivering notices to the other party under the Property Documents in sufficient time to terminate the respective Property Documents prior to the close of escrow.

4.8. Non-foreign Affidavit. If applicable, on or before the close of escrow, IRDC shall deliver to the City a non-foreign affidavit as required by the Foreign Investment In Real Property Tax Act (FIRPTA) [42 USC § 1445] executed by IRDC.

4.9. IRDC’s Obligations. The performance by IRDC of each and every material covenant, agreement, and promise to be performed by IRDC shall be pursuant to this Agreement and the related documents executed or to be executed by IRDC shall be a condition for City’s benefit.

4.10. City’s Obligations. The performance by City of each and every material covenant, agreement, and promise to be performed by City shall be pursuant to this Agreement and the related documents executed or to be executed by City shall be a condition for IRDC’s benefit.

4.11. IRDC's Representations. The truth and accuracy of all IRDC's representations and warranties as set forth in this Agreement or in documents provided by IRDC under this Agreement, subject to the provisions of Section 4.2, shall be a condition for City's benefit.

4.12. City's Representations. The truth and accuracy of all City's representations and warranties as set forth in this Agreement or in documents provided by City under this Agreement, subject to the provisions of Section 4.2, shall be a condition for IRDC's benefit.

4.13. EIR and Specific Plan. A condition for IRDC's benefit shall be that the El Corazon Specific Plan (as referenced in Section 9.2) and the corresponding environmental impact report shall have been approved by all applicable governmental agencies, subject only to conditions acceptable to IRDC, and all applicable appeal periods shall have expired and all appeals (if any) shall have been concluded in a manner upholding such approvals.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES

5.1. Time. The representations and warranties by each respective party in this Article are made as of the date of this Agreement and as of the close of escrow and will survive the close of escrow and the recording of the Grant Deeds as applicable.

5.2. Title. Each party has obtained (or will obtain as of close of escrow) all required consents, permissions or releases to convey good and marketable title to the other party.

5.3. Hazardous Substances. To each party's knowledge, their respective property is free from Hazardous Substances and is not in violation of any Environmental Laws. Each party has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on their respective property is or has been in violation of any Environmental Law, or informing each party that their respective property is subject to investigation or inquiry regarding Hazardous Substances on the respective property or the potential violation of any Environmental Law.

5.4. Violation of Law. To each party's knowledge, no condition on their respective property violates any health, safety, fire, environments, building, zoning or other federal, state, or local law, code, ordinance, or regulation.

5.5. Litigation. There is no knowledge of pending or threatened litigation, administrative proceeding, or other legal or governmental action or condemnation with respect to each party's respective property or which may adversely affect the other party's ability to fulfill the obligations of this Agreement.

5.6. Bankruptcy. No filing by IRDC or petition under the United States Bankruptcy Law or any insolvency laws, or any laws for composition of indebtedness or for the reorganization of debtors has been filed with regard to IRDC.

5.7. No Defaults. Each party is not in default of its obligations or liabilities pertaining to the each party's respective property. There are no facts, circumstances, conditions or events, which after notice or lapse of time would constitute default. Each party has not received any

notice of any default and has no reason to believe that there is likely to be any breach or default of any of such party's obligations or liabilities pertaining to their respective property.

5.8. Special Studies Zone. Each property is not within a special studies zone under the Alquist-Priolo Geologic Hazard Act [Pub. Res. Code §§ 2621.9 et seq.] (which generally requires sellers to inform purchasers if property is within a special studies zone, which zones are generally near potentially or recently active earthquake faults).

5.9. Foreign Investment Real Property Tax Act. IRDC is not a "foreign person" within the meaning of 42 USC § 1445(f)(3). IRDC understands and agrees that the City may disclose the certification made in this section to the Internal Revenue Service and that any false statement contained herein could be punished by fine, imprisonment or both. This certification is made under penalty of perjury under the laws of the State of California.

5.10. Power to Enter into Agreements.

(a) IRDC is duly authorized to enter into this Agreement. The provisions of this Agreement are and will be the valid and legally enforceable obligations of IRDC in accordance with their terms and the terms of this Agreement. IRDC has duly authorized and executed this Agreement.

(b) City is duly authorized to enter into this Agreement. The provisions of this Agreement are and will be the valid and legally enforceable obligations of City in accordance with their terms and the terms of this Agreement. City has duly authorized and executed this Agreement.

5.11. No Violation of Other Agreements. Each party hereby represents that neither the execution and delivery of this Agreement, nor the fulfillment of and compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of terms or violation of any other agreement to which each party is involved or by which each party is bound, or constitutes a default under any of the foregoing.

5.12. Payment of Obligations. To the extent each party is authorized by the Property Documents, each party shall discharge all obligations and liabilities under the Property Documents before the close of escrow with respect to each party's respective property.

5.13. Brokers. Each party agrees that there are no brokers or real estate agents involved in this transaction that would be entitled to a fee or commission. Each party shall hold the other party harmless from any claims for such fees or commissions claimed by another broker, real estate agent or other third party claiming through each party.

ARTICLE 6.
COVENANTS

6.1. Litigation. Each party shall immediately notify the other party of any lawsuits, condemnation proceedings, rezoning, or other governmental order or action, or any threat thereof, of which each party has actual knowledge, which might affect their respective property or any interest of each regarding their property.

6.2. Indemnification. The City shall indemnify, defend and hold IRDC harmless from all liability, loss, or claim for damages, and any costs and reasonable attorney's fees associated therewith, arising from breach of City's covenants under this Agreement and any other related documents, or from City's false representations under this Agreement or in any other related documents, except for any liability, loss, or claims for damages resulting from the sole negligence or willful misconduct of IRDC or its officers or employees.

IRDC shall indemnify, defend and hold the City harmless from all liability, loss, or claim for damages, and any costs and reasonable attorney's fees associated therewith, arising from breach of IRDC's covenants under this Agreement and any other related documents, or from IRDC's false representations under this Agreement or in any other related documents, except for any liability, loss, or claims for damages resulting from the sole negligence or willful misconduct of City or its officers or employees.

The provisions of this Section 6.2 shall survive the close of escrow regarding each respective property.

6.3. Community Facilities Districts. The IRDC Property is currently subject to Community Facilities District No. 2000-1 (Ocean Ranch Corporate Centre) ("CFD 2000-1"), and a special tax may be included in City's annual property tax bill for the repayment of indebtedness incurred by CFD 2000-1. Concurrently with the execution of this Agreement, City shall execute and deliver to IRDC the Notice of Special Tax in the form attached hereto and incorporated herein as Exhibit "G". Additionally, if, after the Close of Escrow and prior to the conveyance of any portion of the IRDC Property by the City to a third party, City is required, as the owner of the IRDC Property, to pay assessments levied by CFD 2000-1, and provided further that at such time the IRDC Property is being used by the City for public purposes which would normally be deemed to tax-exempt, then IRDC shall pay such assessment levied upon the IRDC Property. In no event shall IRDC be obligated to pay any such assessments to the extent they are applicable to a period after the City has conveyed any portion of the IRDC Property to a third party, nor shall IRDC be obligated to pay any such assessments during any period when any portion of the IRDC Property is being utilized for other than a public purpose that is normally deemed to be tax-exempt.

ARTICLE 7. ESCROW

7.1. Establishment of Escrow. Within seven (7) days after the date this Agreement is approved by the Oceanside City Council, the parties shall establish an Escrow for the close of the exchange of the properties with the escrow department of the Title Company ("Escrow Agent"). If the Escrow Agent is unwilling or unable to perform, City shall designate another escrow agent. Escrow Agent shall notify both parties in writing of the specific date on which the Escrow has opened. This Agreement shall constitute Escrow Instructions, provided however, that Escrow Agent shall prepare general instructions as may be deemed necessary by the Escrow Agent for the fulfillment of this Agreement and deliver those general instructions to the parties. The parties shall each execute the general instructions, or propose changes thereto, within five (5) days after receipt of the instructions. If there is any conflict between the terms of the general

instructions and this Agreement, the provisions of this Agreement shall prevail unless the conflicting provision is specifically identified as an amendment to this Agreement.

7.2. Closing. Subject to the provisions of Section 4.1 herein and no later than sixty (60) days ("Closing Deadline") after the approval of the Lot Line Adjustment for the conveyance of each respective property (as hereinafter defined), which Lot Line Adjustment shall include but not be limited to, all environmental sign-offs, if necessary, including expiration of all applicable appeal periods and conclusion of all appeals in a manner upholding such approval, if any, pursuant to Section 9.1 herein, the Grant Deeds shall be recorded and each respective property transferred from each respective party to the other ("Close of Escrow") after each party has either approved or waived each respective Condition Precedent.

7.3. Closing Deposits. On or before the Close of Escrow, each party shall deposit with Escrow Agent the following documents and shall close Escrow as follows:

(a) IRDC shall deposit with Escrow Agent the following:

(i) The original executed and acknowledged Grant Deed conveying the IRDC Property from IRDC to City;

(ii) The original Non-Foreign Affidavit executed by IRDC;

(iii) A certificate acknowledging that all conditions to the Close of Escrow that City was to satisfy or perform have been satisfied and performed, and that IRDC's representations, covenants, and warranties made in or pursuant to this Agreement are correct as of the Close of Escrow;

(iv) Additional cash in the amount necessary to pay IRDC's share of the closing costs as set forth in this Agreement or the escrow instructions and the cost of the Title Policy for Title Insurance with respect to the City Property;

(v) The performance and materials bond as described in Section 9.4 below;

(vi) Any other documents or funds required of IRDC to close Escrow in accordance with this Agreement;

(b) City shall deposit with Escrow Agent the following:

(i) The original executed and acknowledged Grant Deed conveying the City Property from City to IRDC;

(ii) A certificate executed by City providing that all conditions to Close of Escrow that IRDC was to satisfy or perform have been satisfied and performed and City's representations, covenants, and warranties made in and pursuant to this Agreement are correct as of the Close of Escrow;

(iii) Additional cash in the amount necessary to pay the City's share of the closing costs as set forth in this Agreement or the escrow instructions and the cost of the Title Policy for Title Insurance with respect to the IRDC Property;

(iv) Any other document or funds required of City to close Escrow in accordance with this Agreement.

(c) City shall deposit with Escrow Agent the following:

(i) The original executed and acknowledged Grant Deed conveying the City Property from City to IRDC;

(ii) The original Non-Foreign Affidavit executed by City;

(iii) A certificate acknowledging that all conditions to the Close of Escrow that IRDC was to satisfy or perform have been satisfied and performed, and that City's representations, covenants, and warranties made in or pursuant to this Agreement are correct as of the Close of Escrow;

(iv) Additional cash in the amount necessary to pay City's share of the closing costs as set forth in this Agreement or the escrow instructions and the cost of the Title Policy for Title Insurance with respect to IRDC Property;

(v) The performance and materials bond as described in Section 9.4 below;

(vi) Any other documents or funds required of City to close Escrow in accordance with this Agreement.

7.4. Closing Costs. The parties shall pay their respective premiums for: the CLTA Standard Policies of Title Insurance for the properties they are acquiring, real property transfer taxes and documentary transfer taxes (if any) payable upon recordation of the Grant Deeds for the properties, and any sales, use or ad valorem taxes connected with the Close of Escrow for each of the properties. If either party requests an ALTA extended owner's policy the requesting party shall pay the excess premium for said title policy. The parties shall equally pay the Escrow Agent's fee.

7.5. Property Taxes and Prorations. IRDC shall be solely responsible for bringing the IRDC Property's real property taxes current as of the Close of Escrow and City shall have no liability for payment of taxes. It is recognized that City is a tax-exempt governmental agency. Each party shall continue to be obligated to pay for gas, electricity, water or other utility charges applicable to each party's respective property and will be responsible for the cost of all such utilities used before Close of Escrow.

7.6. Possession. Right to possession of each property, or the applicable parcel, shall transfer at Close of Escrow free of all tenancies.

ARTICLE 8.
MISCELLANEOUS AND ADMINISTRATIVE PROVISIONS

8.1. Inspection and Feasibility Period. Each party hereby consents to entry upon their respective property by the other party or its officers, employees, contractors and agents for the purpose of conducting physical inspections and tests from the Effective Date of this Agreement to the Close of Escrow. Each party shall have forty-five (45) calendar days from the Effective Date of this Agreement ("Feasibility Period") in which to complete its inspections, testing and feasibility studies of the other party's property, including but not limited to, inspection and examination of soils, environmental factors, Hazardous Substances, if any, and archeological information relating to the other party's property; and a review and investigation of the effect of any zoning, map, permits, reports, engineering data, regulations, ordinances, and laws effecting the other party's property. Within ten (10) working days following the full execution of this Agreement, each party shall make available for inspection by the other party copies of all architectural plans, surveys, specifications, and other documents pertaining to their respective property that are owned by or in the possession of each respective party. If either party disapproves of the results of the inspection and review, either party may elect, prior to the last day of the Feasibility Period, to terminate this Agreement by giving the other party written notification prior to the last day of the Feasibility Period. If either party fails to properly notify the other party of their intent to terminate this Agreement, said party shall be deemed to be satisfied with the results of the inspection and shall be deemed to have waived the right to terminate this Agreement pursuant to this provision.

8.2. Approval of Conditions to EIR and Specific Plan. Buyer shall have until ten (10) working days after the approval of the El Corazon Specific Plan and the corresponding environmental impact report to approve of the same. If IRDC disapproves of the same, IRDC may elect, prior to the last day of such ten (10) day working period, to terminate this Agreement by giving written notice to the City of such election. Failure to timely give such notice of termination shall be deemed approval of such matters.

8.3. Further Assurances. Whenever requested by the other party, each party shall execute, acknowledge, and deliver any further conveyances, assignments, confirmations, satisfactions, releases, instruments of further assurance, approvals, consents and any other instrument or document as may be necessary, expedient or proper to complete the transaction contemplated by this Agreement, and to do any other acts and to execute, acknowledge, and deliver any requested document to carry out the intent and purpose of this Agreement.

8.4. Assignment. Either party shall have no right, power, or authority to assign or mortgage this Agreement or any portion of this Agreement, or to delegate any duties or obligations arising under this Agreement, voluntarily, involuntarily, or by operation of law, without the prior written consent of the other party. Neither party shall unreasonably withhold approval to any assignment.

8.5. Preservation and Inspection of Documents. Documents received by either party under the provisions of this Agreement shall be retained in their respective possessions and shall be subject at all reasonable times to the inspection of the other party hereto and its assigns, agents and representatives, any of whom may make copies thereof.

8.6. Parties of Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than each respective party any rights, remedies or claims under or by reason of this Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Agreement made by or on behalf of each party shall be for the sole and exclusive benefit of the other party.

8.7. No Recourse under Agreement. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for any claim based on or under this Agreement against any member, officer, employee or agent of the parties hereto.

8.8. Notices. Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered in person to an officer or duly authorized representative of the other party, deposited in the United States mail, duly certified or registered (return receipt requested), postage prepaid, or delivered by Express Mail of the U.S. Postal Service or Federal Express or any other courier guaranteeing overnight delivery, charges prepaid. Notices, requests, demands, consents, approvals and other communications may also be transmitted by telecopy. If any notice, request, demand, consent, approval or other communication is sent by mail as aforesaid, the same shall be deemed fully delivered and received two (2) business days after mailing as provided above. Any notice, request, demand, consent, approval or other communication sent by overnight service shall be deemed delivered one (1) business day after delivery of the same, charges prepaid, to the U.S. postal service or private courier. If any notice, request, demand, consent, approval or other communication is sent by telecopy, the same shall be deemed served or delivered upon confirmation of the transmission thereof. Any notice, request, demand, consent, approval or other communication sent by any other manner shall be effective only upon actual receipt thereof. All notices, requests, demands, consents, approvals and other communications shall be addressed to the party for whom intended, as follows:

If to City:

CITY OF OCEANSIDE
Property Management Division
ATTN: Real Property Manager
300 North Coast Highway
Oceanside, CA 92054

Copy to:

City Attorney's Office
CITY OF OCEANSIDE
300 North Coast Highway
Oceanside, CA 92054

If to IRDC:

Ivey Ranch Development Company, LLC
Attn: Chris Downey
27422 Portola Parkway, Suite 300
Foothill Ranch, CA 92610

Copy to:

Latham & Watkins LLP
Attn: Kenneth A. Wolfson
650 Town Center, 20th Floor
Costa Mesa, CA 92626

The parties hereto, by notice given hereunder, may, respectively designate different addresses to which subsequent notices, certificates or other communications will be sent.

8.9. Binding Effect. Without waiver of Section 8.3, this Agreement shall inure to the benefit of and shall be binding upon each party, and their respective successors and assigns.

8.10. Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Agreement on the part of each party to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such ~~covenant, stipulation, promise, agreement or obligation shall be deemed and construed to be~~ severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Agreement.

8.11. Headings. Any headings preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

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

8.13. Each Party's Representatives. Whenever under the provisions of this Agreement the approval of each respective party is required, or each respective party is required to take some action at the request of the other, such approval of such request may be given for each party by an Authorized Officer of said party, and any party hereto shall be authorized to rely upon any such approval or request.

8.14. Amendment. This Agreement may be amended, modified, or changed only in writing as mutually agreed to and duly executed by the parties hereto.

8.15. Counterparts. This Agreement may be executed in counterpart.

8.16. Time of the Essence. Time is of the essence in this Agreement and every provision contained in this Agreement.

8.17. Integration. This Agreement, and all attachments and exhibits hereto constitute the entire agreement of the parties. There are no oral or parol agreements, which are not expressly set forth in this Agreement or the related documents being executed in connection with this Agreement.

8.18. Waivers. No waiver or breach of any provision shall be deemed a waiver of any other provision, and no waiver shall be valid unless it is in writing and executed by the waiving party. No extension of time for performance of any obligation or act shall be deemed an extension of time for any other obligation or act.

8.19. Attorneys' Fees, Litigation Costs and Related Matters. If any legal action or other proceeding, including arbitration or an action for declaratory relief, is brought to enforce this Agreement or because of a dispute, breach, default, or misrepresentation in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees and other costs in addition to any other relief. Venue for enforcement of this Agreement shall be in the Superior Court of San Diego County, North County Branch. The parties agree that before either party commences any legal or equitable action, action for declaratory relief, suit, proceeding, or arbitration that the parties shall first submit the dispute to mediation through a mutually acceptable professional mediator in San Diego County, or if a mediator cannot be agreed upon by a mediator appointed by the Judicial Arbitration and Mediation Service in San Diego County. The parties shall share the cost of mediation equally.

8.20. Exhibits. All exhibits referred to in this agreement and attached hereto are made a part hereof and are incorporated herein by this reference.

8.21. Survival. Each party's representations and warranties, all covenants and obligations to be performed at a time or times after Close of Escrow, and indemnities shall survive the Close of Escrow and delivery and recordation of the Grant Deeds.

8.22. Merger. All of the terms, provisions, representations, warranties, and covenants of the parties under this Agreement shall survive the Close of Escrow and shall not be merged in the Grant Deeds or other documents.

ARTICLE 9. SPECIAL PROVISIONS

9.1. Lot Line Adjustment.

(a) Lot Line Adjustment Application. Each party hereby consents to the filing of a Lot Line Adjustment for both properties ("Lot Line Adjustment"). Each party agrees to cooperate with the other party in processing the application for the Lot Line Adjustment in an expeditious manner. IRDC shall take the lead in processing the Lot Line Adjustment. The documents to be prepared for the Lot Line Adjustment shall more particularly describe the City Property and the IRDC Property (as shown on Exhibits "C" and "D") for the purpose of providing legal descriptions for the Grant Deeds. The City, by giving said consent, is not obligating itself or any of its boards, commissions, officers, employees or agents with regard to any other discretionary action related to each property.

(b) Lot Line Adjustment Completion. In the event the Lot Line Adjustment has not been obtained within one hundred and twenty (120) days from the date of this Agreement ("Lot Line Adjustment Date"), for any reason whatsoever, either party shall have the right to terminate this Agreement. IRDC shall diligently pursue and prosecute the filing of the necessary applications for the Lot Line Adjustment so as to be approved and obtained by the Lot Line Adjustment Date and that Escrow will be in a position to close by the Closing Deadline pursuant to Article VII herein.

(c) Cost of Lot Line Adjustment. The costs for the application fees and for the preparation of the Lot Line Adjustment and/or other required documents, including but not limited to, reports, drawings, plans and maps shall borne by IRDC.

(d) Failure to Obtain Lot Line Adjustment. The parties acknowledge that in the event the Lot Line Adjustment is not approved and obtained by the Lot Line Adjustment Date and/or Escrow does not timely close and either party elects to terminate the Agreement, this Agreement shall be terminated immediately and shall be of no further force or effect, provided, however, IRDC shall be and remain responsible for all costs associated with the Lot Line Adjustment.

9.2. Development of the City Property. IRDC acknowledges and agrees that the City Property is part of the approved El Corazon Master Plan notwithstanding the fact that the City Property will be developed in conjunction with the remainder of the IRDC Lot 13 Property. IRDC also acknowledges that the City of Oceanside is in the process of developing and preparing, for City Council approval, the El Corazon Specific Plan to govern the development of the real property within the El Corazon Master Plan. Accordingly, IRDC further acknowledges and agrees that as a material consideration for the exchange of properties, the City Property shall be developed in accordance with the development standards and guidelines of any approved El Corazon Specific Plan.

9.3. Development of the IRDC Property. Notwithstanding that the IRDC Lot 13 Property was approved in accordance with the Ocean Ranch Tentative Tract T-1-99 and pursuant to the Ocean Ranch Master Plan D-7-99, the IRDC Property, which is a portion of the IRDC Lot 13 Property, shall also be developed as part of the El Corazon Master Plan and pursuant to the El Corazon Specific Plan. It is the intent of IRDC to create (for approval by the City of Oceanside) a tentative parcel map and final parcel map covering the City Property and the IRDC Lot 13 Property in order to create 2 – 4 parcels for sale and/or development and to separate the public rights-of-way associated with the development thereof. In the event of a conflict between the language of the El Corazon Specific Plan and the Ocean Ranch CC&R's and Design Guidelines, the language set forth in the El Corazon Specific Plan shall take precedence.

9.4. Completion of Improvements by IRDC. As further consideration for the exchange of the respective properties, IRDC, at its sole cost and expense, shall complete the IRDC Improvements as described in Section 3.2 above no later than Five (5) years after the Close of Escrow, subject to extension due to delays resulting from war, riot, civil insurrection, acts of governmental agencies, inclement weather, earthquake, fire, shortages of materials or other acts beyond the reasonable control of IRDC. Additionally, to assure completion of the IRDC Improvements as described in Section 3.2 above, IRDC, as a condition to the Close of

Escrow, at its sole cost and expense, shall also provide a performance and materials bond to insure a timely completion thereof in accordance with the terms and conditions contained herein. Said performance and materials bond shall be in a form and in an amount similar to those required and provided for with respect to similar public improvements associated with development projects in the City of Oceanside.

9.5. Use of Fill Material from El Corazon.

(a) Option for Fill Material. IRDC shall have the option to export fill material from the El Corazon Property pursuant to the terms and conditions of this Agreement for the delivery to and deposit of said fill material on the IRDC Lot 13 Property for the development thereof in accordance with IRDC's Development Plan to be submitted in connection with the contemplated development of the IRDC Lot 13 Property and the construction of the IRDC Improvements, which shall not require substantially more fill material than the conceptual plan attached hereto as Exhibit "H".

(b) Fill Material Feasibility. City shall provide to IRDC or IRDC's agents access to the El Corazon Property, in the area designated by City as the borrow site ("Fill Site"), at such times as IRDC may reasonably request. Such access shall be for the purpose of enabling IRDC or IRDC's agents to undertake such tests of the fill material, as may be reasonably necessary, to determine if such fill material is suitable for the purpose for which it is intended to be used, that is, as fill material on the IRDC Lot 13 Property for the development thereof in accordance with IRDC's Development Plan. It is expressly understood by IRDC that said fill material is without any representations or warranties by City as to the suitability of said fill material for IRDC's intended use thereof. IRDC shall provide telephonic notice to City's Real Property Manager at (760) 435-5012 of the need for IRDC or IRDC's agent to have access to the Fill Site and the El Corazon Property for the purpose of conducting such tests. Such notice shall be given at least forty-eight (48) hours prior to the time that IRDC or IRDC's agent shall need to have access to such property. City will designate the location of the Fill Site within ten (10) working days of request from IRDC.

(c) Exercise of Option. IRDC shall notify City in writing of IRDC's election to exercise its option to utilize fill material pursuant to this Section not later than October 2012. It is expressly understood by IRDC that should IRDC elect to export fill material from the Fill Site, IRDC may export up to 150,000 cubic yards of fill material for the Public Improvement and the IRDC Lot 13 Property. Such notice shall include the quantity of the fill material that IRDC shall export; provided, however, the amount of such fill material to be utilized from the Fill Site shall not exceed 150,000 cubic yards.

(d) Consideration for Fill Material. Should IRDC elect to use fill material as set forth above, City agrees to provide said fill material to IRDC as other valuable services in connection with the exchange of properties. In the event IRDC does not elect to exercise said option or fails to use said fill material, no additional consideration or services are required of City in connection with the exchange of the respective properties. Should IRDC elect to use fill material from the Fill Site, IRDC shall be solely responsible for all costs and expenses associated therewith and shall remove the fill material from the El Corazon Property in accordance with a

grading plan for the Fill Site prepared by City's geotechnical and civil engineers and at the City's sole cost and expense.

(e) Grading Permit. IRDC, at IRDC's expense, shall take any and all actions necessary to obtain a grading permit to remove the fill material from the Fill Site in order to authorize the grading necessary to export the fill material from the Fill Site to the IRDC Improvements and IRDC Lot 13 Property.

(f) Import of Fill to the IRDC Improvements and IRDC Lot 13 Property. IRDC shall, at its sole cost and expense, import the fill material from the Fill Site to the IRDC Improvements and IRDC Lot 13 Property, in accordance with the procedures and provisions established by the City of Oceanside with respect to a grading permit and/or development permit for the IRDC Lot 13 Property.

(g) Time. Fill material shall be extracted from the Fill Site no later than twenty-four (24) months after the Exercise of Option.

IN WITNESS WHEREOF, this Agreement constitutes offers to exchange the respective properties on the terms and conditions contained in this Agreement and the parties hereto have caused this Agreement to be executed in their respective names by their duly authorized officers as of the date first above written.

CITY:

City of Oceanside,
a California municipal corporation

By: _____
Mayor

Date: _____

APPROVED AS TO FORM
CITY ATTORNEYS' OFFICE

By: *Robert Hamilton, ASST.*
City Attorney

IRDC:

Ivey Ranch Development Company, LLC,
a California limited liability company

By: Stirling Enterprises, LLC
a California limited liability company

Signed in Counterpart

By: _____

Chris Downey, Director

Signed in Counterpart

By: _____

Dougall Agan, Director

By: IVEY RANCH, INC.,
a California corporation, Member

By: *Thomas P. Gilliss*
Thomas P. Gilliss, President

IN WITNESS WHEREOF, this Agreement constitutes offers to exchange the respective properties on the terms and conditions contained in this Agreement and the parties hereto have caused this Agreement to be executed in their respective names by their duly authorized officers as of the date first above written.

CITY:

City of Oceanside,
a California municipal corporation

By: _____
Mayor

Date: _____

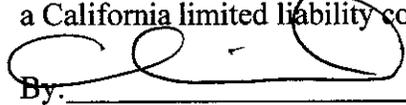
APPROVED AS TO FORM
CITY ATTORNEYS' OFFICE

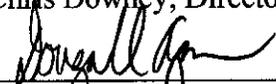
By: _____
City Attorney

IRDC:

Ivey Ranch Development Company, LLC,
a California limited liability company

By: Stirling Enterprises, LLC
a California limited liability company

By: 
Chris Downey, Director

By: 
Dougall Agan, Director

By: IVEY RANCH, INC.,
a California corporation, Member

Signed in Counterpart
By: _____
Thomas P. Giliss, President

State of California)

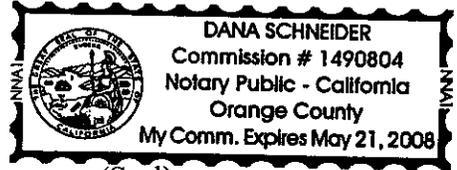
) ss.

County of Orange)

On January 15, 2008 before me, Dana Schneider, Notary Public, personally appeared Chris Downey and Dougall Agan, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature Dana Schneider

(Seal)

State of California)

) ss.

County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE) ss.

On January 14, 2008, before the undersigned Jamie E. Preslar, a Notary Public, personally appeared THOMAS P. GILLISS, president of Ivey Ranch, Inc., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same in his authorized capacity, and that, by his signature on the instrument, the entity upon behalf of which he acted, executed the instrument.

WITNESS my hand and seal.

Signature Jamie E. Preslar
Notary Public

(SEAL)

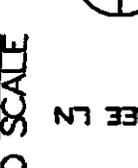
My commission expires: April 23, 2008

4.23.08

EXHIBITS

Exhibit A	El Corazon Property
Exhibit B	IRDC Lot 13 Property
Exhibit C	IRDC Property
Exhibit D	City Property
Exhibit E	Definitions
Exhibit F	IRDC Improvements
Exhibit G	Notice of Special Tax
Exhibit H	Conceptual Plan

- 2" SBE MAP
- 3" RESERVE
- 4" SEE PAR FOR BEA
- 5" POR 162

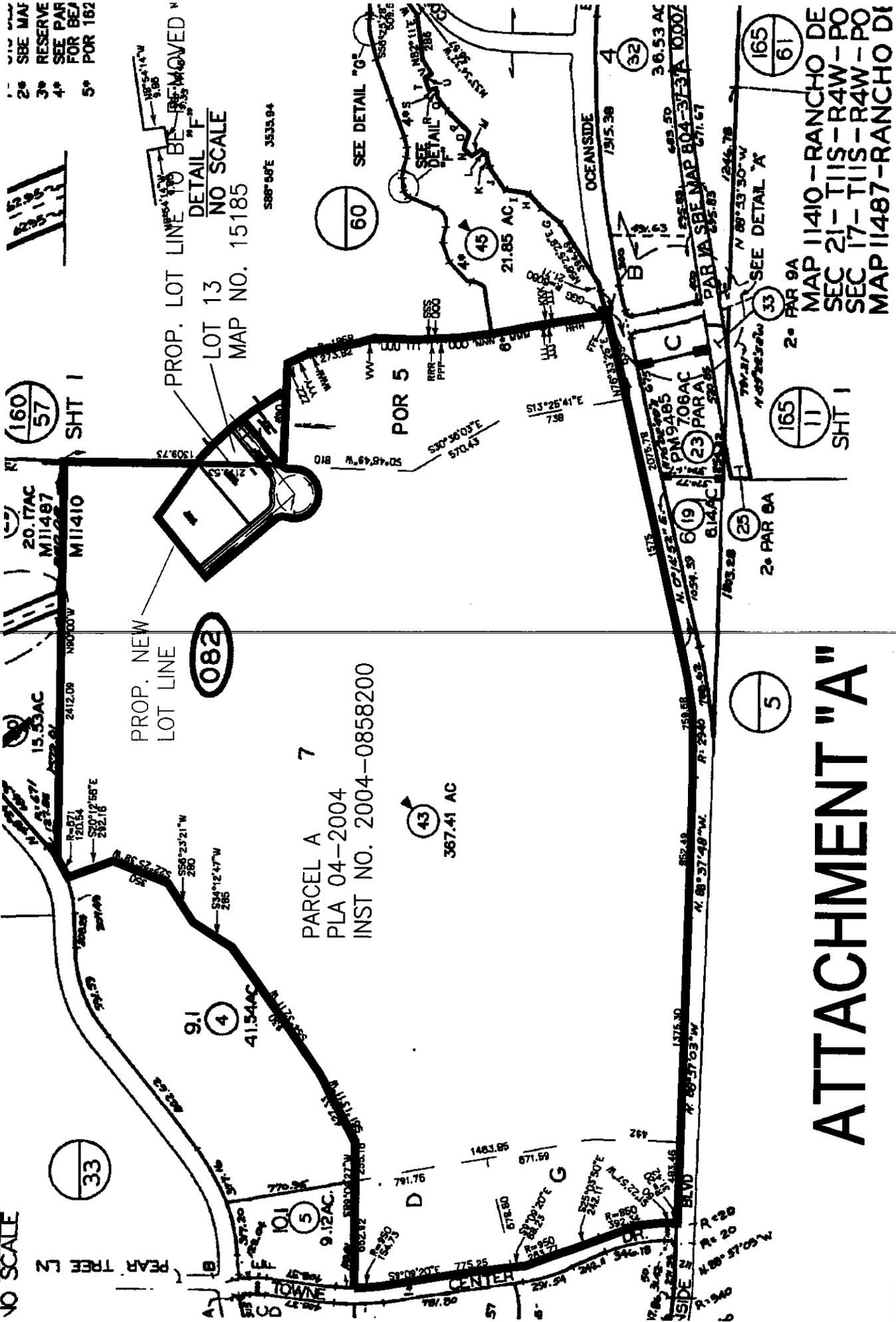


PROP. LOT LINE TO BE REMOVED
 DETAIL "F"
 LOT 13
 NO SCALE
 MAP NO. 15185
 588°56'E 3533.94

PROP. NEW LOT LINE
 082

PARCEL A 7
 PLA 04-2004
 INST NO. 2004-0858200

43
 367.41 AC



165
 61

2" PAR 9A
 MAP 11410-RANCHO DE
 SEC 21-T11S-R4W-PO
 SEC 17-T11S-R4W-PO
 MAP 11487-RANCHO DE

165
 11
 SHT 1

5

ATTACHMENT "A"

NO SCALE

PEAR TREE LN

TOWNE CENTER

BLVD

SIDE 2

6

Exhibit "B"

IRDC Lot 13 Property

MAP NO. 15185

OCEAN RANCH - PHASE 2C.1
IN THE CITY OF OCEANSIDE, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA

SHEET 2 OF 2 SHEETS
T.M. NO. F-1-98(2C.1)

BASIS OF BEARINGS:

THE BEARINGS SHOWN HEREON ARE BASED UPON THE BEARING OF THE SOUTHERLY LINE OF PARCEL 1, OF PARCEL MAP NO. 16889, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 10, 1992 AS FILE NO. 1992-043107 OF OFFICIAL RECORDS SHOWN AS NORTH 89° 57' 44" WEST ON SAID MAP AND SHOWN AS NORTH 89° 56' 00" WEST ON THIS MAP. PARCEL MAP NO. 14168, RECORDED MARCH 15, 2001 AND SHOWN AS NORTH 89° 56' 00" WEST ON THIS MAP.

PROCEDURE OF SURVEY NOTE:

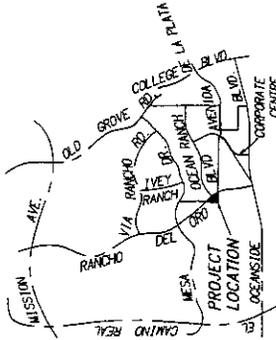
FOR PROCEDURE OF SURVEY, SEE SHEET 2 OF OCEAN RANCH-PHASE 1, FILED AS MAP NO. 14168, RECORDED MARCH 15, 2001.

RECORD DATA NOTE:

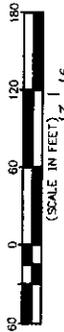
R1 REMOTES RECORD DATA PER OCEAN RANCH - PHASE 1, FILED AS MAP NO. 14168 AND MEASURED DATA.

MONUMENT NOTES:

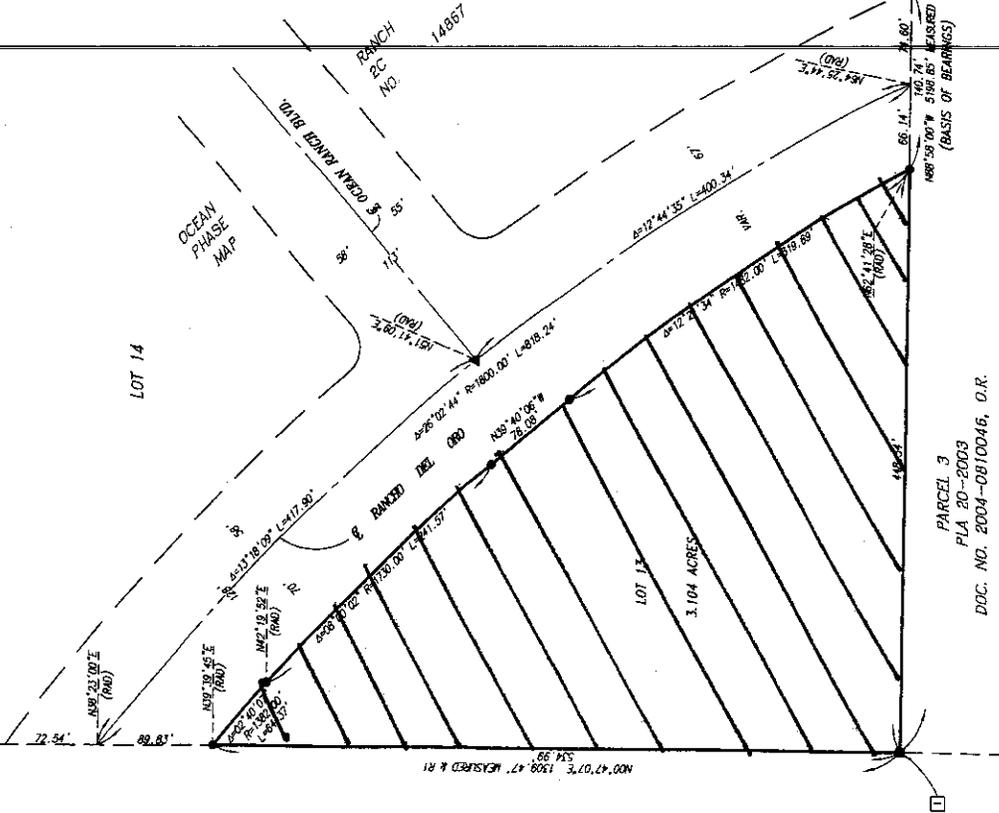
- 2" IRON PIPE WITH TAG STAMPED "L.S. 4865" TO BE SET PER OCEAN RANCH - PHASE 2C, MAP NO. 14867, UNLESS OTHERWISE NOTED
- ▲ STREET SPARKY MONUMENT STAMPED "L.S. 4865" TO BE SET PER OCEAN RANCH - PHASE 2C, MAP NO. 14867, UNLESS OTHERWISE NOTED.
- INDICATES FOUND MONUMENT AS NOTED AND REFERENCED HEREON.
- ① FOUND 2" IRON PIPE WITH TAG STAMPED "L.S. 4865" PER OCEAN RANCH - PHASE 2C, MAP NO. 14867.
- ② FOUND SPIKE W/BRASS WASHER STAMPED "L.S. 5884" FLUSH WITH SURFACE, IN LIEU OF 2" IRON PIPE W/ DISK MARKED LS 5884, ACCEPTED PER PARCEL MAP NO. 16889
- ③ FOUND 2" IRON PIPE WITH BRASS CAP STAMPED "L.C.E. 8183" WITH SECTION CORNERS 16, 17, 20, AND 21 SHOWN, PER OCEAN RANCH - PHASE 1, MAP NO. 14168.



VICINITY MAP
NOT TO SCALE



(SCALE IN FEET)
17 16 20



PARCEL 3
FLA 20-2003
DOC. NO. 2004-0810046, O.R.

PARCEL 1
FLA 20-2003
DOC. NO. 2004-0810046, O.R.

EXHIBIT "C"

IRDC Property

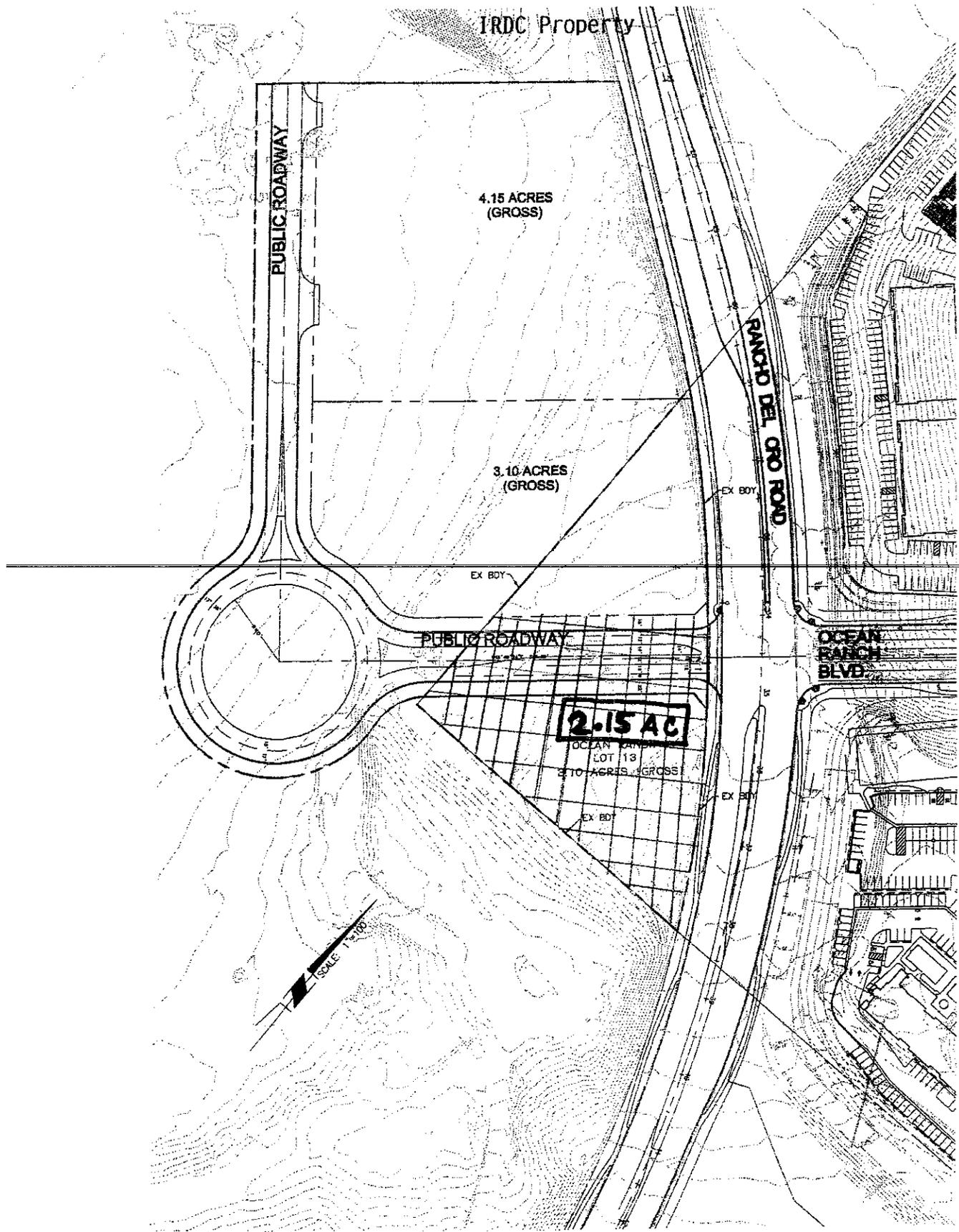


EXHIBIT "D"
City Property

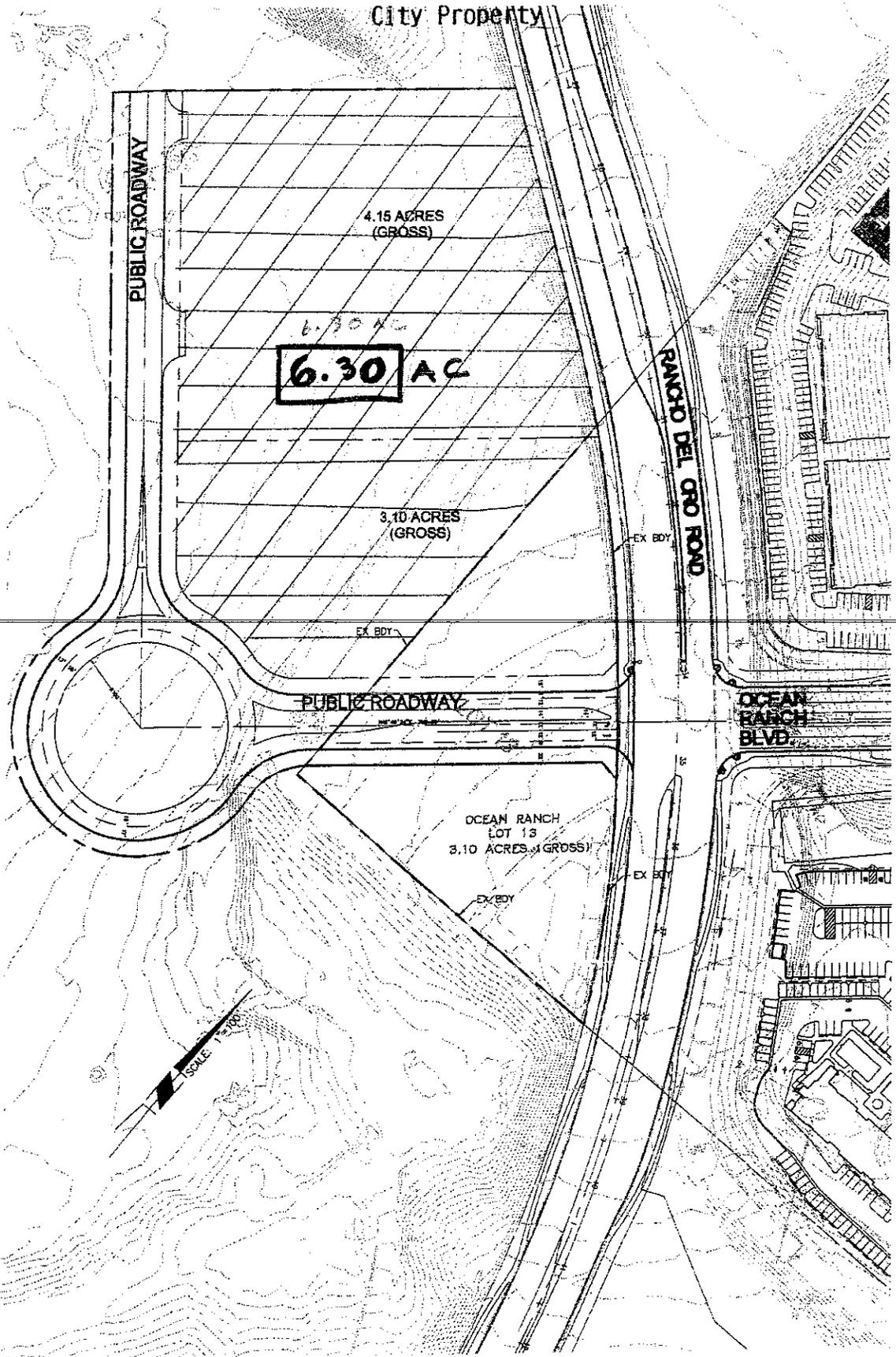


EXHIBIT "E" **DEFINITIONS**

Authorized Officer. The term "Authorized Officer", when used with respect to City, means the Mayor, City Manager or any employee designated by the City Manager of City as an Authorized Officer. The term "Authorized Officer", when used with respect to IRDC, means the Directors of IRDC or any other officer of IRDC, which is designated by its Directors as an Authorized Officer.

Environmental Laws. The term Environmental Laws means all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance, or pertaining to occupational health or industrial hygiene, to the extent that such relate to matters on, under, or about the City Property and IRDC Property, occupational or environmental conditions on, under, or about the City Property and IRDC Property, as is in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) [42 USC § 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 (RCRA) [42 USC § 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act (FWPCA) [33 USC § 1251 et seq.]; the Hazardous Materials Transportation Act (HMTA) [49 USC § 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USC § 136 et seq.]; the Superfund Amendments and Reauthorization Act [42 USC § 6901 et seq.]; the Clean Air Act [42 USC § 7401 et seq.]; the ~~Safe Drinking Water Act [42 USC § 300f et seq.]; the Surface Mining Control and Reclamation Act [30 USC § 1201 et seq.]; the Emergency Planning and Community Right to Know Act [42 USC § 11001 et seq.]; the Occupational Safety and Health Act [29 USC § 655 and 657]; the California Underground Storage of Hazardous Substances Act [Health and Safety Code § 25280 et seq.]; the California Hazardous Substances Account Act [Health and Safety Code § 25300 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [Health and Safety Code § 24249.5 et seq.]; the Porter-Cologne Water Quality Act [Water Code § 13000 et seq.]~~ together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to the protection of the environment as such apply to matters on, under, or about the City Property and IRDC Property.

Hazardous Substances. The term "Hazardous Substances" includes without limitation:

(a) Those substances included within the definitions of "hazardous substance," "hazardous waste," "hazardous material," "toxic substance," "solid waste" or "pollutant or contaminant" in any Environmental Law;

(b) Those substances listed in the United States Department of Transportation Table [49 CFR 172.101], or by the Environmental Protection Agency, or any successor agency, as hazardous substances [40 CFR Part 302];

(c) Other substances, materials, and wastes that are regulated or classified as hazardous or toxic under federal, state, or local laws or regulations; and

(d) Any material, waste, or substance that is a petroleum or refined petroleum product, asbestos, polychlorinated biphenyl, designated as a hazardous substance pursuant to 33 USC § 1321 or listed pursuant to 33 USC § 1317, a hazardous substance or toxic material designated pursuant to any State statute, a flammable explosive or a radioactive material.

City Property. The term "City Property" means that certain real property within the City of Oceanside, California, together with the improvements located thereon, all as more fully described in Exhibit "D" attached hereto.

IRDC Property. The term "IRDC Property" means that certain real property within the City of Oceanside, California, together with the improvements located thereon, all as more fully described in Exhibit "C" attached hereto.

State. The term "State" means the State of California.

EXHIBIT "F" - IRDC Improvements

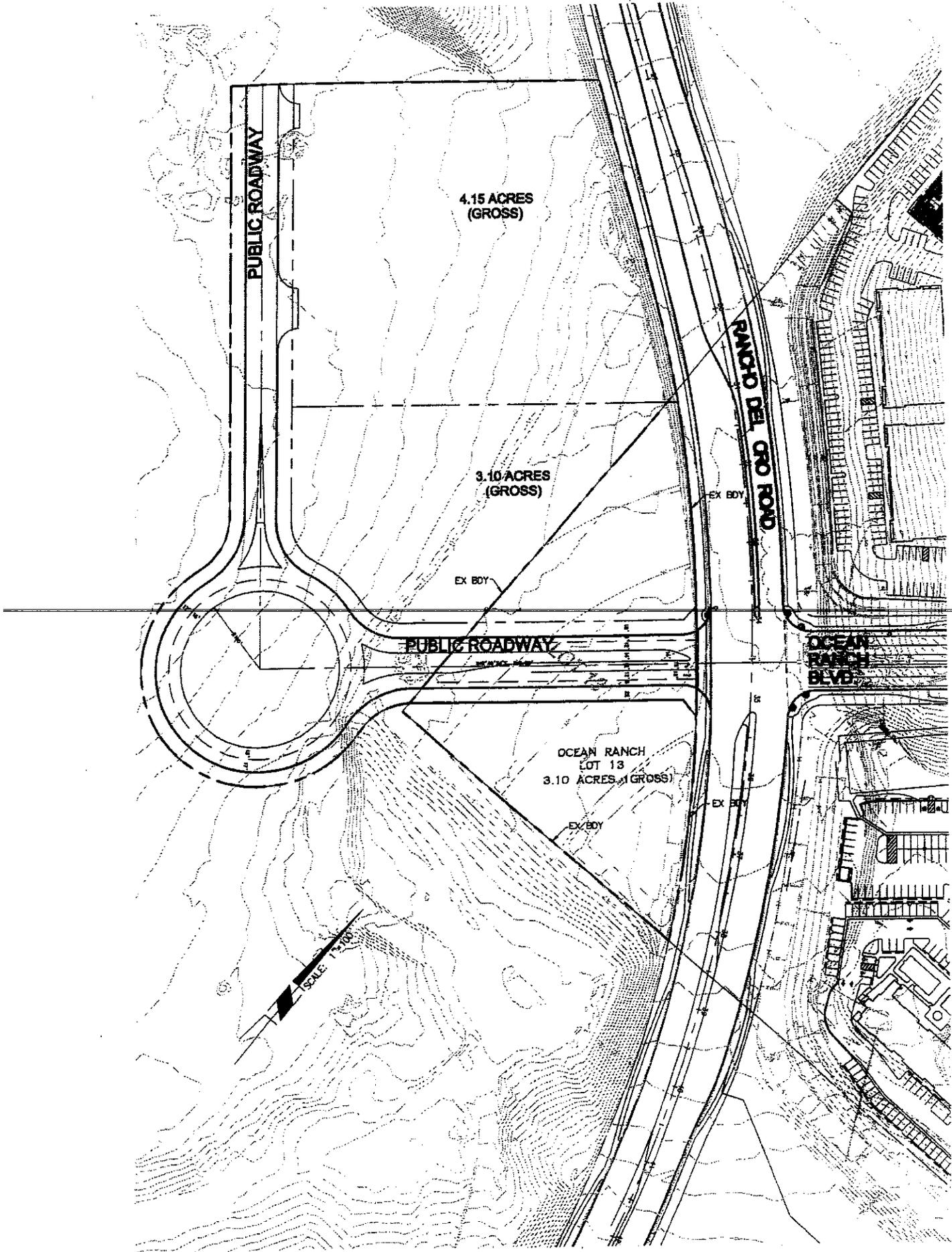


Exhibit "F" - IRDC Improvements

ESTIMATE
IMPROVEMENTS FOR
TENTATIVE TRACT NO. T-1-99
LOT 13 STREET IMPROVEMENTS

11/8/2007

ITEM NO.	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICE	TOTAL
A.	Mobilization (not to exceed 2% of Contract)	1	LS	\$35,000.00	\$35,000.00
	SUBTOTAL				\$35,000.00
B.	Develop Construction Water	1	LS	\$4,500.00	\$4,500.00
	SUBTOTAL				\$4,500.00
C.	Construction Preparation				
1	Traffic Control	1	LS	\$15,000.00	\$15,000.00
2	Erosion Control	1	LS	\$15,000.00	\$15,000.00
	SUBTOTAL				\$30,000.00
D.	EXISTING IMPROVEMENTS				
3	Sawcut/Remove and Dispose Existing AC Pavement	500	SF	\$2.00	\$1,000.00
4	Coldmill	1,500	SF	\$0.40	\$600.00
5	Sawcut/Remove and Dispose Existing Concrete Curb	500	LF	\$5.00	\$2,500.00
6	Sawcut/Remove and Dispose Existing Concrete Sidewalk/Median Pa	1,500	SF	\$3.00	\$4,500.00
	SUBTOTAL				\$8,600.00
E.	EARTHWORK				
7	Mass Excavation (Import)	30,000	CY	\$4.00	\$120,000.00
8	Subgrade Preparation R/W to R/W	163,000	SF	\$0.30	\$48,900.00
	SUBTOTAL				\$168,900.00
F.	PAVING				
9	4" AC over 14" AB Paving	72,000	SF	\$3.25	\$234,000.00
10	5.5" AC over 24" AB Paving (RDO)	3,000	SF	\$5.00	\$15,000.00
	SUBTOTAL				\$249,000.00
G.	MISCELLANEOUS CONCRETE				
11	6" Type "G" Curb & Gutter	2,790	LF	\$13.50	\$37,665.00
12	8" Median Curb	1,710	LF	\$15.00	\$25,650.00
13	RDO Median Curb	330	LF	\$18.00	\$5,940.00
14	4" P.C.C. Sidewalk	6,000	SF	\$4.50	\$27,000.00
15	Curb Ramp	8	EA	\$1,000.00	\$8,000.00
16	Median Concrete Paving	4,100	SF	\$8.50	\$34,850.00
17	Local Depression	2	EA	\$1,500.00	\$3,000.00
	SUBTOTAL				\$142,105.00

H. MISCELLANEOUS					
18	6" PVC Sleeve	450	LF	\$30.00	\$13,500.00
19	Landscape and Irrigation	80,000	SF	\$3.00	\$240,000.00
20	Barricade	50	LF	\$50.00	\$2,500.00
SUBTOTAL					\$256,000.00
I. TRAFFIC					
21	Signal Modification	1	LS	\$50,000.00	\$50,000.00
22	Signing/Striping	1	LS	\$4,000.00	\$4,000.00
23	Street Light System	1	LS	\$30,000.00	\$30,000.00
SUBTOTAL					\$84,000.00
J. UTILITIES					
Storm Drain					
24	24" RCP	195	LF	\$98.00	\$19,110.00
25	30" RCP	325	LF	\$130.00	\$42,250.00
26	36" RCP	55	LF	\$160.00	\$8,800.00
27	Type A-4 Cleanout	2	EA	\$6,500.00	\$13,000.00
28	Type B-5 Cleanout	1	EA	\$7,900.00	\$7,900.00
29	Concrete Lug	1	EA	\$1,500.00	\$1,500.00
30	Type B-1 Inlet (L=15')	2	EA	\$9,300.00	\$18,600.00
31	48" CSP Riser	1	EA	\$2,500.00	\$2,500.00
Water					
32	8" PVC	1,130	LF	\$40.00	\$45,200.00
33	8" Valve	9	EA	\$1,200.00	\$10,800.00
34	12" Valve	4	EA	\$2,500.00	\$10,000.00
35	1 1/2" Water Meter (Irrigation) w/Fee (Common Area)	1	EA	\$25,000.00	\$25,000.00
36	Fire Hydrant	4	EA	\$3,500.00	\$14,000.00
37	4" Blow Off	3	EA	\$2,750.00	\$8,250.00
38	2" Air Vac.	1	EA	\$2,000.00	\$2,000.00
Reclaimed Water					
39	Reclaimed Water (in lieu fee)	1	LS	\$40,000.00	\$40,000.00
Sewer					
40	8"PVC	1,330	LF	\$42.00	\$55,860.00
41	48" Manhole	5	EA	\$6,000.00	\$30,000.00
42	Inspection Manhole	5	EA	\$5,750.00	\$28,750.00
Dry Utilities					
43	Joint Trench	1,200	LF	\$185.00	\$222,000.00
44	Utility Fees (SDG&E)	1	LS	\$70,000.00	\$70,000.00
SUBTOTAL					\$675,520.00
K. PROFESSIONAL SERVICES AND FEES					
45	Mapping/Civil/Landscape Design	1	LS	\$150,000.00	\$150,000.00
46	Plancheck and Inspection Fees	1	LS	\$30,000.00	\$30,000.00
47	Bonds	1	LS	\$16,000.00	\$16,000.00
48	Field Survey	1	LS	\$40,000.00	\$40,000.00
49	Field Soils	1	LS	\$35,000.00	\$35,000.00
50	Construction Management	1	LS	\$75,000.00	\$75,000.00
51	Utility Design	1	LS	\$10,000.00	\$10,000.00
SUBTOTAL					\$356,000.00

TOTAL (Items A through K51) \$2,009,626.00
15% Contingency \$301,443.75

52 Value of Import from El Corazon 150,000 CY \$3.00 \$450,000.00

TOTAL \$2,761,069.75

EXHIBIT G

NOTICE OF SPECIAL TAX

**COMMUNITY FACILITIES DISTRICT NO. 2000-1 OF THE
CITY OF OCEANSIDE (OCEAN RANCH CORPORATE CENTRE)**

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

Lot 1 of Map. 15185, Oceanside, California

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR ENTERING INTO A CONTRACT TO PURCHASE THIS PROPERTY. THE SELLER IS REQUIRED TO GIVE YOU THIS NOTICE AND TO OBTAIN A COPY SIGNED BY YOU TO INDICATE THAT YOU HAVE RECEIVED AND READ A COPY OF THIS NOTICE.

(1) This property is (or is expected to become) subject to a special tax, which is in addition to the regular property taxes and any other charges, fees, special taxes, and benefit assessments on the parcel. It is (or is expected to be) imposed on this property because it is a new development, and may not be imposed generally upon property outside of this new development. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is (or is expected to be) used to provide public facilities or services that are likely to particularly benefit the property.

~~YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE FACILITIES AND SERVICES FOR WHICH IT PAYS (OR IS EXPECTED TO PAY) INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.~~

(2) Since this parcel is currently Undeveloped Property, the maximum special tax which may be levied against this parcel to pay for public facilities and services is \$7,512.08 per acre during the 2004-2005 tax year. This amount will increase by two percent (2%) per year on each July 1, commencing July 1, 2005. If this parcel was Developed Property (i.e., if a building permit had been issued by January 1, 2004), then the maximum special tax which could have been levied against this parcel to pay for public facilities and services during the 2004-2005 tax year would have been the greater of (a) \$7,166.79 per acre (\$97,540.02 assuming 13.61 acres of land) or (b) \$0.379 per square foot of the total building square footage of the buildings on this property measured from exterior walls as referenced on the applicable building permits (\$42,069 assuming 111,000 square feet of total building square footage). This amount will increase by two percent (2%) per year on each July 1, commencing July 1, 2005. The special tax will be levied each year until all of the authorized facilities are built and all special tax bonds are repaid and may be levied thereafter to pay for ongoing service costs, but shall not be levied after the 2050-2051 tax year.

(3) The authorized facilities which are being paid for by the special taxes, and by the money received from the sale of bonds which are being repaid by the special taxes, are:

Sewers, storm drains, water improvements, street improvements, signal improvements, sidewalk extensions, street frontages, intersection improvements, driveways, relocation of overhead transmission lines, facilities to be constructed pursuant to the City's public facility, thoroughfare, traffic signal, major drainage, minor drainage, wastewater and water fee programs, together with appurtenant work and incidental costs incurred in connection therewith.

The facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION WHICH AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND WHICH SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE CITY OF OCEANSIDE BY CALLING (760) 435-3352. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE-REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE: _____

City of Oceanside, a California municipal corporation

By: _____
Its: _____

APPROVED AS TO FORM
OCEANSIDE CITY ATTORNEY
Barbara L. Hamilton
BARBARA L. HAMILTON
Assistant City Attorney

Exhibit "H"
Conceptual Plan

RANCHO DEL ORO ROAD

PARCEL 2
4.47 ACRES

PARCEL 3
3.66 ACRES

PARCEL 1
2.78 ACRES
HOTEL
(150 ROOMS)

SITE CASINGS ALLOCATION

REQUIRED MAX. USE	REQUIRED QUANTITY OF CASINGS	QUANTITY OF USE	REQUIRED # OF SPACES	ACTUAL # OF SPACES
TOTAL	17,000	17,000	17,000	17,000
PARCEL 1	15,000	15,000	15,000	15,000
PARCEL 2	1,000	1,000	1,000	1,000
PARCEL 3	1,000	1,000	1,000	1,000
TOTALS	17,000	17,000	17,000	17,000

